

Prusik Asian Smaller Companies Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

31 May 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)	87.4m
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	-0.57	-0.48	-0.55
3 Month	5.57	5.87	5.33
Year to Date	3.75	2.85	3.50
Since Launch†	51.15	57.79	11.64
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 fund fell 0.5% during May. Most regional stock markets fell, Taiwan suffered the least, but very few areas made any real headway, resulting in a 2.7% fall in the regional MXAPJ index. This relatively modest move over the full month masks a 7% drop from high to low intra-month.

The major negative contributors to the fund were Pharmaxis (healthcare), Elk (touch screens) and Sino Grandness (China consumption). The positive contributors were Emperor Watch (China consumption), Airtac and Lumax (China factor automation) and Starpharma (healthcare), which just goes to show how choppy and lacking in direction things were in May! In addition we held a reasonable portion of the fund in cash and had some futures cover for most of the month. The futures were removed and much of the cash was reinvested a few days before the month end as some attractive value had appeared from the correction.

There were few major changes in May but we have started to add one or two new positions as the markets corrected. One is Silverlake Axis which offers software solutions to the regions banks. This company is seeing very strong demand driven by banks needing to manage increasing numbers of distribution channels centered around one back office and also by the arrival of cloud computing. In addition many South East Asian banks are struggling under antiquated systems. We estimate that earnings could rise 50% this year and the coming few years also look very positive. It has net cash, ROE of over 50% and is on 2012 PE of 10.3x.

Elsewhere we topped up our domestic Taiwan portfolio and added WT Micro which enjoys 2011 PE of 7x, ROE of 22% and a dividend yield of 8%. WT Micro is one of the regions top 4 distributors of semiconductors and electrical components in Asia and sales rose 17% yoy in 1Q, benefitting from rising market share, high exposure to Apple and better inventory management.

During May Prusik spent a combined 16 days in the region visiting Hong Kong, Malaysia, Thailand, the Philippines, Indonesia and Korea. Our conclusion was that the whole region remains in a strong growth part of the cycle with little serious inflationary concern on the ground. The ASEAN region in particular is enjoying a strong new up cycle of investment spending, both public and private, but there is little sign of overheating as yet. Overall, if it wasn't for European and USA woes we would be at a very strong stage of the Asian business cycle with stock market performance to match. This could result in much better markets in the second half of the year.

All data as at 31.05.11. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asian Smaller Companies Fund



Top 5 Holdings (%)

Ara Asset Management	2.8
Emperor Watch & Jewellery	2.8
Hemaraj Land and Devopment	2.6
Daum Communications	2.5
TTK Prestige	2.5
Total Number of Holdings	40

Portfolio Financial Ratios

Predicted Price Earnings Ratio	10.9x
Predicted Return on Equity	17.1x
Predicted Earnings Growth (%)	32.0

Thematic Breakdown (%)

Cash	22.4	
Domestic Consumption	20.0	
Healthcare	13.2	
ASEAN Linkage/Domestic Growth	9.4	
Automation	6.2	
Taiwan Cross Straits	6.0	
Other	4.8	
Oil	4.6	
Smartphones/Tablets	3.4	
Network Access	3.3	
Singapore Office	2.8	
Food	2.1	
Gold	1.8	

Geographical Breakdown (%)

Cash	22.4	
Hong Kong/China	19.0	
Singapore	15.3	
Thailand	11.9	
Taiwan	11.2	
Australia	6.5	
India	5.2	
Korea	4.5	
Malaysia	2.1	
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	151.15
B USD Unhedged Distributing	B2PKN32	IE00B2PKN327	151.16
C GBP Hedged Distributing	B2PKN43	IE00B2PKN434	78.61
D SGD Hedged Distributing	B3M3HJ5	IE00B3M3HJ55	209.28

Performance fee based on individual investors' holding

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