

Prusik Asian Smaller Companies Fund



GROWTH INVESTING IN ASIA

PRUSIK

31 December 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)	33.8m
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	-0.15	-0.41	-0.26
3 Month	-0.64	-1.28	-1.01
2018	-19.71	-21.32	-20.63
Since Launch	40.70	44.12	2.03
Annualised [†]	3.18	3.45	0.22

Source: Morningstar.

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

[†]Since Launch Performance

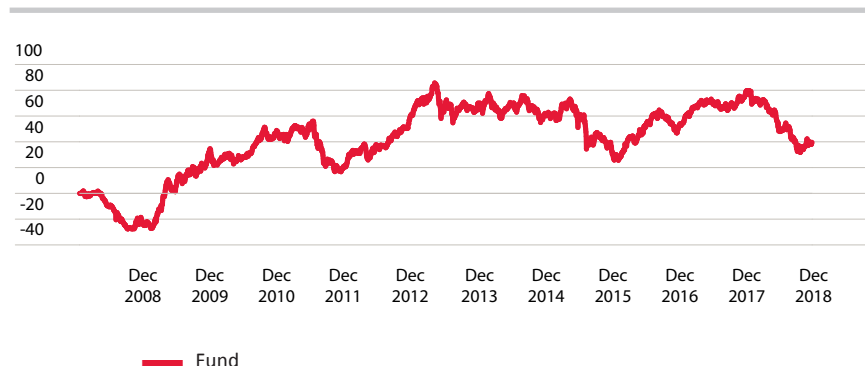
Investment Process

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

The fund delivered good relative returns in the final month of the year and was flattish in absolute terms. More specifically, the fund saw a negligible fall of 0.1% in December, which was 2.6% ahead of the M2APJ index fall of 2.7%. December marked the third consecutive month of outperformance for the fund, taking the total outperformance in the fourth quarter to 8.2% (0.6% decline for the fund versus an 8.8% fall for the index).

In December, the key positive contributors to performance were our Philippines portfolio, which rose 9.2% in the month, and our India portfolio, which posted low single-digit gains. Pakistan and Sri Lanka were the main drags in December, although these two exposures have a combined weighting of just 7.7%. On a stock by stock basis, our Indonesian telco tower operator, **Sarana Menara Nusantara**, saw particularly strong performance in December owing to news that telco operator, Indosat, is increasing its tower capex, which is likely to benefit **Sarana**. In addition, 5 further stocks in the portfolio returned over 10.0% in December, including Philippines casino operator, **Bloomerry Resorts**, Indian fashion brand, **Aditya Birla**, and Indian cinema operator, **PVR**. Volatility in **Ace Hardware**, our Indonesian home improvements and lifestyle retailer, was the biggest headwind on a stock basis, although at the time of writing the shares have since rebounded.

During the month we exited our position in our Indian building materials holding, **Shankara Building Products**. **Shankara** is a relatively young company which was in the process of professionalising, the risk of which we believed was offset by the company's significant long-term growth opportunity as the only organised player in the sector. However, in the second half of the year there were increasing signs that management were struggling with this process. This culminated in comments from management that they intend to structurally lower margins in the retail business and slow store growth considerably; there was also a lack of clarity regarding their plans for addressing challenges in the 'channel' and 'enterprise' segments of the business. We took the view that, for now at least, management's shortcomings outweigh the long-term growth opportunity and, indeed, may prevent the company from capitalising on such an opportunity. We sold our remaining small position in the stock in December.

Funds from the **Shankara** sale were recycled into **Jollibee Foods** in the Philippines and **Selamat Sempurna** in Indonesia. **Jollibee** is the country's leading fast-food chain operator with an interesting overseas portfolio, including Superfoods, a Vietnamese coffee chain which will IPO this year, and Smashburger in the US. **Selamat Sempurna** is the leading manufacturer of filters used for passenger cars, trucks and construction machinery in Indonesia and it also has a well-developed overseas business. Both companies have low debt levels, high ROEs and a strong track record of compounding earnings.

All data as at 31.12.18. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asian Smaller Companies Fund



Top 5 Holdings (%)

Philippine Seven Corporation	6.8
Mobile World Investment Corporation	6.5
FPT Corporation	6.3
Ace Hardware Indonesia	4.8
Taseco Air Services	4.2
Total Number of Holdings	38

Portfolio Financial Ratios

Predicted Price/Earnings Ratio	13.3x
Predicted Return on Equity (%)	18.2
Predicted Dividend Yield (%)	2.3

Risk Metrics

Tracking Error (% pa)	13.30
Beta	0.58
Alpha	1.12
Volatility (%)	15.46
Sharpe Ratio	0.33

Thematic Breakdown (%)

Modern Retail	24.6	
Leisure/Tourism	18.2	
Local Brands	17.4	
Communication Technology	16.3	
Infrastructure	12.9	
Financialisation	8.1	
Cash	2.4	

Geographical Breakdown (%)

India	31.6	
Vietnam	25.8	
Indonesia	15.6	
Philippines	12.1	
Malaysia	3.6	
Sri Lanka	3.6	
Pakistan	3.3	
Cash	2.4	
Singapore	2.0	

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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	140.70
B USD Unhedged Distributing	B2PKN32	IE00B2PKN327	134.70
C GBP Hedged Distributing	B2PKN43	IE00B2PKN434	68.56
D SGD Hedged Distributing	B3M3HJ5	IE00B3M3HJ55	182.83
Performance fee based on individual investor's holding.			
U GBP Unhedged Distributing	BBQ37T7	IE00BBQ37T77	95.05

Performance fee based on fund performance as a whole.

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