

Prusik Asian Smaller Companies Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

31 May 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)	49.9m
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	-0.86	-0.92	-0.91
3 Month	4.54	4.13	4.37
Year to Date	13.13	12.53	12.79
Since Launch	68.74	77.88	24.21
Annualised [†]	5.78	6.47	2.98

Source: Morningstar.

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

[†]Since Launch Performance

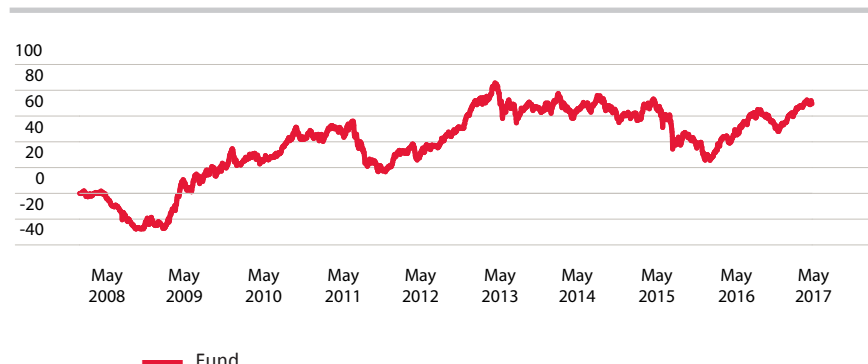
Investment Process

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

Last month the index rose 2.7%, bucking the usual negative trends associated with May and reflecting what was, overall, a very much improved earnings season for Asian companies in the first quarter. The fund's holdings returned a median 1Q earnings growth of 22% but, frustratingly, underperformed the index by 3.5% in May, falling 0.9%.

The reasons for the disappointing performance were largely technical and we believe will be reversed. Indeed, at the time of writing, there is evidence of this already occurring. In short, we feel that the performance this month is in direct contrast to the excellent results season that the fund has enjoyed as well as the fact that the fund is trading at a discount to the index on a 12.2x P/E versus a 13.8x P/E, respectively. Finally, the fund generates a 22.7% ROE, which is significantly more attractive than 10.9% ROE for the index.

As to the underperformance, firstly, on the last day of the month, convenience store, **Philippine Seven**, fell by 10% in the last hour of trading on very low volumes. It recovered from its fall the following day but not before causing a 91 basis point reduction in the NAV at the month-end. Secondly, Pakistan formally exited the MSCI Frontier Market index on 31st May and was formally added to the Emerging Market index instead, where it is a smaller component. The selling we saw in Pakistan over this technical rebalancing period caused this portion of the fund to fall by 2.5% in May. Once the rebalancing is over we believe this weakness will abate and it could also provide a good buying opportunity.

Elsewhere, PASC's India portfolio fell 8.8% in the month, making it the largest detractor from performance. It is worth noting that it was a tough month for Indian small caps in general with the MSCI India Small Cap Index down 2.1, while MSCI India was up 2.1%. One of the reasons for the Indian small cap performance was a general shakeout as details of the GST policy were finalised. For our Indian cinema operator, **PVR**, consensus expectations were for GST to yield a 300-400bps margin benefit but in the end this did not materialise. Elsewhere, our internet infrastructure holding, **D-Link**, announced poor results which saw the company unexpectedly post a loss in the quarter. We have since exited the position and used the funds to purchase a new position in **Finolex Industries**, which is a leading producer of pipes for the agricultural and property sectors. **Finolex** has recently tied up with Warren Buffet-owned Lubrizol, which will enable the company to produce higher value-added products and in turn increase its margins. Overall, we believe that the investment case for our India holdings remains very much intact. We will be spending a week in India in June.

All data as at 31.05.17. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asian Smaller Companies Fund



Top 5 Holdings (%)

Philippine Seven Corporation	7.3
FPT Corporation	5.7
Mobile World Investment Corporation	5.4
Pak Elektron Ltd	4.1
Woory Industrial Co Ltd	4.0
Total Number of Holdings	32

Portfolio Financial Ratios

Predicted Price/Earnings Ratio	12.2x
Predicted Return on Equity (%)	22.7
Predicted Dividend Yield (%)	2.8

Risk Metrics

Tracking Error (% pa)	13.64
Beta	0.58
Alpha	3.39
Volatility (%)	15.88
Sharpe ratio	0.57

% of the portfolio which could be sold in 2 business days

82.85

Thematic Breakdown (%)

Local Brands	34.3	<div></div>
Infrastructure	23.9	<div></div>
Communication and Technology	14.0	<div></div>
Financialisation	13.7	<div></div>
Cash	7.5	<div></div>
Leisure/Tourism	6.7	<div></div>

Geographical Breakdown (%)

Vietnam	24.5	<div></div>
India	19.0	<div></div>
Pakistan	14.4	<div></div>
Indonesia	8.6	<div></div>
Cash	7.5	<div></div>
Philippines	7.3	<div></div>
Korea	7.2	<div></div>
Taiwan	5.9	<div></div>
Sri Lanka	5.6	<div></div>

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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	168.74
B USD Unhedged Distributing	B2PKN32	IE00B2PKN327	165.97
C GBP Hedged Distributing	B2PKN43	IE00B2PKN434	86.98
D SGD Hedged Distributing	B3M3HJ5	IE00B3M3HJ55	228.76

Performance fee based on individual investor's holding.

U GBP Unhedged Distributing	BBQ37T7	IE00BBQ37T77	115.97
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Performance fee based on fund performance as a whole.

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