

Prusik Asian Smaller Companies Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

30 November 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)	47.1m
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	-3.51	-3.62	-3.47
3 Month	-4.41	-4.31	-4.33
Year to Date	10.50	10.74	10.39
Since Launch	53.83	63.11	13.54
Annualised [†]	5.01	5.80	1.86

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 November*, the Prusik Asian Smaller Companies Fund fell 3.5%, underperforming the Asia ex-Japan index, which fell 2.2%, by 130bps.

The major positive contributors were Hong Kong, Pakistan and China, whilst the worst contributors were the Philippines and Malaysia. In Vietnam, smartphone retailer **Mobile World Group** was our best performer, followed by casings manufacturer, **Tongda**, in Hong Kong. In the Philippines, **Philippine Seven**, the 7-11 convenience store, was a negative contributor. This company typically trades at a very wide spread and so can be volatile but the business remains strong.

November, as it turns out, was quite a momentous month, both within the region and outside. The Trump victory has already stamped its mark on stock market and bond investors, bringing expectations of inflation, higher interest rates and more pump-priming, led by infrastructure.

Within the region, and on the same day as the US election, India stunned the world by taking out of circulation its two highest denomination currency notes, giving the population only a short time to put their cash into the bank, or lose their money altogether. This has led to a huge short term cash crunch, terrible queues at banks and a huge amount of economic and personal pain and fear. The aim is to bring the 25-40% or so of India's economy that exists outside of the tax system into order. No doubt it will in time but the process in the meantime has been very painful for some businesses and is likely to shave quite a bit off GDP growth in the very near term. We have one position in India, **PVR**, a cinema chain operator, which, as a discretionary spend business, is likely to be suffering. To be prudent, we have halved this position although we remain very positive on the company in the long term and would aim to buy it back more cheaply should such an opportunity occur.

At the month end we had 14% cash, having halved **PVR** and taken some profits in a Vietnamese construction company that had met our valuation target. At the time of writing, we are already putting some of this to work in opportunities in the infrastructure sector in Taiwan and in Vietnam.

The fund is currently trading on 13.1x P/E (ex-**Philippine Seven**) versus the market on 13.2x P/E, yet the fund has a return on equity of nearly double that of the market at 23.7% versus 12.9%, respectively. The dividend yield for the fund is 2.7%.

*Measured from 28th October – 30th November as 31st October was an Irish Public Holiday

All data as at 30.11.16. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asian Smaller Companies Fund



Top 5 Holdings (%)

Mobile World Investment Corporation	7.9
Tongda Group Holdings Ltd	7.1
Philippine Seven Corporation	7.1
FPT Corporation	5.4
Li Ning Co	4.8
Total Number of Holdings	25

Portfolio Financial Ratios

Predicted Price/Earnings Ratio	13.1x
Predicted Return on Equity (%)	23.7
Predicted Dividend Yield (%)	2.7

Risk Metrics

Tracking Error (% pa)	13.92
Beta	0.58
Alpha	3.54
Volatility (%)	16.18
Sharpe ratio	0.50
% of the portfolio which could be sold in 2 business days	65.00

Thematic Breakdown (%)

Local Brands	28.1	
Vietnam	20.0	
Cash	14.0	
Sensors	13.6	
Smart Textiles	8.0	
Leisure/Tourism	6.0	
Financialisation	4.4	
Infrastructure	2.4	
E-Commerce	2.3	
Clean Energy	1.3	

Geographical Breakdown (%)

Vietnam	20.0	
Hong Kong/China	19.5	
Cash	14.0	
Philippines	11.1	
Taiwan	11.0	
Malaysia	9.5	
Sri Lanka	5.1	
Pakistan	4.3	
India	2.9	
Singapore	2.5	

All data as at 30.11.16. 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	153.83
B USD Unhedged Distributing	B2PKN32	IE00B2PKN327	152.48
C GBP Hedged Distributing	B2PKN43	IE00B2PKN434	80.44
D SGD Hedged Distributing	B3M3HJ5	IE00B3M3HJ55	210.88

Performance fee based on individual investor's holding.

U GBP Unhedged Distributing	BBQ37T7	IE00BBQ37T77	110.43
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Performance fee based on fund performance as a whole.

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