

Prusik Asian Smaller Companies Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

30 September 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	0.17	0.14	0.15
3 Month	6.40	6.55	6.44
Year to Date	15.80	15.89	15.56
Since Launch	61.20	70.69	18.86
Annualised [†]	5.68	6.48	2.61

Source: Morningstar.

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

[†]Since Launch Performance

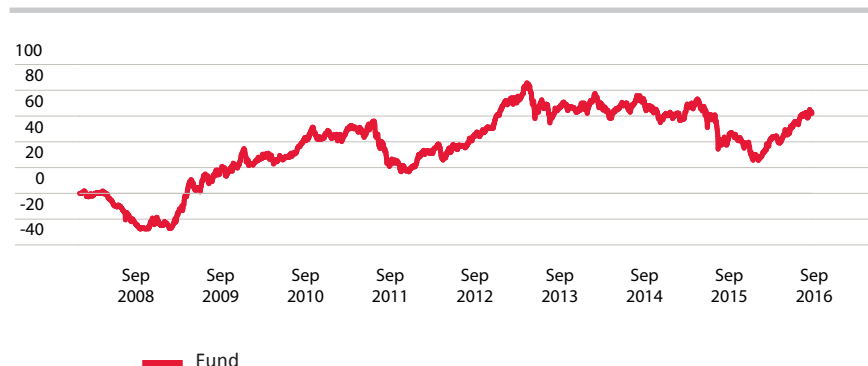
Investment Process

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 September the index rose 1.8%, whilst the Prusik Asian Smaller Companies Fund rose just 0.2%. This is frustrating as one of the better performing markets in September was Vietnam, where we have a 19.4% weighting and where **Hoa Bin Construction**, in particular, was a top contributor. Hong Kong and Taiwan were also good performers and contributed strongly to the fund this month led notably by Hong Kong based casings manufacturer, **Tongda**, which rose 18% in September. However, while our stocks in this market did well, the fund's overall underweight position in China/Hong Kong proved to be a drag given the good performance of these markets in September. We would also note that the areas in China/Hong Kong which did particularly well in the month were mostly cyclical companies, which we tend not to favour when looking for the best structural growth companies. Finally, our recent new purchase in Taiwan, **Taiwan Paiho**, which makes high technology sports shoe parts and headbands used in VR headsets, rose very strongly indeed in September.

In terms of our recent visit to Asia, in summary, we would say that notably more management teams are positive on the macro outlook on a 12-18 month view than we have seen in the recent past and they are revising up their earnings expectations as a result. In contrast, we would note that investors are still, on average, chronically underweight Asia and we expect that the rebalancing could provide a significant catalyst for the Asia markets. In short, we now see a good buying opportunity for potential investors in the fund at this point and are working on a number of new investments following our recent trip to Asia.

We have made a new investment in the drone sector! The industry is still in its infancy but already some of the leading technologies in flying robots are coming out of Greater China. Macquarie expects the drone market to reach \$60 billion by 2020. **Geosat** is a sub \$100 million market capitalisation, Taiwan-listed maker of commercial fixed wing drones with a typical ASP of \$100,000-\$200,000. It supplies several arms of the Taiwan government with drones for inspection, surveying and mapping. These drones can fly up to 400km non-stop and the company is able to provide highly customised solutions, which management believe are a key source of the company's competitive advantage. It is planning to open new manufacturing plants in Malaysia and China and guides revenues to double in 2017.

All data as at 30.09.16. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asian Smaller Companies Fund



Top 5 Holdings (%)

Tongda Group Holdings Ltd	5.7
Best Pacific International Holdings Ltd	4.3
Li Ning Co	4.3
HNA Infrastructure Company Ltd	3.0
Innovalues Ltd	2.2
Total Number of Holdings	26

Portfolio Financial Ratios

Predicted Price/Earnings Ratio	15.0x
Predicted Return on Equity (%)	22.0
Predicted Dividend Yield (%)	2.5

Risk Metrics

Tracking Error (% pa)	14.05
Beta	0.58
Alpha	3.89
Volatility (%)	16.26
Sharpe ratio	0.55
% of the portfolio which could be sold in 2 business days	70.88

Thematic Breakdown (%)

Local Brands	20.5	
Vietnam	20.2	
Leisure/Tourism	12.5	
Clean Energy	11.9	
Cash	9.4	
Sensors	8.7	
Smart Textiles	8.4	
Financialisation	4.5	
E-Commerce	2.5	
Mobile Gaming	1.4	

Geographical Breakdown (%)

Vietnam	19.4	
Hong Kong/China	17.3	
Taiwan	15.5	
Philippines	11.3	
Cash	9.4	
Malaysia	7.1	
India	5.9	
Korea	5.2	
Thailand	4.4	
Sri Lanka	2.3	
Singapore	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	161.20
B USD Unhedged Distributing	B2PKN32	IE00B2PKN327	159.78
C GBP Hedged Distributing	B2PKN43	IE00B2PKN434	84.18
D SGD Hedged Distributing	B3M3HJ5	IE00B3M3HJ55	220.76

Performance fee based on individual investor's holding.

U GBP Unhedged Distributing	BBQ37T7	IE00BBQ37T77	110.92
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Performance fee based on fund performance as a whole.

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