

Prusik Asian Smaller Companies Fund



GROWTH INVESTING IN ASIA

PRUSIK

31 August 2018

Monthly Fund Fact Sheet

Investment Objective

To preserve capital and generate absolute returns over a full economic cycle by investing primarily in Small Cap companies in Asia Pacific ex-Japan, whilst maintaining portfolio volatility significantly below the peer group.

Fund Facts

Fund Size (USD)	36.9m
Launch date	8 February 2008
Fund Manager	Heather Manners
Fund Structure	UCITS III
Domicile	Dublin
Currencies	USD (base), GBP, SGD

Performance (%)

	A USD	C GBP	D SGD
1 Month	-0.28	-0.36	-0.36
3 Month	-6.77	-7.16	-7.03
Year to Date	-14.33	-15.41	-14.94
Since Launch	50.13	54.95	9.35
Annualised [†]	3.92	4.29	1.04

Source: Morningstar.

Launch Date: A: 08.02.08, C: 25.03.08, D: 15.01.10

[†]Since Launch Performance

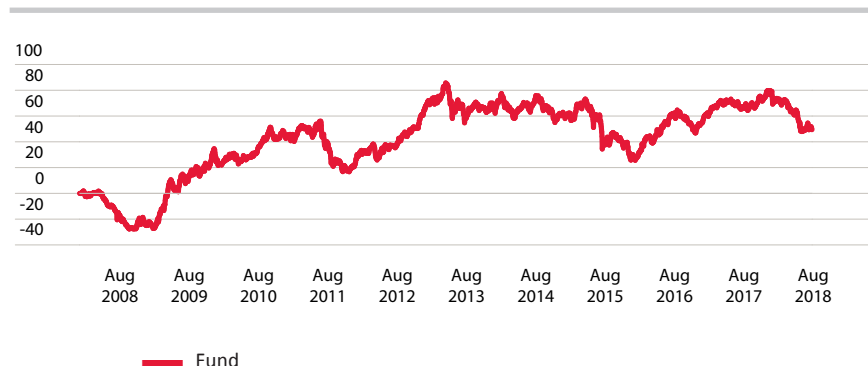
Investment Process

With anomalies as a start point, the investment process seeks to identify and invest in key 'themes' in the Pacific region. Our themes are driven by factors outside of the normal economic cycle and are not yet discounted by the market. Companies are identified and chosen via rigorous bottom-up analysis with emphasis on traditional value and high ROCE. Cash and Index Futures are used when opportunities are few and to reduce portfolio volatility.

Dividend Dates

Dividends paid twice annually (January and July)

Fund Performance - Class A USD (%)



Source: Morningstar. Total return net of fees.

Fund Manager Commentary

In August, the fund held up well, posting a de minimus fall of 28 basis points versus the M2APJ index fall of 1.1%. On a relative basis, the fund outperformed by 0.8%. Performance was aided by Asian small caps overall seeing a better month and the fund's focus on the demographic growth markets in Asia as China, which the fund does not invest in, saw an index decline of 3.8% in August. In local currency terms, the fund actually returned 1.5% in August.

The key contributors to performance in terms of geography were Indonesia, Vietnam and India. On a relative basis the fund outperformed the local index in each of its geographies, except for the Philippines and Sri Lanka, equating to outperformance for roughly 80% of the fund. Our mortgage focused bank in Indonesia benefitted from a proposal to lower the risk weighting for mortgages in the country, which would significantly bolster its capital position and push out potential capital raising needs by a year or two if implemented. In Vietnam, **Mobile World** bounced on news that its new mini-supermarket format, as discussed in detail in our most recent quarterly, is showing better operating metrics. While in India, the stand out performance came from **Aditya Birla**, our branded apparel company, which delivered a significant expansion in its EBITDA margin in its 1Q19 results (March year-end). The stock returned 37% in the month.

In terms of portfolio changes we made a couple of small adjustments in August. Firstly, we exited Indian mortgage finance company, **Repco**, as results continued to disappoint owing to regulatory issues around land ownership in its main market, Tamil Nadu. We recycled the proceeds into two new small positions, **Indiabulls Ventures** and **Lemontree Hotels**, both in India. **Indiabulls Ventures** is part of the Indiabulls Group of which Indiabulls Housing Finance, a large cap stock which we have invested in very successfully for our large cap funds, is a part. **Indiabulls Ventures** has recently entered the consumer finance market in India, which has phenomenal growth potential given India's noticeably low household debt levels, in addition to very high barriers to entry from a cost of capital perspective. **Lemontree Hotels** is the market leader in the mid-market hotel sector in India, which is just emerging from a multi-year trough caused by oversupply. **Lemontree** is modelling itself on China Lodging, the leading mid-market hotel chain in China which has a US\$10 billion market capitalisation, multiples higher than **Lemontree's** current market capitalisation of just US\$880 million.

All data as at 31.08.18. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asian Smaller Companies Fund



Top 5 Holdings (%)

Mobile World Investment Corporation	9.2
FPT Corporation	6.0
Ace Hardware Indonesia	5.5
Philippine Seven Corporation	5.4
Crompton Greaves Consumer	3.8
Total Number of Holdings	34

Portfolio Financial Ratios

Predicted Price/Earnings Ratio	15.1x
*Historic Return on Equity (%)	18.1
Predicted Dividend Yield (%)	2.2

* Historic used as Sea Ltd has a negative predicted ROE which distorts, disproportionately, the predicted portfolio ROE.

Risk Metrics

Tracking Error (% pa)	13.35
Beta	0.57
Alpha	1.24
Volatility (%)	15.40
Sharpe Ratio	0.40

Thematic Breakdown (%)

Modern Retail	26.1	
Local Brands	20.8	
Leisure/Tourism	17.4	
Communication Technology	15.2	
Infrastructure	9.6	
Financialisation	9.2	
Cash	1.7	

Geographical Breakdown (%)

India	30.9	
Vietnam	26.3	
Indonesia	12.6	
Philippines	9.9	
Sri Lanka	8.7	
Pakistan	4.0	
Malaysia	3.7	
Singapore	2.3	
Cash	1.7	

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Management Fees

Annual Management Fee

1.5% p.a. Paid monthly in arrears

Performance Fee

All Classes except Class U: 10% NAV appreciation with a 6% hurdle annually

Class U: 10% NAV appreciation with a 1.5% hurdle, quarterly

Dealing

Dealing Line	+353 1 603 6490
Administrator	Brown Brothers Harriman (Dublin)
Dealing Frequency	Weekly, Friday
Min. Initial Subscription	USD 10,000
Subscription Notice	2 business days
Redemption Notice	2 business days

Share Class Details

Share Class	Sedol	ISIN	Month-end NAV
A USD Unhedged Non distributing	B2PKN21	IE00B2PKN210	150.13
B USD Unhedged Distributing	B2PKN32	IE00B2PKN327	143.73
C GBP Hedged Distributing	B2PKN43	IE00B2PKN434	73.71
D SGD Hedged Distributing	B3M3HJ5	IE00B3M3HJ55	195.94
Performance fee based on individual investor's holding.			
U GBP Unhedged Distributing	BBQ37T7	IE00BBQ37T77	99.33

Performance fee based on fund performance as a whole.

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