

# Prusik Asian Smaller Companies Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

31 October 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) | 78.9m                |
| 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      | 0.37   | 0.20   | 0.16   |
| 3 Month      | -18.68 | -18.92 | -19.13 |
| Year to Date | -13.66 | -14.50 | -14.48 |
| Since Launch | 25.79  | -7.03  | -7.75  |
| 2010         | 16.43  | 16.90  | 7.90   |
| 2009         | 59.70  | 56.10  | -      |
| 2008         | -21.60 | -18.40 | -      |

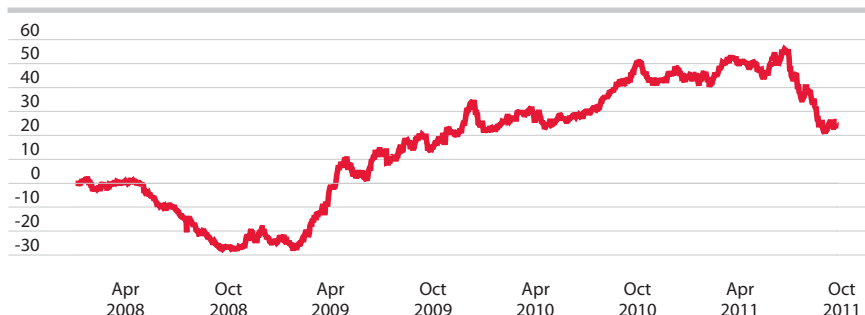
Source: Bloomberg.

<sup>†</sup>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 0.37%. The portfolio, as you might imagine has been, and remains, defensively placed. Despite how it may look, stocks performed exactly in line with how they had been chosen – with defensive qualities – and there were no shocks or specific negative events. The additional drag on the upside came from index-future shorts. These remain a fairly large presence in the fund as it seems hard to justify why the index should have been as strong as it was during October.

The current situation and outlook remains unpleasantly familiar to us. In the latter part of 2007, there was also a furious rally with little or no underpinnings in macroeconomic stability or visibility of growth or untoward value. As it turned out, it was indeed a triumph of hope over reality. And so it is today. There is nothing about the current macroeconomic environment in Europe which says that anyone should take too much risk. The world is highly correlated on the downside and the situation is simply complex and dangerous.

In Asia, the business environment remains relatively buoyant although one or two of the more cyclical businesses are now reporting some reduction in visibility and slower orders. Companies in our themes remain very positive on their outlook, especially those benefitting from rising smartphone usage or offering entertainment type services or leisure products, such as **Gamevil** (mobile internet gaming) or **Merida** (bicycles). Healthcare, low-cost handset brands, local brands, gold, consumer essential items and now, selectively, China are well represented on the fund.

We have recently started to add some new China exposure. MSCI China is now trading 10% below its 08/09 Price/Book valuation lows and we are starting to see some small but important signs. These include lower inflation data and selective easing as the government moves to increase bank liquidity. Our new positions include domestic brands **Skyworth** and **TCL**. The latter makes low-cost smartphones which will be a hot item in the coming year in emerging markets. It has just announced excellent 3Q results with growth above expectations in and outside of China. It trades on a forward PE of 4.5x and has a dividend yield of over 8%.

All data as at 31.10.11. Source: Prusik Investment Management LLP, unless otherwise stated.

# Prusik Asian Smaller Companies Fund



## Top 5 Holdings (%)

|                           |     |
|---------------------------|-----|
| Eastern Oriental BHD      | 3.5 |
| Bangkok Dusit Med Service | 3.3 |
| Gamevil Inc               | 3.3 |
| Hemaraj Land Development  | 2.7 |
| TTK Prestige              | 2.5 |
| Total Number of Holdings  | 38  |

## Futures (%)

|                                    |      |
|------------------------------------|------|
| Hang Seng Index Futures (Nov 2011) | -3.5 |
| KOSPI2 Index Futures (Dec 2011)    | -2.7 |
| MSCI Taiwan Index (Nov 2011)       | -3.8 |
| SET50 Futures (Dec 2011)           | -3.3 |
| MSCI SING IX ETS (Nov 2011)        | -5.6 |
| SPI 200 Futures (Dec 2011)         | -4.9 |

## Portfolio Financial Ratios

|                                |       |
|--------------------------------|-------|
| Predicted Price/Earnings Ratio | 15.5x |
| Predicted Return on Equity (%) | 22.1  |
| Predicted Earnings Growth (%)  | 17.5  |

## Thematic Breakdown (%)

|                               |      |  |
|-------------------------------|------|--|
| Cash                          | 32.4 |  |
| Domestic Consumption Services | 19.0 |  |
| Asean Linkage/Domestic Growth | 11.9 |  |
| Healthcare                    | 8.2  |  |
| Gold                          | 4.6  |  |
| Singapore Office              | 4.4  |  |
| Water                         | 4.0  |  |
| Internet                      | 3.7  |  |
| Mobile Internet               | 3.3  |  |
| Financial Services            | 2.8  |  |
| Tablet/Smartphones            | 2.4  |  |
| Automation                    | 1.7  |  |
| Security                      | 1.5  |  |
| Oil Services                  | 0.1  |  |

## Geographical Breakdown (%)

|                 |      |  |
|-----------------|------|--|
| Cash            | 32.4 |  |
| India           | 11.5 |  |
| Singapore       | 11.2 |  |
| Australia       | 9.7  |  |
| Malaysia        | 8.0  |  |
| Taiwan          | 7.6  |  |
| Thailand        | 6.6  |  |
| Hong Kong/China | 5.1  |  |
| Korea           | 5.1  |  |
| Philippines     | 2.4  |  |
| Indonesia       | 0.4  |  |

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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 | 125.79        |
| B USD Unhedged Distributing     | B2PKN32 | IE00B2PKN327 | 125.92        |
| C GBP Hedged Distributing       | B2PKN43 | IE00B2PKN434 | 65.35         |
| D SGD Hedged Distributing       | B3M3HJ5 | IE00B3M3HJ55 | 172.94        |

Performance fee based on individual investors' holding

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