

Prusik Asian Smaller Companies Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

28 February 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)	47.7m
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	4.55	4.52	4.49
3 Month	4.93	4.73	4.81
Year to Date	8.22	8.06	8.07
Since Launch	61.41	70.82	19.01
Annualised [†]	5.43	6.18	2.47

Source: Morningstar.

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

[†]Since Launch Performance

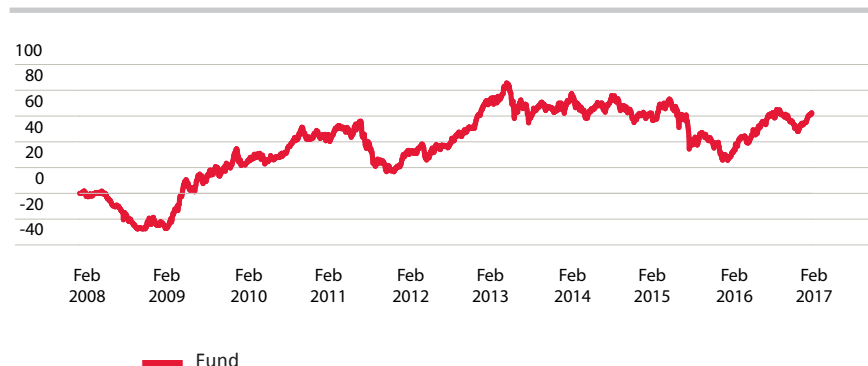
Investment Process

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 February the fund rose 4.6% outperforming the M2APJ index by 1.1%. By geography the strongest contributors were Vietnam, Taiwan and India, whilst contributions from Malaysia, Pakistan and the Philippines lagged the index. At the stock level the top performers included **Hoa Binh Construction** in Vietnam and **Bank Danamom** in Indonesia. Malaysian Shariah insurance company, **Syarikat Takaful**, Pakistan Toyota franchise holder, **Indus Motor**, and convenience store operator **Philippine Seven Corp** underperformed the index.

During February the index continued to soar, only pausing just before the month-end to correct materially for the first time since December. We expect this correction to endure for a while longer after such a breathless run and whilst markets further digest the prospect of rising rates in the US. We do, however, see increasing signs of economic recovery everywhere and expect that stock markets can continue to make further headway this year after an appropriate correction and pause. We have raised some cash during the month from stocks which have done especially well and look forward to reinvesting this at more attractive levels over the coming days. In particular, we have sold **Hoa Binh Construction** in Vietnam which had risen sharply since our purchase in 2015, and in a parabolic surge more recently, nearly doubling in three months. The company has been benefitting from the construction boom taking place in Vietnam but this has taken a toll on the company's now quite stretched balance sheet. We have also taken some profits in **Takaful Malaysia** (Shariah insurance) and **Wistron Neweb** (Internet of Things and 'the connected car').

We added two new positions in February. **Crompton Consumer** is a strong brand in India for household electronics with a pan-Indian presence and a leading market share in fans and pumps as well as a fast-growing lighting business. Not only do we find the company's investments in its brand and after sales service very attractive but so is management's focus on growing the bottom line as well as the top line. India is at the take-off stage for consumer goods and ripe for the deep establishment of national brand names as the modern retail segment gets going.

Best World International is a \$400 million market cap company with a strong direct sales network in premium skincare under the Dr Secret brand. It has been hugely successful in Taiwan and is now starting to grow in China. It is much more attractively valued than other regional cosmetics brands trading on just 14x 2017 P/E with the equivalent of 8% of its market cap in net cash and a dividend yield of 2.5%. We expect the company to grow its earnings in the region of 25% per annum in the next 2-3 years.

Overall, we would urge investors to consider adding to the Prusik Asian Smaller Companies fund during this correction. We have just returned from a week in Asia and the Middle-East visiting companies from Vietnam and Pakistan. Both these markets are dominated by local investors and both are cheap on regional and global comparisons, whilst the countries are growing dramatically faster. Moreover, regional investors are turning up in droves. We expect Vietnam, in particular, to attract significant investment from Thailand in the coming months, whilst the Shanghai Stock Exchange has recently bought 40% of the Pakistan Stock Exchange, paving the way for expansion and more sophisticated products. The fund has c.26% invested in Vietnam and Pakistan.

All data as at 28.02.17. 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	5.6
Cotec Construction JSC	5.1
Li Ning Co	4.3
Max's Group	3.9
Total Number of Holdings	32

Portfolio Financial Ratios

Predicted Price/Earnings Ratio	12.5x
Predicted Return on Equity (%)	24.0
Predicted Dividend Yield (%)	2.7

Risk Metrics

Tracking Error (% pa)	13.77
Beta	0.58
Alpha	3.46
Volatility (%)	16.03
Sharpe ratio	0.54
% of the portfolio which could be sold in 2 business days	70.35

Thematic Breakdown (%)

Local Brands	31.6	
Vietnam	19.6	
Infrastructure	13.1	
Leisure/Tourism	8.1	
Sensors	7.7	
Cash	7.7	
Financialisation	5.5	
Clean Energy	4.8	
Smart Textiles	2.0	

Geographical Breakdown (%)

Vietnam	19.6	
India	12.1	
Hong Kong/China	10.9	
Philippines	10.7	
Korea	8.1	
Cash	7.7	
Taiwan	7.6	
Pakistan	7.4	
Sri Lanka	5.5	
Singapore	4.9	
Indonesia	3.5	
Malaysia	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	161.41
B USD Unhedged Distributing	B2PKN32	IE00B2PKN327	158.74
C GBP Hedged Distributing	B2PKN43	IE00B2PKN434	83.53
D SGD Hedged Distributing	B3M3HJ5	IE00B3M3HJ55	219.18
Performance fee based on individual investor's holding.			
U GBP Unhedged Distributing	BBQ37T7	IE00BBQ37T77	114.40

Performance fee based on fund performance as a whole.

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