

# Prusik Asian Smaller Companies Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

31 May 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)	44.7m
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	0.65	0.61	0.84
3 Month	12.74	12.43	12.46
Year to Date	4.16	4.03	4.09
Since Launch	45.00	53.23	7.06
Since Launch †	4.57	5.35	1.08

Source: Morningstar.

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

† Annualised Since Launch Performance

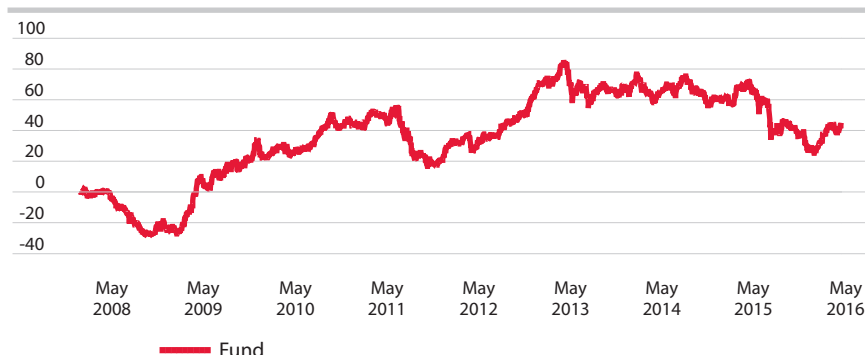
### Investment Process

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: Morningstar. Total return net of fees.

### Fund Manager Commentary

In May the MSCI Asia ex-Japan index fell 1.6% whilst the Prusik Asian Smaller Companies fund rose 0.7%, outperforming by 2.2%. This ongoing outperformance for the smaller companies fund is, we believe, a retrace of the divergence between stock performance and operating profits growth at fund level last year. The portfolio average operating profits growth was 38% in 2015 but the fund was down. Moreover, it still feels as though the upward retrace has only just started whilst, notably, we are still hearing some very positive growth expectations from our smaller companies for this year.

In May the major positive contributors were in the Philippines (restaurant brand owner, **Max's Group**), China (underwear manufacturer, **Best Pacific International**) and Vietnam (Carphone Warehouse lookalike, **Mobile World Investment Corp**).

From a thematic perspective Vietnam was an overall standout positive contributor. Indeed this year to date in Asia it is now the second best performing market in US dollar terms after Thailand. The Vietnam theme has been in the portfolio now for 4.5 years and continues to do well. When we bought the Vietnam theme the average P/E ratio of our holdings was just 5.1x! We are now looking at a still low average P/E of 8.4x for our Vietnam portfolio, which represents a whopping 43% discount to the local VNI index, currently trading on 14.7x P/E. This suggests that smaller companies have much ground still to make up in Vietnam and there are plenty of catalysts which should drive this process in the coming months.

Firstly, foreign ownership limits in Vietnam have now recently been abolished and whilst only 5 companies have fully complied with this so far, the rest should have by year end. This will make the market much easier for foreigners to partake in and also paves the way for MSCI index inclusion, which we believe is possible in the coming 2 years. We believe that foreigners have yet to really join in the Vietnam story this cycle and that should change in the near to mid term.

Moreover, the Vietnam economy is growing by over 6.5%, driven by FDI and higher value added manufacturing, urbanisation, a burgeoning middle class and huge infrastructure investment. A stable currency and monetary policy is providing a solid backdrop for the government to oversee ongoing recapitalisation of the banking sector and loan growth is in the order of 20%. Government reform also includes the rationalisation of the SOEs whilst the opening of the property market to foreigners last year marked a new era in openness. We also expect to see a number of high profile privatisations before long, which will add breadth to the market.

All data as at 31.05.16. Source: Prusik Investment Management LLP, unless otherwise stated.

# Prusik Asian Smaller Companies Fund



## Top 5 Holdings (%)

Philippine Seven Corporation	7.1
Mobile World Investment Corporation	5.7
Tongda Group Holdings Limited	5.5
FPT Corporation	5.4
Woory Industrial	5.3
Total Number of Holdings	27

## Portfolio Financial Ratios

Predicted Price/Earnings Ratio	13.2x
Predicted Return on Equity (%)	21.7
Predicted Dividend Yield (%)	2.7

## Risk Metrics

Beta	0.58
Alpha	3.56
Volatility (%)	16.32
Sharpe ratio	0.46
% of the portfolio which could be sold in 2 business days	57.22

## Thematic Breakdown (%)

Vietnam	20.1	<div></div>
Local Brands	16.6	<div></div>
Clean Energy	15.8	<div></div>
Leisure/Tourism	13.4	<div></div>
Cash	9.4	<div></div>
Sensors	8.3	<div></div>
Financialisation	7.5	<div></div>
Smart Textiles	4.0	<div></div>
E-Commerce	2.9	<div></div>
Mobile Gaming	2.0	<div></div>

## Geographical Breakdown (%)

Vietnam	18.7	<div></div>
Hong Kong/China	12.7	<div></div>
Philippines	11.8	<div></div>
Korea	10.3	<div></div>
Taiwan	9.5	<div></div>
Cash	9.4	<div></div>
Malaysia	7.2	<div></div>
India	7.0	<div></div>
Singapore	5.6	<div></div>
Thailand	5.4	<div></div>
Sri Lanka	2.3	<div></div>

All data as at 31.05.16. Source: Prusik Investment Management LLP, unless otherwise stated.

## 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	145.00
B USD	Unhedged	Distributing	B2PKN32	IE00B2PKN327	145.10
C GBP	Hedged	Distributing	B2PKN43	IE00B2PKN434	76.34
D SGD	Hedged	Distributing	B3M3HJ5	IE00B3M3HJ55	200.70
Performance fee based on individual investor's holding					
U GBP	Unhedged	Distributing	BBQ37T7	IE00BBQ37T77	90.65
Performance fee based on fund performance as a whole					

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