

# Prusik Asian Smaller Companies Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

31 March 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)	48.9m
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	2.74	2.54	2.65
3 Month	11.19	10.81	10.93
Year to Date	11.19	10.81	10.93
Since Launch	65.84	75.16	22.16
Annualised <sup>†</sup>	5.69	6.41	2.82

Source: Morningstar.

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

<sup>†</sup>Since Launch Performance

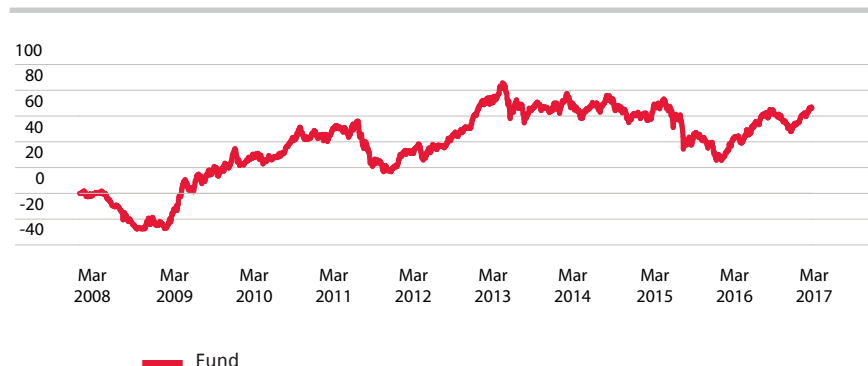
### Investment Process

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

Over the month, the fund rose 2.74% versus the index which rose 3.09%.

One of the better performing markets this month was India where we now have just over 18% of the fund invested. Cinema chain, **PVR** was especially strong but our new position in consumer electronics brand, **Bajaj Electrical**, also got off to a great start. Equally we saw a very good month from Korean EV parts supplier, **Woory Industrial**, which has a growing market share in climate control systems for electric vehicles. Convenience store and long term core position for the fund, **Philippine Seven** was also a top performer this month.

The mild underperformance was due to more disappointing returns from our holdings in China, Sri Lanka and Indonesia. Most notably sportswear brand, **Li Ning**, had some mixed results and we have since sold this position. Otherwise we note that, this month, the overall performances in Pakistan and Vietnam lagged other markets such as Korea and Australia where we have very little exposure.

The fund now has close to 80% of its assets invested in the Asian countries which have a very youthful demographic (Vietnam, Indonesia, India, Pakistan, Philippines and Sri Lanka: which we have reduced as shorthand to "VIIPPS"). In fact, the average age in these countries is just 26 years old. This key factor as well as others is, as historically been the case, likely to drive GDP growth in these countries at double the average rate of the more mature parts of the region in the coming years. We are investing mostly in companies which are just beginning to grow brands on a nationwide basis, that are exposed to consumers, that are benefitting from a boom in demand for financial services or, are providing much needed infrastructure skills or materials. This month, for example, we have bought further exposure to housing and mortgage finance in Indonesia, consumer electronics and power equipment in Pakistan and power infrastructure in Vietnam; all strong domestic themes.

The benefits of combining the search for the best smaller companies with this focus on the better demographic stories in Asia are manifold. We are adding some very attractive value to the fund, which now has an average forward PE of just 12.2 x and average ROE of 24.3%. The fund also yields 2.7%. Most importantly, we can see considerable upside for our investments as Asia enjoys an earnings recovery. However, beyond that we can see multiple years of growth ahead for the companies we are adding, thanks to the focus on countries with emerging growth drivers and booming workforce populations. It is also worth noting that the combined population of the "VIIPPS" countries is approximately 2 billion people – without China included!

All data as at 31.03.17. Source: Prusik Investment Management LLP, unless otherwise stated.

# Prusik Asian Smaller Companies Fund



## Top 5 Holdings (%)

Philippine Seven Corporation	8.2
FPT Corporation	5.6
Mobile World Investment Corporation	5.0
Max's Group	3.6
PVR Ltd	3.6
Total Number of Holdings	32

## Portfolio Financial Ratios

Predicted Price/Earnings Ratio	12.2x
Predicted Return on Equity (%)	24.3
Predicted Dividend Yield (%)	2.7

## Risk Metrics

Tracking Error (% pa)	13.71
Beta	0.58
Alpha	3.53
Volatility (%)	15.98
Sharpe ratio	0.56
% of the portfolio which could be sold in 2 business days	75.22

## Thematic Breakdown (%)

Local Brands	40.3	
Infrastructure	21.9	
Communication Technology	10.5	
Cash	9.1	
Financialisation	8.2	
Leisure/Tourism	6.5	
Clean Energy	3.5	

## Geographical Breakdown (%)

Vietnam	21.6	
India	17.6	
Philippines	11.8	
Pakistan	9.7	
Cash	9.1	
Korea	8.2	
Taiwan	5.9	
Sri Lanka	5.2	
Indonesia	3.8	
Singapore	2.6	
Hong Kong/China	2.6	
Malaysia	1.9	

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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	165.84
B USD Unhedged Distributing	B2PKN32	IE00B2PKN327	163.11
C GBP Hedged Distributing	B2PKN43	IE00B2PKN434	85.65
D SGD Hedged Distributing	B3M3HJ5	IE00B3M3HJ55	224.98

Performance fee based on individual investor's holding.

U GBP Unhedged Distributing	BBQ37T7	IE00BBQ37T77	117.23
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Performance fee based on fund performance as a whole.

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