

# Prusik Asian Smaller Companies Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

31 July 2011

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)	91.0m
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	3.60	3.56	3.47
3 Month	1.76	2.04	1.62
Year to Date	6.18	5.46	5.75
Since Launch†	54.69	61.78	14.07
2010	16.43	16.90	7.90
2009	59.70	56.10	-
2008	-21.60	-18.40	-

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.

## Fund Performance - Class A USD (%)



Source: Bloomberg. Total return net of fees. Since launch: 08.02.08.

## Fund Manager Commentary

The fund was up 3.6% in July which was a pleasing absolute and relative gain. The fund continued its momentum from the second quarter in July and the themes which have lead the way for the last few months, indeed for most of the year, remained strong.

The strongest contributors to the fund over the month were domestic consumer beneficiaries such as Emperor Watch and Jewellery and Robinson Department Store. Healthcare (KPJ Healthcare, Mesoblast and Starpharma) was firm whilst the recently added Daum Communications (internet services) and Jasa Marga (toll roads in Indonesia) did well.

There was little change to the fund over the month. The volatility of the underlying stockmarkets gave little direction and with the macro economic issues in Europe and the US once again at centre stage, we kept some insurance. At the time of writing we have just over 10% index futures cover and 15% cash.

Asia, when viewed from an index perspective has made disappointing returns over the year so far when compared with stock markets in Europe or the US, but this seems at odds with the underlying fundamentals and relative value that can be found in Asia. In practice there has been a huge divergence in performance between sectors and countries in the region. This can be broadly described as outperformance from ASEAN and domestic consumption themes everywhere, whilst cyclicals, exporters, banks and property in North Asia have languished. It is no surprise that the latter categories dominate the regional index and this underlines the importance of a thematic, non-index related, approach.

Asian stock markets would be expected to perform in line with earnings this year if it wasn't for global macroeconomic concerns. The index (MXAPJ) finished the first seven months of the year broadly flat but since the end of July we have endured a sharp selloff as global markets try to discount the chaotic political and economic situations in the US and Europe and adjust for a global economic slowdown. We think this is a very good buying opportunity for Asian investors, providing you don't think Asia is headed for depression (we don't!). Currently Asia is trading at around 1.4-1.5x book value, about 10% above previous trough values in recession, not depression, times! 'Normal' value is around 2x P/B suggesting a possible 20% upside from here once the bears have sold and, most likely, the coming FOMC meeting and China CPI data point have been discounted.

All data as at 31.07.11. Source: Prusik Investment Management LLP, unless otherwise stated.

# Prusik Asian Smaller Companies Fund



## Top 5 Holdings (%)

Hung Poo Real Estate Development	3.4
Shining Building Business	3.4
Daum Communications	3.0
Hemaraj Land & Development	2.9
Ezion Holdings	2.7
Total Number of Holdings	39

## Futures (%)

Hang Seng Index Futures (Aug 2011)	13.8
MSCI Taiwan Index (July 2011)	5.3
KOSPI2 Index Futures (Sept 2011)	1.6

## Portfolio Financial Ratios

Predicted Price/Earnings Ratio	14.3x
Predicted Return on Equity (%)	30.0
Predicted Earnings Growth (%)	29.0

## Thematic Breakdown (%)

Domestic Consumption Services	26.2	
Cash	15.4	
Asean Linkage/Domestic Growth	14.9	
Healthcare	12.3	
Taiwan Cross-Straits	9.5	
Gold	6.2	
Automation	3.5	
Oil Services	2.7	
Singapore Office	2.6	
Consumer Financial	2.2	
Other	2.0	
Network Access	1.9	
IT Services	0.6	

## Geographical Breakdown (%)

Hong Kong/China	19.2	
Cash	15.4	
Taiwan	13.5	
Thailand	13.1	
Singapore	12.3	
Australia	7.5	
India	7.4	
Malaysia	4.4	
Korea	3.0	
Philippines	2.1	
Indonesia	2.1	

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## Management Fees

Annual Management Fee	1.5% p.a. Paid monthly in arrears
Performance Fee	10% of NAV appreciation with a 6% hurdle

## Dealing

Dealing Line	+ 353 1 4367 200
Administrator	Citi Hedge Fund Services (Dublin)
Dealing Frequency	Weekly, Friday
Min. Initial Subscription	USD 100,000
Min. Subsequent 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	154.69
B USD Unhedged Distributing	B2PKN32	IE00B2PKN327	154.70
C GBP Hedged Distributing	B2PKN43	IE00B2PKN434	80.6
D SGD Hedged Distributing	B3M3HJ5	IE00B3M3HJ55	213.84

Performance fee based on individual investors' holding

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