

Prusik Asian Smaller Companies Fund



PRUSIK

GROWTH INVESTING IN ASIA

29 June 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)	39.2m
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	-3.74	-3.95	-3.85
3 Month	-8.98	-9.47	-9.24
Year to Date	-11.54	-12.49	-12.04
Since Launch	55.02	60.30	13.08
Annualised [†]	4.31	4.70	1.46

Source: Morningstar.

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

[†]Since Launch Performance

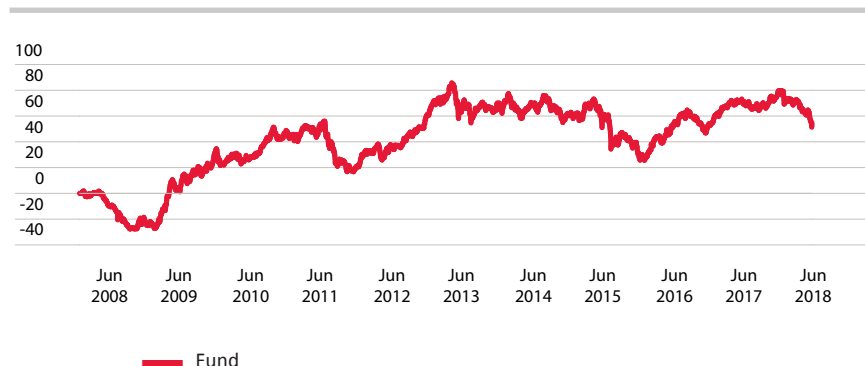
Investment Process

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

Asian markets were weak in June, falling by 3.7%, as the 'trade war' discussions between the US and China intensified. The Prusik Asian Smaller Companies Fund fell in line with the main index, so also by 3.7%. It is worth noting that the fund fared better than the Asia ex-Japan Small-Cap Index, which fell by 5.5% over the month.

The fund saw positive absolute returns in the Philippines, Singapore and Malaysia and bettered the local index in India (in terms of small caps) and Indonesia. Some very slight underperformance was seen in Vietnam and Sri Lanka, while Pakistan continued to disappoint, more on which below. The common theme for our invested countries in June was a pick up in interest rates with rates rising 25bps in India and the Philippines and 50bps in Indonesia, following a 50bps increase in Indonesia already in May. We are supportive of these moves and indeed welcome the proactive action in India against a potential increase in inflationary pressures and in Indonesia to limit the declines in the currency. The Indonesian authorities have taken action to soften the impact of rate rises by relaxing property rules, which would seem prudent.

During the month, expectations for Pakistan's fiscal deficit increased from 4.1% to 6.1%. If we factor in the one-off payment which the government is due to pay this year to settle the circular debt in the power industry, then the fiscal deficit could easily increase to over 8%. In addition, import cover fell in the month to just 2 months, meaningfully below the IMF's minimum threshold of 3 months. While we had been happy to tolerate the volatility in Pakistan when this appeared to be largely in reaction to political gyrations, we believe these latest developments mark a clear deterioration in fundamentals. In light of this, we took the decision to exit consumer appliance brand, **Pak Elektron**, and **Habib Bank**. We continue to be invested in the Toyota franchise, **Indus Motor**, which is currently offering a 9.9% dividend yield, and our newer position in **Pakistan Stock Exchange**. Both companies generate very high ROEs, have significant structural growth opportunities ahead and are led by seasoned professional management teams.

Sales in the month have led to a slight increase in cash in the fund which we believe is timely given that both Indonesia and the Philippines are now trading at a 20-25% discount to their 10-year average P/B ratios and that opportunities here may well be emerging. We will be travelling to the Philippines, Vietnam and Sri Lanka in the coming month, which we hope will prove constructive in terms of re-deploying this cash.

All data as at 29.06.18. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asian Smaller Companies Fund



Top 5 Holdings (%)

Mobile World Investment Corporation	8.4
Philippine Seven Corporation	6.7
FPT Corporation	5.4
Ace Hardware Indonesia	5.2
Dialog Axiata	4.2
Total Number of Holdings	36

Portfolio Financial Ratios

Predicted Price/Earnings Ratio	14.8x
Predicted Return on Equity (%)	11.6
Predicted Dividend Yield (%)	2.2

Risk Metrics

Tracking Error (% pa)	13.40
Beta	0.57
Alpha	1.57
Volatility (%)	15.42
Sharpe ratio	0.44

Thematic Breakdown (%)

Modern Retail	25.2	<div></div>
Local Brands	20.7	<div></div>
Leisure/Tourism	15.7	<div></div>
Communication Technology	14.2	<div></div>
Infrastructure	9.2	<div></div>
Financialisation	9.1	<div></div>
Cash	6.1	<div></div>

Geographical Breakdown (%)

India	29.9	<div></div>
Vietnam	24.2	<div></div>
Sri Lanka	11.3	<div></div>
Indonesia	10.6	<div></div>
Philippines	8.6	<div></div>
Cash	6.1	<div></div>
Pakistan	3.7	<div></div>
Malaysia	3.4	<div></div>
Singapore	2.3	<div></div>

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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	155.02
B USD Unhedged Distributing	B2PKN32	IE00B2PKN327	150.47
C GBP Hedged Distributing	B2PKN43	IE00B2PKN434	77.37
D SGD Hedged Distributing	B3M3HJ5	IE00B3M3HJ55	205.53

Performance fee based on individual investor's holding.

U GBP Unhedged Distributing	BBQ37T7	IE00BBQ37T77	102.88
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Performance fee based on fund performance as a whole.

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