

# Prusik Asian Smaller Companies Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

31 October 2015

## 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)	52.5m
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	4.83	4.79	4.84
3 Month	-9.64	-9.47	-9.40
Year to Date	-9.64	-9.15	-9.21
Since Launch	44.21	47.79	6.38
Since Launch <sup>†</sup>	4.85	5.18	1.07

Source: Bloomberg.

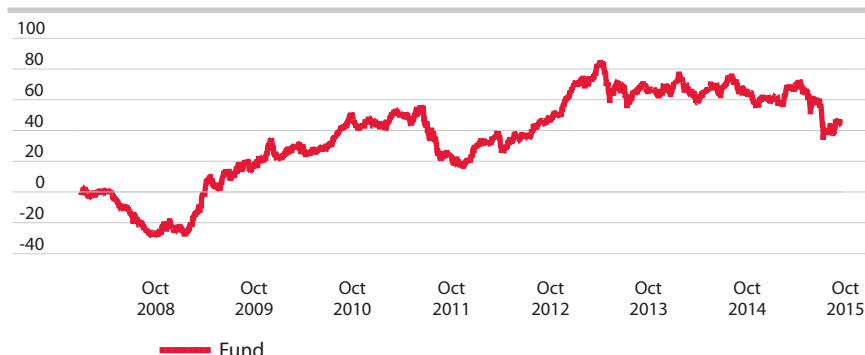
Launch Date: A: 08.02.08, C: 25.03.08, D: 15.01.10

<sup>†</sup>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.

### Fund Performance - Class A USD (%)



Source: Bloomberg. Total return net of fees.

### Fund Manager Commentary

There was a strong rally across the region in October with the index up 7.6%. The Prusik Asia Smaller Companies Fund also generated good absolute returns in the month of 4.8%, although this lagged the index somewhat. The chief culprit was **Eros International**, the Indian film producer and operator of Eros Now, the equivalent of Netflix in India.

**Eros International** corrected sharply owing to news that management are planning to monetise Eros Now from early 2016 rather than mid 2015 as originally stated. A punitive sell side report was also released on the stock in October to which management have issued a strong rebuttal. We are currently evaluating both the report and management's response. In the meantime, **Eros International** is now offering exceptional value for a market leader in film production and online distribution in India, a market where consumer stocks can trade easily on P/E multiples of more than 40x. In contrast, **Eros International** is trading on 9.3x March 2017e P/E and has a market capitalisation of US\$750 million. According to recent transaction discussions, Eros Now alone is reputed to be worth US\$800 million.

The bright spots for the fund this month were Vietnam, our trio of niche small caps in Singapore, and China and Hong Kong, where the markets overall saw a strong rebound. In Vietnam, Mobile World, the mobile phone retailer, has been recovering post management's announced plan to issue a large number of options which was later retracted. **Cotec Construction** and **Hoa Bin Construction**, recent new buys for the fund, have also been making good ground. **Innovalues**, which makes sensors primarily for cars, has delivered 1H15 gross margins of 30.4% compared to 26.6% in 2014 and handset casing maker, **Tongda**, has revealed it is about to release a new product for a new customer in the US (Apple?), sending the shares higher. In short, fundamentals across the portfolio remain strong.

All data as at 31.10.15. Source: Prusik Investment Management LLP, unless otherwise stated.

# Prusik Asian Smaller Companies Fund



## Top 5 Holdings (%)

iFast Corp Ltd	7.0
HNA Infrastructure Company Ltd	5.6
Tongda Group Holdings Limited	5.4
Major Cineplex Group PCL	5.4
Philippine Seven Corporation	4.8
Total Number of Holdings	28

## Portfolio Financial Ratios

Predicted Price/Earnings Ratio	12.3x
Predicted Return on Equity (%)	21.8

## Risk Metrics

Beta	0.57
Alpha	3.49
Sharpe Ratio	0.34
Volatility (%)	14.07
% of the portfolio which could be sold in 2 business days	46.45

## Thematic Breakdown (%)

Leisure/Tourism	21.4	<div></div>
Vietnam	18.9	<div></div>
Financialisation	18.1	<div></div>
Sensors	14.7	<div></div>
Local Brands	10.9	<div></div>
Smart Textiles	7.5	<div></div>
Infrastructure	5.2	<div></div>
Intelligent/Electric Car	2.2	<div></div>
Cash	1.2	<div></div>

## Geographical Breakdown (%)

Hong Kong/China	24.2	<div></div>
Vietnam	18.9	<div></div>
Singapore	12.0	<div></div>
India	10.2	<div></div>
Philippines	8.2	<div></div>
Taiwan	5.9	<div></div>
Thailand	5.4	<div></div>
Korea	4.4	<div></div>
Malaysia	3.7	<div></div>
Australia	3.2	<div></div>
Sri Lanka	2.6	<div></div>
Cash	1.2	<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	144.21
B USD Unhedged Distributing	B2PKN32	IE00B2PKN327	144.31
C GBP Hedged Distributing	B2PKN43	IE00B2PKN434	75.89
D SGD Hedged Distributing	B3M3HJ5	IE00B3M3HJ55	199.42
U GBP Unhedged Distributing	BBQ37T7	IE00BBQ37T77	85.84

Performance fee based on individual investor's holding

Performance fee based on fund performance as a whole

All share classes are closed to new investors as of 30th September 2013.

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