

Prusik Asian Smaller Companies Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

31 January 2016

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)	45.7m
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	-6.98	-6.96	-6.86
3 Month	-10.21	-10.04	-9.94
Year to Date	-6.98	-6.96	-6.86
Since Launch	29.49	32.95	-4.19
Since Launch †	3.29	3.63	-0.71

Source: Bloomberg.

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

† Annualised 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: Bloomberg. Total return net of fees.

Fund Manager Commentary

Over January the index fell 7.8%, whilst the Prusik Asian Smaller Companies fund fell 6.9%. Two of the top three contributing stocks were from the same theme – intelligent / electric vehicles – namely **Tung Thih** (sensors and safety systems for cars) and **Hota Industrial Manufacturing** (Taiwan listed maker of electric drive trains for electric cars). In Vietnam, **Hoabin Construction**, a beneficiary of the development of District 2 in Saigon, also led the field. On the negative side, **Wasion**, (smart meters) was weak. The spending on the grid in China has slowed and we have exited this position during the month.

Obviously Hong Kong was one of the weaker markets where assets bore the brunt of the concerns about China and the Chinese currency. It is worth noting that at the time of writing we now have just 10.6% in Hong Kong. For those fearing further widespread weakness in Asian currencies, which is not our central case, it is also worth noting that approximately 32% of the fund is invested in companies with export businesses which should of course be beneficiaries of weaker currencies in Asia. Thanks to the recent moves the fund's P/E ratio now stands at 11.9x, whilst return on equity for the portfolio is 22.7%! Finally, it is worth repeating that the reported average net profits growth of our portfolio in 1H 2015 was up 35%, significantly ahead of reported average net profit growth for the index of just 6%. Having visited a number of our companies in the past 6 months, we expect growth of this order of magnitude to be continued in 2H 2015 once results are reported. Thus, the fund's decline over the year is somewhat in direct contrast to the underlying performance of the businesses that we are invested in. We believe this sets a healthy stage for 2016 for the fund.

During January we bought a new position in Malaysian ODM condom maker **Karex**. **Karex** now has its own brand, One, which is the fourth largest player in the US. Crucially, **Karex** owns a registered patent in Polyisoprene, which is a hugely sought after technology, and which is currently only owned by competitor brand, Ansell. If this technology is validated in the US in 2016, this could propel **Karex's** brand into a very strong position globally. In any event, **Karex** plans to roll its brand out in Asia and take market share. **Karex's** tender market business, which involves selling condoms to the World Health Organisation and Non-Government Organisations (NGOs), also has very bright prospects. International aid and welfare agencies are targeting for 20 billion more condoms to be distributed in low to middle income countries by 2020. The current size of the market is 30 billion condoms, so that is a near doubling of the market in the next 4 years!

All data as at 31.01.16. Source: Prusik Investment Management LLP, unless otherwise stated.

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Prusik Asian Smaller Companies Fund



Top 5 Holdings (%)

Major Cineplex Group PCL	6.4
Philippine Seven Corporation	5.0
FPT Corporation	4.9
Tongda Group Holdings Limited	4.9
iFast Corp Ltd	4.8
Total Number of Holdings	29

Portfolio Financial Ratios

Predicted Price/Earnings Ratio	11.9x
Predicted Return on Equity (%)	22.7

Risk Metrics

Beta	0.57
Alpha	2.71
Sharpe Ratio	0.23
Volatility (%)	14.01
% of the portfolio which could be sold in 2 business days	49.85

Thematic Breakdown (%)

Vietnam	21.9	
Leisure/Tourism	16.4	
Intelligent/Electric Car	13.7	
Local Brands	13.0	
Financialisation	11.3	
Sensors	9.4	
Smart Textiles	6.3	
Cash	5.9	
E-Commerce	2.1	

Geographical Breakdown (%)

Vietnam	21.9	
Taiwan	14.1	
Hong Kong/China	10.6	
Singapore	9.3	
Philippines	7.7	
Korea	7.6	
India	7.3	
Malaysia	7.3	
Cash	5.9	
Thailand	5.8	
Sri Lanka	2.4	

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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	129.49
B USD Unhedged Distributing	B2PKN32	IE00B2PKN327	129.58
C GBP Hedged Distributing	B2PKN43	IE00B2PKN434	68.27
D SGD Hedged Distributing	B3M3HJ5	IE00B3M3HJ55	179.60
Performance fee based on individual investor's holding			
U GBP Unhedged Distributing	BBQ37T7	IE00BBQ37T77	82.67
Performance fee based on fund performance as a whole			

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