Prusik Asian Smaller Companies Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

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 U	SD	C GB	P D SGD)
1 Month	-0	.78	-0.7	70 -0.68	3
3 Month	1	.20	1.3	33 1.37	,
2015	-12	.78	-12.1	5 -12.21	
Since Launch	39	.21	42.9	2.86	,
Since Launch		.28	4.6	52 0.47	,
2015 Since Launch	-12 39 † 4	.78 .21	-12.1 42.9	5 -12.2° 90 2.86	1

Source: Bloomberg.

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

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.

[†]Annualised Since Launch Performance

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

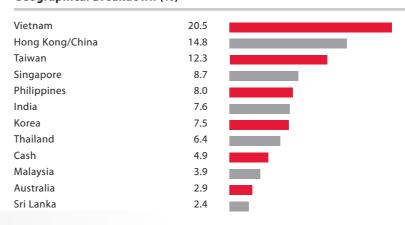
Risk Metrics

Beta			0.57
Alpha			3.12
Sharpe Ratio			0.31
Volatility (%)			14.01
% of the port	folio	which could be	e
sold in 2 busin	ness	days	47.44

Thematic Breakdown (%)



Geographical Breakdown (%)



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

· · · J	
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

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Share Class Details

Share C	lass		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
Perform	iance iee base	ed on fund performan	ice as a whole		

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