

# Prusik Asian Smaller Companies Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

29 February 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)	41.5m
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	-0.67	-0.54	-0.63
3 Month	-8.33	-8.12	-8.07
Year to Date	-7.61	-7.47	-7.44
Since Launch	28.62	32.23	-4.80
Since Launch †	3.17	3.53	-0.80

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

In February the MXAPJ index fell 84 basis points, whilst the fund was down by slightly less, falling 67 basis points. Strong performance from two of our Taiwanese companies, electric car parts maker **Tung Thih** and 'Taiwan's Amazon' **PChome Online** helped, whilst Philippine local brand restaurant company, **Max's Group**, also did well. In terms of detractors, we saw poor performance from our holding in Indian credit ratings company, **Credit Analysis & Research**, which we sold during the month.

We have just completed a trip to India and returned with a slightly more cautious view on the macro outlook. Crucially, interest rates still appear to be too high, which is in part contributing to the poor progress on the infrastructure spending which we had all hoped would materialise. That said, parts of the economy are doing very well including, anecdotally, local tourism, entertainment, including our holding in cinema operator, **PVR**, the wedding industry, local brands of western clothing, branded dairy products, jewellery and alternative energy.

Following the trip we have bought a new holding in **Inox Wind**, which is a supplier of wind turbines. **Inox** offers a full turnkey service to power providers with leased land included. This land component, in particular, makes for very high barriers to entry. High barriers to entry plus attractive large subsidies, as the government seeks to address the fact that power supply per capita in India is a third of the global average, are contributing to high returns for the wind power industry in India. On average, wind power companies in India earn an equity IRR of 23% compared to just 15% for solar power companies.

**Inox** has recently doubled its capacity, has a large order book and is in advanced negotiations for potential orders equal in size to the current order book. **Inox** also benefits from a recurring revenue stream from servicing the projects it has already completed. The stock has a market capitalisation of US\$940 million and is currently trading on 10.6x March 2017 P/E.

All data as at 29.02.16. Source: Prusik Investment Management LLP, unless otherwise stated.

# Prusik Asian Smaller Companies Fund



## Top 5 Holdings (%)

Philippine Seven Corporation	6.1
FPT Corporation	5.9
Tongda Group Holdings Limited	5.6
TungThih Electronic Company Limited	5.6
iFast Corp Ltd	5.5
Total Number of Holdings	25

## Portfolio Financial Ratios

Predicted Price/Earnings Ratio	12.0x
Predicted Return on Equity (%)	22.7

## Risk Metrics

Beta	0.57
Alpha	2.66
Sharpe Ratio	0.23
Volatility (%)	14.08
% of the portfolio which could be sold in 2 business days	47.20

## Thematic Breakdown (%)

Vietnam	20.8	<div></div>
Local Brands	14.6	<div></div>
Intelligent/Electric Car	14.5	<div></div>
Leisure/Tourism	13.8	<div></div>
Sensors	10.6	<div></div>
Financialisation	10.5	<div></div>
Smart Textiles	6.9	<div></div>
Cash	5.6	<div></div>
E-Commerce	2.7	<div></div>

## Geographical Breakdown (%)

Vietnam	20.8	<div></div>
Taiwan	16.3	<div></div>
Hong Kong/China	11.9	<div></div>
Singapore	10.4	<div></div>
Philippines	9.0	<div></div>
Malaysia	8.0	<div></div>
Korea	7.0	<div></div>
Cash	5.6	<div></div>
Thailand	4.5	<div></div>
India	4.0	<div></div>
Sri Lanka	2.5	<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	128.62
B USD Unhedged Distributing	B2PKN32	IE00B2PKN327	128.71
C GBP Hedged Distributing	B2PKN43	IE00B2PKN434	67.90
D SGD Hedged Distributing	B3M3HJ5	IE00B3M3HJ55	178.47
Performance fee based on individual investor's holding			
U GBP Unhedged Distributing	BBQ37T7	IE00BBQ37T77	84.85
Performance fee based on fund performance as a whole			

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