

Prusik Asian Smaller Companies Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

31 December 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)	50.1m
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	-0.78	-0.70	-0.68
3 Month	1.20	1.33	1.37
2015	-12.78	-12.15	-12.21
Since Launch	39.21	42.90	2.86
Since Launch †	4.28	4.62	0.47

Source: Bloomberg.

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: Bloomberg. Total return net of fees.

Fund Manager Commentary

Over the month the Prusik Asian Smaller Companies fund fell 78 basis points, whilst the index moved up 17 basis points. Two of the key detractors from performance were from our financialisation theme – **Praemium** and **iFAST**. Both stocks corrected slightly in December, despite there being no change to the companies' fundamentals and no negative news flow, and as such we remain positive on the long term investment case for both. We have, however, pared back our holding in **iFAST** on account of the position size becoming too large as a result of the consolidation of the fund carried out in early 2015. Additionally, **Wasion**, a Hong Kong listed maker of smart meters, was also down this month despite good order wins and the senior management continuing to buy shares.

We are optimistic for the portfolio in 2016. Although performance was disappointing on a relative and absolute basis in 2015, especially after the restructuring in the first quarter, the portfolio as a whole did report average net profit growth in the first half of 2015 of 35%! The elastic has thus now been stretched quite a long way between profit growth, valuations and actual share performance. This is one key reason why we are positive on the portfolio for 2016.

In addition, there are now increasing reasons why 2016 might be a better year for Asia. For investors in the Asian index it has been a frustrating few years with the last year of strong absolute returns in Asia now as long ago as 2012. As a result, we are now seeing significant foreign investor capitulation. According to industry reports, over the past 7 months this investor capitulation has amounted to over US\$30 billion of selling or to put it another way 0.3% of market capitalisation on a rolling annualised basis. Such excessive selling, as with the extreme low valuations that we have highlighted recently, has only been seen on 3 previous occasions: 2003, 2008 and 2011. Subsequent to these occasions, future index returns in Asia were very positive. Despite geopolitical and macroeconomic concerns globally and in Asia, we can see that the growing parts of 'New Asia' may well become significant enough to drive stock markets. In addition, we think foreigners are significantly underestimating the future demand for equities by the local savings industries.

All data as at 31.12.15. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asian Smaller Companies Fund



Top 5 Holdings (%)

Major Cineplex Group PCL	6.4
Philippine Seven Corporation	5.0
FPT Corporation	4.9
Tongda Group Holdings Limited	4.9
iFast Corp Ltd	4.8
Total Number of Holdings	31

Portfolio Financial Ratios

Predicted Price/Earnings Ratio	12.6x
Predicted Return on Equity (%)	22.3

Risk Metrics

Beta	0.57
Alpha	3.12
Sharpe Ratio	0.31
Volatility (%)	14.01
% of the portfolio which could be sold in 2 business days	47.44

Thematic Breakdown (%)

Vietnam	20.5	<div></div>
Leisure/Tourism	17.1	<div></div>
Financialisation	13.7	<div></div>
Sensors	13.0	<div></div>
Intelligent/Electric Car	12.1	<div></div>
Local Brands	10.4	<div></div>
Smart Textiles	6.1	<div></div>
Cash	4.9	<div></div>
E-Commerce	2.1	<div></div>

Geographical Breakdown (%)

Vietnam	20.5	<div></div>
Hong Kong/China	14.8	<div></div>
Taiwan	12.3	<div></div>
Singapore	8.7	<div></div>
Philippines	8.0	<div></div>
India	7.6	<div></div>
Korea	7.5	<div></div>
Thailand	6.4	<div></div>
Cash	4.9	<div></div>
Malaysia	3.9	<div></div>
Australia	2.9	<div></div>
Sri Lanka	2.4	<div></div>

All data as at 31.12.15. 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	139.21
B USD	Unhedged	Distributing	B2PKN32	IE00B2PKN327	139.30
C GBP	Hedged	Distributing	B2PKN43	IE00B2PKN434	73.38
D SGD	Hedged	Distributing	B3M3HJ5	IE00B3M3HJ55	192.82
Performance fee based on individual investor's holding					
U GBP	Unhedged	Distributing	BBQ37T7	IE00BBQ37T77	85.84
Performance fee based on fund performance as a whole					

This document is issued by Prusik Investment Management LLP and is for private circulation and information purposes only. Prusik Investment Management LLP is authorised and regulated by the Financial Conduct Authority in the United Kingdom. The information contained in this document is strictly confidential and does not constitute investment advice, nor an offer or solicitation to buy or sell any securities and or derivatives or to make any investment decision and may not be reproduced, distributed or published by any recipient for any purpose without the prior written consent of Prusik Investment Management LLP.

The value of investments and any income generated may go down as well as up and is not guaranteed. You may not get back the amount originally invested. Past performance is not a guide to, or indicative of, future results. Changes in exchange rates may have an adverse effect on the value, price, or income of investments.

The information and opinions contained in this document are for background purposes only, and do not purport to be full or complete. Please refer to the fund prospectus for more detail. The information given is not exhaustive and does not constitute legal or tax advice. Prospective investors and investors alike should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding, switching or disposing of shares under the laws of the jurisdictions in which they may be subject to tax. No representation, warranty, or undertaking, express or limited, is given as to the accuracy or completeness of the information or opinions contained in this document by any of Prusik Investment Management LLP, its partners or employees and no liability is accepted by such persons for the accuracy or completeness of any such information or opinions. As such, no reliance may be placed for any purpose on the information and opinions contained in this document.