

Prusik Asian Smaller Companies Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

29 July 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) | 47.0m |
| 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 | 2.57 | 2.69 | 2.59 |
| 3 Month | 7.88 | 8.01 | 7.90 |
| Year to Date | 11.64 | 11.69 | 11.37 |
| Since Launch | 55.41 | 64.50 | 14.56 |
| Since Launch † | 5.34 | 6.14 | 2.10 |

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

After a period of very strong performance the Prusik Asia Smaller Companies Fund rose just 2.6% in July versus the M2APJ index which rose 5.6%. The major contributors to the fund on the negative side included Taiwan listed car parts company, **Tung Thih Electronic Co**, which makes advanced driver assistance systems, such as reverse and front sensors. This came after a very strong run in the share price though. Hong Kong listed manufacturer of underwear, **Best Pacific International**, was also weak, as was **Innovalues**, which makes precision parts for cars including pressure sensors. **Innovalues** has disclosed that it is in active discussions regarding the sale of the company, which is currently trading around 30% below our fair value target and yields 4.5%.

On the positive side we had some good performance from some of our larger holdings. These included **Philippine Seven**, the 7-11 franchise, Indian cinema chain, **PVR**, and Vietnam listed **Mobile World Investment Corp**. The latter, the country's largest mobile phone and electronics goods retailer, announced strong results, with same store sales up 15% and net profits rising 84% year on year. These numbers reflect both strong company management and the rise of middle class spending in Vietnam as the country continues to prosper.

We believe the outlook for Asia is very good. In July we saw a general sharp rise in foreign buying of Asian assets. The main contributing factor in Hong Kong may include the imminent announcement of the Hong Kong-Shenzhen Stock Connect programme with China. Over and above this, we are seeing money moving away from Europe and the US towards Asia, largely in search of yield. Since 1990, Hong Kong's dividend yield has never been higher than both the treasury yield and the Fed fund's cash rate; however, at the time of writing it now is. Given the Hong Kong dollar peg to the US dollar, which gives investors a long history of currency stability, we are seeing international investors starting to recognise the value of a large population of stocks trading below 1.25x price to book and yielding just below 4%. For the smaller companies in Asia we expect this to be positive, but we may need to be more patient in the short term as the weight of money is likely to favour the larger market cap cyclical stocks first.

Finally, the MSCI Frontier Index has just announced it will be including Vietnam in its index, something which we have been expecting to happen for some time. Although the initial weighting is small, we expect to see the index's exposure to Vietnam rise in the coming years, which should be another positive supporting factor for this stock market.

All data as at 29.07.16. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asian Smaller Companies Fund



Top 5 Holdings (%)

| | |
|-------------------------------------|-----|
| Mobile World Investment Corporation | 8.4 |
| Philippine Seven Corporation | 7.4 |
| PVR Ltd | 6.0 |
| Woory Industrial Co Ltd | 5.3 |
| FPT Corporation | 5.2 |
| Total Number of Holdings | 27 |

Portfolio Financial Ratios

| | |
|--------------------------------|-------|
| Predicted Price/Earnings Ratio | 13.9x |
| Predicted Return on Equity (%) | 21.9 |
| Predicted Dividend Yield (%) | 2.7 |

Risk Metrics

| | |
|---|-------|
| Tracking Error (% pa) | 20.39 |
| Beta | 0.58 |
| Alpha | 3.80 |
| Volatility (%) | 16.32 |
| Sharpe ratio | 0.52 |
| % of the portfolio that can be liquidated in 2 days | 70.24 |

Thematic Breakdown (%)

| | | |
|------------------|------|-------------|
| Vietnam | 23.9 | <div></div> |
| Local Brands | 16.9 | <div></div> |
| Clean Energy | 16.8 | <div></div> |
| Leisure/Tourism | 13.2 | <div></div> |
| Sensors | 10.9 | <div></div> |
| Financialisation | 6.8 | <div></div> |
| Smart Textiles | 3.6 | <div></div> |
| Cash | 3.5 | <div></div> |
| E-Commerce | 2.5 | <div></div> |
| Mobile Gaming | 1.8 | <div></div> |

Geographical Breakdown (%)

| | | |
|-----------------|------|-------------|
| Vietnam | 22.6 | <div></div> |
| Taiwan | 13.6 | <div></div> |
| Philippines | 11.9 | <div></div> |
| Hong Kong/China | 11.5 | <div></div> |
| Korea | 8.7 | <div></div> |
| India | 8.2 | <div></div> |
| Malaysia | 7.1 | <div></div> |
| Thailand | 5.5 | <div></div> |
| Singapore | 4.8 | <div></div> |
| Cash | 3.5 | <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 | 155.41 |
| B USD | Unhedged | Distributing | B2PKN32 | IE00B2PKN327 | 154.05 |
| C GBP | Hedged | Distributing | B2PKN43 | IE00B2PKN434 | 81.13 |
| D SGD | Hedged | Distributing | B3M3HJ5 | IE00B3M3HJ55 | 212.76 |
| Performance fee based on individual investor's holding | | | | | |
| U GBP | Unhedged | Distributing | BBQ37T7 | IE00BBQ37T77 | 105.80 |
| Performance fee based on fund performance as a whole | | | | | |

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