

Prusik Asian Smaller Companies Fund



GROWTH INVESTING IN ASIA

PRUSIK

31 July 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)	37.8m
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	-2.88	-2.99	-2.95
3 Month	-10.45	-10.89	-10.69
Year to Date	-14.09	-15.10	-14.64
Since Launch	50.55	55.51	9.74
Annualised [†]	3.98	4.36	1.09

Source: Morningstar.

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

[†]Since Launch Performance

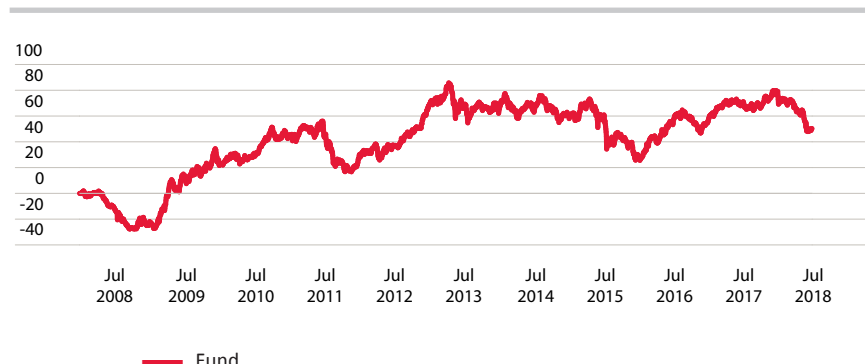
Investment Process

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

July was a busy month including a trip to the Philippines, Vietnam, Singapore and Sri Lanka, elections in Pakistan and the addition of three small positions in the fund in the Philippines and Indonesia. In terms of performance, the fund fell by 2.9% in July, although 1.4% of this decline came from anomalous behaviour in the share price of **Philippine Seven**, more on which below. In the same period, the Asia ex-Japan index rose by 1.1%, while the Asia ex-Japan small cap index increased by just 0.3%. Overall, we believe the fund's headline performance in July belies a far more stable footing for the portfolio. Notably, July saw the currencies for our invested countries hold reassuringly flat, with the exception of some slight weakness in the Vietnamese dong. We also saw greater stability in our Pakistan exposures, which had previously proved challenging. In addition, out of the fund's 34 holdings, half have now reported 2Q18 results with the average earnings growth standing at an impressive 31%. Moreover, strong 'beats' were seen from Indian appliances brand, **Crompton Greaves**, Indian apparel retailer, **Aditya Birla**, Vietnamese air con player, **Refrigeration Electrical**, and Indonesian tower company, **Sarana Menara**, and share prices going into August have been responding accordingly. Finally, over the past 2 months we have seen the fund's historical ROE increase from 16.3% to 18.0%, highlighting the incremental enhancements to the fund's quality.

Our trip to Asia was as invigorating as it was informative, and arguably all the more valuable for visiting such a range of countries in quick succession. While we will share our thoughts in more detail in the quarterly, suffice to say that the casinos at Entertainment City in the Philippines were positively buzzing, despite our visits occurring on a Tuesday afternoon, and income support for consumers via tax cuts in the country looks likely to continue, albeit at potentially higher levels of inflation. To this end, we have added small positions in **Melco Crown Philippines**, one of the leading casinos in the industry and one which continues to gain market share, and a diversified retailer, **Robinsons Retail**, which boasts particularly good growth in its pharmacy and home improvement stores, something which we expect to continue as middle-class incomes rise, whilst at the same time exhibiting some inflation protection.

A quick note on **Philippines Seven**. On the final day of trading in June the stock rose by 21.5% on low volumes. On the next day of trading, at the beginning of July, the majority of these gains were reversed. This is a phenomenon we have experienced in the past and is symptomatic of the company's low trading volumes due to its large blue chip shareholders who only infrequently trade in the shares.

Finally, Imran Kahn's PTI party has emerged as the coalition leader in the Pakistan elections, a positive outcome relative to the other potential scenarios of a hung parliament or a weak coalition. While we are still assessing the broader implications of Kahn's leadership, for now attention has returned to Pakistan's macroeconomic position and whether or not another IMF bailout will occur.

We have returned from Asia with a number of interesting new ideas, some of which we have already actioned and some of which we are doing further work on. We will be watching the remaining results announcements for the fund over the next month as it is only so long that share prices can remain grounded when our companies are delivering high double-digit earnings growth.

All data as at 31.07.18. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asian Smaller Companies Fund



Top 5 Holdings (%)

Mobile World Investment Corporation	8.8
FPT Corporation	5.7
Philippine Seven Corporation	5.6
Ace Hardware Indonesia	5.5
Dialog Axiata	4.2
Total Number of Holdings	34

Portfolio Financial Ratios

Predicted Price/Earnings Ratio	14.8x
Predicted Dividend Yield (%)	2.2

Risk Metrics

Tracking Error (% pa)	13.40
Beta	0.57
Alpha	1.22
Volatility (%)	15.42
Sharpe ratio	0.41

Thematic Breakdown (%)

Modern Retail	25.9	
Local Brands	19.8	
Leisure/Tourism	16.6	
Communication Technology	15.5	
Financialisation	9.7	
Infrastructure	9.6	
Cash	2.8	

Geographical Breakdown (%)

India	30.3	
Vietnam	25.4	
Indonesia	12.0	
Philippines	10.3	
Sri Lanka	9.6	
Pakistan	3.7	
Malaysia	3.6	
Cash	2.8	
Singapore	2.2	

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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	150.55
B USD Unhedged Distributing	B2PKN32	IE00B2PKN327	144.13
C GBP Hedged Distributing	B2PKN43	IE00B2PKN434	73.98
D SGD Hedged Distributing	B3M3HJ5	IE00B3M3HJ55	196.64

Performance fee based on individual investor's holding.

U GBP Unhedged Distributing	BBQ37T7	IE00BBQ37T77	98.49
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Performance fee based on fund performance as a whole.

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