

# Prusik Asian Smaller Companies Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

30 June 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)	46.1m
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	4.49	4.55	4.30
3 Month	8.31	8.33	8.01
Year to Date	8.84	8.76	8.56
Since Launch	51.51	60.20	11.67
Since Launch †	5.08	5.87	1.72

Source: Morningstar.

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

† Annualised Since Launch Performance

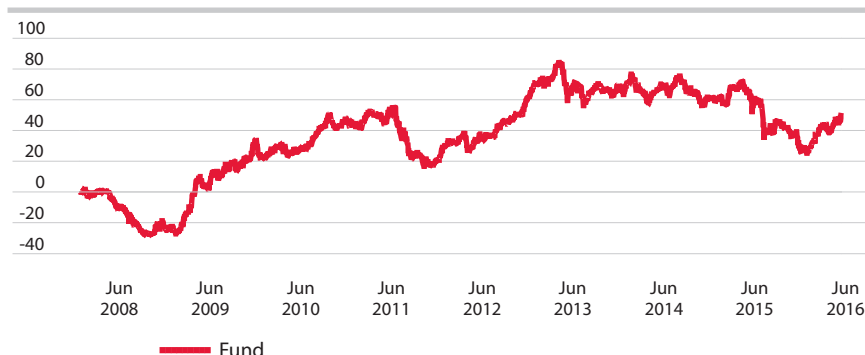
### Investment Process

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 June the Asia ex-Japan index rose 2.2%, while the Prusik Asian Smaller Companies Fund rose 4.5%, thus outperforming by 2.3%. This was mostly driven by the very strong performance of our Vietnam portfolio. This portion of the fund has been a strong contributor since its initiation, although smaller companies have tended to lag their larger counterparts in this market until very recently. Therefore, in our opinion, this month's good absolute and relative performance is both overdue and encouraging, underlining that Vietnam is increasingly gathering momentum. This may partly be due to the imminent removal of foreign ownership limits, which would in turn remove the impediments to foreigners owning a bigger weighting of this very vibrant and fast growing country's stock market. In particular, Carphone Warehouse lookalike, **Mobile World Group** and construction company, **Hoa Binh**, were among our top 3 performers. Indian cinema chain, **PVR**, also did well.

Wherever you stood in the world, June was dominated by the Brexit referendum, but the actual impact on the portfolio was minimal. Approximately 60% of the fund is invested in companies which are 100% domestically oriented - for example, convenience store operator, **Philippine 7-11**, Malaysian Shariah finance company, **Syarikat Takaful**, and all of the companies mentioned in the above paragraph. The externally facing companies we do hold export mainly to the US and other Asian countries such as China. Whilst some of our stocks export to Europe, of which the UK is a tiny subset, Europe overall only accounts for a mid-single digit to mid-teens percentage of sales for these companies. It follows that the UK accounts for an even smaller portion of these companies' sales. The one stock we hold which has some exposure to sterling is **Karex**, a Malaysia based condom maker, which recently made an acquisition of a condom brand and its manufacturing facilities in the UK. This is a small part of **Karex's** business and the stock, which has just a 2.6% weighting in the fund, has actually risen 10% since the Brexit news!

We feel that Asia, and especially this portfolio which is so directed towards local trends, is currently being incorrectly positioned on the risk spectrum. Valuations support this with the index price to book ratio only some 9% above the last three all time valuation lows. Meanwhile, the themes we are looking at continue to drive strong growth for our companies regardless of the economic cycle, although it is fair to say that many economies in Asia are growing quite fast anyway! On rough estimates, those of our companies that reported first quarter numbers (about 80% of the fund) averaged 40% EPS growth, which is considerably higher than the market.

All data as at 30.06.16. Source: Prusik Investment Management LLP, unless otherwise stated.

# Prusik Asian Smaller Companies Fund



## Top 5 Holdings (%)

Mobile World Investment Corporation	7.8
Philippine Seven Corporation	6.7
PVR Ltd	5.4
FPT Corporation	5.3
Woory Industrial Co Ltd.	5.0
Total Number of Holdings	27

## Portfolio Financial Ratios

Predicted Price/Earnings Ratio	13.7x
Predicted Return on Equity (%)	22.4
Predicted Dividend Yield (%)	2.7

## Risk Metrics

Beta	0.58
Alpha	3.91
Volatility (%)	16.36
Sharpe ratio	0.50
% of the portfolio which could be sold in 2 business days	70.41

## Thematic Breakdown (%)

Vietnam	22.9	
Local Brands	16.1	
Clean Energy	15.4	
Leisure/Tourism	12.5	
Sensors	10.9	
Financialisation	7.1	
Cash	6.7	
Smart Textiles	4.0	
E-Commerce	2.5	
Mobile Gaming	1.9	

## Geographical Breakdown (%)

Vietnam	21.5	
Taiwan	12.5	
Hong Kong/China	11.9	
Philippines	11.4	
Korea	8.2	
India	7.7	
Malaysia	7.3	
Cash	6.7	
Thailand	5.4	
Singapore	5.2	
Sri Lanka	2.2	

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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	151.51
B USD Unhedged Distributing	B2PKN32	IE00B2PKN327	151.61
C GBP Hedged Distributing	B2PKN43	IE00B2PKN434	79.81
D SGD Hedged Distributing	B3M3HJ5	IE00B3M3HJ55	209.33
Performance fee based on individual investor's holding			
U GBP Unhedged Distributing	BBQ37T7	IE00BBQ37T77	102.48
Performance fee based on fund performance as a whole			

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