

Prusik Asian Smaller Companies Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

31 January 2017

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)	46.2m
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	3.51	3.39	3.43
3 Month	-3.16	-3.42	-3.17
2016	7.14	7.32	7.06
Since Launch	54.39	63.44	13.90
Annualised [†]	4.96	5.71	1.86

Source: Morningstar.

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

[†]Since Launch Performance

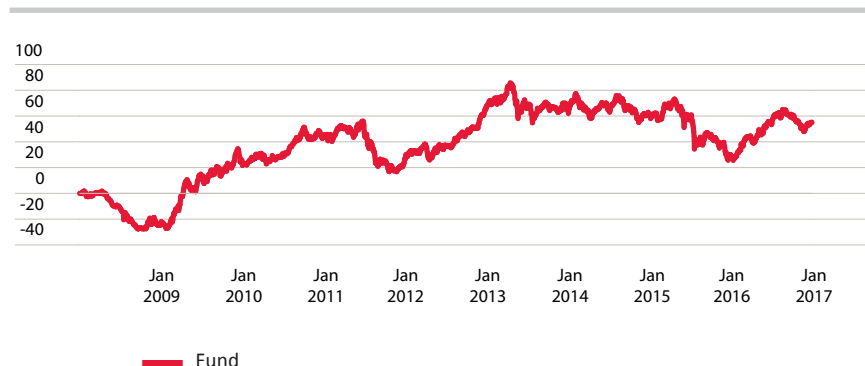
Investment Process

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 returned 3.5% in January versus the index rise of 5.8%. All our themes contributed positively to NAV in absolute terms, with our local brands theme leading the pack. The underperformance in relative terms came from our low weighting in Hong Kong and China, which did well in January, and our overweight in Vietnam, which underperformed the index in the month.

From an economic point of view, recent evidence clearly shows that there is currently a nice and visible pick-up in nominal GDP in Asia. This is accompanied by steady CPI, a recovery in PPI and, for the first time in 5 years, a projected double digit earnings recovery after flat or negative earnings growth in the past few years. In addition, after 7 years of ROE in Asia declining, ROE has recently started to stabilise. All of these factors auger well for the year ahead, in particular for smaller companies where the acceleration of economic growth is especially supportive.

During the month two of the new positions we have added are, in our view, undervalued future brands. Both are growing in countries with large and young populations, thus also benefitting from strong demographic tailwinds as well as rising incomes in Asia.

Indian coffee company, **CCL Products**, one of the largest coffee wholesalers globally, is just launching its own domestic coffee brand in India. India has traditionally been a tea drinking nation with less than 15% of the population drinking coffee. However, the Indian urban middle class are just discovering coffee, with coffee shops proliferating across Mumbai. With just two foreign owned brands currently dominating this \$17 billion market, we believe there is a clear opportunity for a well positioned third player. **CCL Products** is aiming to have a \$3-4 billion share of India's domestic coffee market in the coming 3-5 years and increase its earnings at a 25% cagr.

In Vietnam, we added newly listed **Quang Ngai Sugar** which, in addition to its sugar business, also owns Vietnam's largest soya milk brand with an 84% a market share. We expect **Quang Ngai Sugar** to be able to grow its earnings at a 10-15% cagr in the coming years but the company trades on just over 10x earnings, creating what we believe is huge valuation upside potential.

The fund currently trades well below the market P/E at just 11.4x, whilst offering a dividend yield of 3.0% and blended ROE of 23.8%, which is roughly double the market average.

All data as at 31.01.17. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asian Smaller Companies Fund



Top 5 Holdings (%)

Cotec Construction JSC	7.8
Philippine Seven Corporation	7.2
Mobile World Investment Corporation	5.7
Syarikat Takaful Malaysia Berhad	4.5
Li Ning Co	4.3
Total Number of Holdings	31

Portfolio Financial Ratios

Predicted Price/Earnings Ratio	11.4x
Predicted Return on Equity (%)	23.8
Predicted Dividend Yield (%)	3.0

Risk Metrics

Tracking Error (% pa)	13.83
Beta	0.58
Alpha	3.21
Volatility (%)	16.09
Sharpe ratio	0.49
% of the portfolio which could be sold in 2 business days	71.14

Thematic Breakdown (%)

Local Brands	25.8	
Vietnam	23.3	
Infrastructure	13.0	
Sensors	10.7	
Leisure/Tourism	8.3	
Financialisation	7.5	
Cash	4.9	
Clean Energy	4.4	
Smart Textiles	2.2	

Geographical Breakdown (%)

Vietnam	23.3	
Philippines	11.5	
Hong Kong/China	10.6	
Taiwan	10.5	
India	9.8	
Pakistan	7.7	
Korea	6.1	
Sri Lanka	5.5	
Cash	4.9	
Malaysia	4.5	
Indonesia	3.0	
Singapore	2.7	

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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	154.39
B USD Unhedged Distributing	B2PKN32	IE00B2PKN327	151.83
C GBP Hedged Distributing	B2PKN43	IE00B2PKN434	79.92
D SGD Hedged Distributing	B3M3HJ5	IE00B3M3HJ55	209.77

Performance fee based on individual investor's holding.

U GBP Unhedged Distributing	BBQ37T7	IE00BBQ37T77	109.98
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Performance fee based on fund performance as a whole.

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