

# Prusik Asian Smaller Companies Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

30 April 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) | 88.3m                |
| 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       | 3.73   | 3.89   | 3.59  |
| 3 Month       | 6.63   | 6.00   | 6.40  |
| Year to Date  | 4.34   | 3.35   | 4.07  |
| Since Launch† | 52.01  | 53.83  | 12.26 |
| 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. Since launch: 08.02.08.

### Fund Manager Commentary

The Asian markets enjoyed a strong month in April as the huge additional surge of liquidity creation in Japan post the earthquake added fuel to the fire. Additional propulsion came from the weakness of dollar compared with most Asian currencies and a good results season. Themes which did well included Thailand/ASEAN linkage where pre-election fever was strong amongst our 'up country' and property companies such as Hemeraj Land and Pruksa Real Estate. Elsewhere factory automation in China beneficiaries, Lumax, Airtac and China High Precision were all very strong, as was Korean handset touch-screen company, ELK.

We have made very few changes to the fund over the month but added some Taiwan domestic consumption exposure. These companies have become very cheap on a regional comparison basis but, with renewed catalysts in the form of individual travel permits for mainland Chinese visitors in the near future, could recover sharply.

One theme where we see renewed vigour in coming months is the Korean internet sector. The strong pipeline of new games this year is important but the sector is laboring under an 'ex-growth' label which we think is totally unwarranted for a number of reasons. Firstly, hours of usage is still rising as the population ages. This is an interesting observation in that the new 'older generation' are internet savvy whereas their predecessors were not! Secondly, thanks to the ubiquity of smartphones, mobile usage is exploding, adding to the hours spent per day online. In 6 months to Dec 2010 mobile search rose 900% and now comprises 4% of all search. Thirdly, smart TV is here meaning that TV usage will extend time online and help internet companies further capture ad spend away from traditional media. Fourthly, only 13% of SMEs and very few large companies currently advertise online. Fifthly, technology improvement means that advertisers can now get real feedback on who is seeing their ads and have a lot of information about them which can increase the value of the ads significantly. Finally, and perhaps not surprisingly, display ad rates have just risen 30%. As a result the industry growth rate for advertising should be nearer 25% than the 10-15% expected. We have added internet portal and services company Daum Communications.

The outlook remains good supported by strong growth. Inflation has threatened to spoil the party but even in China, the manufacturing PMI showed input prices falling for a second month in a row in April whilst the daily food price index fell to a level 9% below its early February highs.

Possible risks include a strengthening of the USD against regional currencies which is traditionally a time when Asian equities correct. Fundamentally however this should be a good buying opportunity in the region.

All data as at 30.04.11. Source: Prusik Investment Management LLP, unless otherwise stated.

# Prusik Asian Smaller Companies Fund



## Top 5 Holdings (%)

|                              |     |
|------------------------------|-----|
| Hemaraj Land and Development | 2.8 |
| Ara Asset Management         | 2.7 |
| Alacer Gold                  | 2.7 |
| ELK Corporation              | 2.6 |
| LPN Development              | 2.6 |
| Total Number of Holdings     | 44  |

## Futures (%)

|                                   |      |
|-----------------------------------|------|
| Hang Seng Index Future (Apr 2011) | -5.3 |
| MSCI Sing IX ETS (Apr 2011)       | -2.5 |
| KOSPI2 Index Future (Jun 2011)    | -1.4 |
| MSCI Taiwan Index (Apr 2011)      | -3.5 |

## Portfolio Financial Ratios

|                                |       |
|--------------------------------|-------|
| Price/Book Value               | 2.4x  |
| Price/Earnings Ratio           | 14.7x |
| Predicted Price/Earnings Ratio | 11.6x |
| Return on Equity (%)           | 25.0  |

## Thematic Breakdown (%)

|                               |      |  |
|-------------------------------|------|--|
| Cash                          | 17.2 |  |
| Domestic Consumption          | 16.8 |  |
| Medical                       | 13.2 |  |
| Gold                          | 8.3  |  |
| ASEAN Linkage/Domestic Growth | 7.7  |  |
| Taiwan Cross Straits          | 5.8  |  |
| Automation                    | 5.6  |  |
| Other                         | 4.7  |  |
| Smartphones/Tablets           | 3.8  |  |
| Network Access                | 3.8  |  |
| Gaming                        | 2.9  |  |
| LED                           | 2.8  |  |
| Singapore Office              | 2.7  |  |
| Food                          | 2.5  |  |
| Oil                           | 2.1  |  |

## Geographical Breakdown (%)

|                 |      |  |
|-----------------|------|--|
| Hong Kong/China | 21.2 |  |
| Cash            | 17.2 |  |
| Singapore       | 13.1 |  |
| Taiwan          | 12.3 |  |
| Australia       | 11.2 |  |
| Thailand        | 10.1 |  |
| Korea           | 6.0  |  |
| India           | 5.0  |  |
| Malaysia        | 2.0  |  |
| Philippines     | 2.0  |  |

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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 | 152.01        |
| B USD Unhedged Distributing     | B2PKN32 | IE00B2PKN327 | 152.01        |
| C GBP Hedged Distributing       | B2PKN43 | IE00B2PKN434 | 78.99         |
| D SGD Hedged Distributing       | B3M3HJ5 | IE00B3M3HJ55 | 210.44        |

Performance fee based on individual investors' holding

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