

# Prusik Asian Smaller Companies Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

31 August 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)	49.2m
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	3.55	3.61	3.60
3 Month	10.98	11.23	10.85
Year to Date	15.60	15.72	15.38
Since Launch	60.92	70.45	18.68
Since Launch †	5.71	6.53	2.62

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 August the Prusik Asian Smaller Companies Fund rose 3.55% vs the M2APJ index rise of 2.11%. Vietnam, Taiwan and the Philippines were the major contributors to performance. In the Philippines, restaurant brand owner **Max's Group** continued its robust recovery post restructuring. In Taiwan, **Wistron Neweb** did especially well after announcing good results. **Wistron** is a major beneficiary of the explosion in demand for intelligent safety systems in cars. CLSA forecast that the global ADAS (Advanced Driver Assistance Systems) market will grow from US\$7bn in 2015 to US\$33bn by 2020, which implies an impressive 38% CAGR. This is an important trend to note and we have some 11% of the fund invested in companies benefitting from this theme.

We are excited about the outlook for Asia as the summer draws to an end. We note that investors are generally underweight Asia and, as expected, the Shenzhen A share market was added to the Hong Kong Connect program. This will begin in practice towards the end of the year and could bring a fresh impetus of Chinese investors to Hong Kong. Valuations in Asia do not look overwhelmingly expensive and in North Asia, they are historically cheap. Hong Kong for example is still below 2008 Price/Book levels. Meanwhile, earnings seem to be recovering, with a greater number of companies beating earnings expectations in 2Q. Looking forward into 2017 we expect to see a demonstrable earnings recovery develop further.

All these factors will benefit the smaller companies fund as investors are drawn back to Asia and local investors gain confidence. Thematically we are even more optimistic, especially for our smart cars/electric vehicles, Vietnam and local brand themes. Continuing our search for new ideas, we have just initiated a small position in a newly listed Taiwanese company that makes commercial drones and robots. Although it's a tiny company, the capacity expansion and likely volume increases look set to double or more over the next 2 years. Drones, especially, have huge commercial possibilities and this market is only in its infancy.

All data as at 31.08.16. Source: Prusik Investment Management LLP, unless otherwise stated.

# Prusik Asian Smaller Companies Fund



## Top 5 Holdings (%)

Philippine Seven Corporation	7.3
Mobile World Investment Corporation	6.7
PVR Ltd	5.9
FPT Corporation	5.3
Max's Group	5.0
Total Number of Holdings	26

## Portfolio Financial Ratios

Predicted Price/Earnings Ratio	14.9x
Predicted Return on Equity (%)	21.7
Predicted Dividend Yield (%)	2.4

## Risk Metrics

Tracking Error (% pa)	20.31
Beta	0.58
Alpha	4.03
Volatility (%)	16.28
Sharpe ratio	0.55
% of the portfolio that can be liquidated in 2 days	61.91

## Thematic Breakdown (%)

Local Brands	21.7	
Vietnam	19.9	
Clean Energy	13.3	
Leisure/Tourism	12.7	
Sensors	11.0	
Cash	7.6	
Financialisation	5.7	
Smart Textiles	4.1	
E-Commerce	2.6	
Mobile Gaming	1.5	

## Geographical Breakdown (%)

Vietnam	18.7	
Hong Kong/China	16.2	
Taiwan	13.8	
Philippines	12.3	
India	7.7	
Cash	7.6	
Malaysia	7.0	
Korea	5.5	
Thailand	5.0	
Singapore	3.5	
Sri Lanka	2.6	

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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	160.92
B USD Unhedged Distributing	B2PKN32	IE00B2PKN327	159.51
C GBP Hedged Distributing	B2PKN43	IE00B2PKN434	84.06
D SGD Hedged Distributing	B3M3HJ5	IE00B3M3HJ55	220.42
Performance fee based on individual investor's holding			
U GBP Unhedged Distributing	BBQ37T7	IE00BBQ37T77	109.51
Performance fee based on fund performance as a whole			

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