PRUSIK

GROWTH INVESTING IN ASIA

Prusik Asian Smaller Companies Fund

Quarterly Investment Report
30 June 2018

FOR PROFESSIONAL INVESTORS ONLY

PASCF Quarterly June 2018

2Q18 Performance - An Overview

The second quarter of 2018 was a particularly tough period for the fund with the fund witnessing an 8.98% decline in NAV, 5.59% poorer than the Asia ex-Japan index decline of 3.39%. While small caps in Asia also fell more than the broader Asia index, declining by 4.66% in the second quarter, the fund's fall still outstripped Asian small caps. Currency continued to be a key factor with roughly a third of the negative performance in the quarter attributable to currency deprecation, in particular in India, Pakistan and Indonesia.

All of that said, it is worth noting that in terms of performance by geography, the fund outperformed the local index in the majority of its invested countries in the second quarter, with the exception of Pakistan and Indonesia (outperformance for 79.5% of the fund). We believe this broad outperformance by geography highlights the quality of the fund's underlying holdings, and indeed, a possible strengthening in the fund's quality following select changes in the first and early part of the second quarter.

In short, while the absolute performance of the fund in the second quarter is a clear disappointment, we believe the quality of our invested companies remains high and that latent performance for the fund continues to build as the severity of the correction in many stocks is at odds with otherwise robust company fundamentals. In addition, and as a reminder, the fund's overlap by geography with the index is just 14% and as such the fund's performance is likely to diverge from the index by some margin. Finally, with the total population of our countries exceeding 2 billion people and with the average income per capita at just one tenth of that seen in developed Asia, the long-term growth opportunity for the fund remains vast.

Performance by Theme

In terms of performance by theme, modern retail was the only theme which outperformed the Asia index performance in the quarter. Philippines based convenience store, **Philippine Seven**, Indian mall operator, **Phoenix Mills** and Vietnamese phone and white goods retailer, **Mobile World** all posted positive returns. However, on an absolute basis, even this better performing theme saw a slight negative absolute return in 2Q18. All remaining themes saw a negative return on capital in the quarter. Breaking this down further, our communication tech and leisure/tourism themes saw returns only slightly below the index, while infrastructure, financialisation and local brands delivered returns more meaningfully below the index. Across the weaker themes, Indonesian mortgage lender, **Bank Tabungan**, Toyota franchise in Pakistan, **Indus Motor**, and air conditioner champion in Vietnam, **Refrigeration Electrical**, stood out as the key detractors.

Theme	PASCF Absolute Attribution 2Q18
Modern Retail	-0.26%
Communication Tech	-0.80%
Infrastructure	-1.22%
Leisure & Tourism	-1.65%
Financialisation	-2.17%
Local brands	-2.50%

Source: Bloomberg / Prusik

Performance by Geography

In terms of performance by geography, while the fund's absolute positive returns in the quarter were limited to Singapore, driven by our ASEAN ecommerce and mobile gaming company, **Sea Ltd**, the fund outperformed the local index in all of its geographies with the exception of Pakistan and Indonesia. These outperforming geographies combined represented 79.5% of the fund in the second quarter. By country, the fund outperformed in Singapore by 40.6%, in the Philippines by 10.1% and in Malaysia, Vietnam, India and Sri Lanka by roughly 3% to 9%. The table below shows the full details.

	Weighting (%)	PASCF Return (%)	Index Return (%)	PASCF Relative Performance
Singapore	1.8	33.1	-7.5	40.6
Philippines	7.3	-0.9	-10.9	10.1
Malaysia	3.1	-2.8	-11.4	8.7
Vietnam	24.5	-10.0	-16.7	6.7
India	31.1	-2.8	-8.8	6.0
Sri Lanka	11.7	-5.6	-8.1	2.6
Pakistan	7.0	-27.4	-20.2	-7.2
Indonesia	10.9	-21.6	-12.1	-9.5

Source: Bloomberg / Prusik

In Pakistan, our holdings were weak across the board, whilst a third round of depreciation of the currency by the authorities to the tune of 4.7% was also unhelpful. In Indonesia, stock declines were led by leading mortgage provider, **Bank Tabungan Negara**.

Performance by Stock

From a stock perspective, the top contributors to performance in the quarter were Philippines convenience store, **Philippine Seven**, as tax reforms boosted incomes and led to higher spending at its stores, Indian wealth manager, **Edelweiss**, and ASEAN ecommerce and mobile gaming play, **Sea Ltd**. The common feature for our strongly performing stocks in the quarter was earnings results far in excess of expectations. As mentioned, the chief drags were largely to be found in Indonesia and Pakistan. At the time of writing we have reduced our weighting in Pakistan, exiting **Habib Bank** and **Pak Elektron** but still hold **Pakistan Stock Exchange** and **Indus Motor**. In the case of the latter two companies, we believe the strong competitive position and attractive valuation in each case merits continued investment.

Currency

The currency weakness we had seen in the first quarter continued into the second quarter with currency depreciation accounting for roughly one third of the fund's decline in the quarter. More specifically, during the second quarter the Indian rupee fell by 4.9%, the Pakistan rupee fell by 4.7% and the Indonesian rupiah fell by 3.5%. For 1H18 overall, currency weakness has driven 40% of the fund's fall. We believe the correction in the Indian rupee, in particular, is starting to look overdone.

Outlook

Rising interest rates in the US, high oil prices and the ensuring pressure on existing current and fiscal deficits for our invested countries has caused currencies to weaken and investors to look for alternative refuge for their capital. While this is not without logic in the short term, we think it is important to recognise the relative strength of our invested countries' economies when compared to the 2013 'taper tantrum' period (namely, when we last witnessed the impact of a change in the Fed balance sheet management) and that the long-term drivers of demographics and rising incomes in our invested countries remain intact and inevitable.

In addition, while the threat, or indeed reality, of trade wars hovers and geopolitics in the West is becoming increasingly insular, inward looking and uncooperative, we would note that the reverse is happening in Asia. Intra-Asia trade is increasing with a rising number of countries in Asia signing trade agreements and operating on a tariff-free basis. Moreover, China continues to be a vital source of infrastructure and development financing in the region and the growth in low cost airlines, infrastructure investment and China's 'Belt and Road' initiative continues to build out Asia's physical interconnectedness. Our colleague, Anna, has just returned from a comprehensive trip to Asia, visiting the Philippines, Vietnam, Singapore and Sri Lanka, noting, anecdotally, the widely-voiced view during her trip that there has been a perceptible tilt in the world's balance of power towards Asia as a result of weakening ties and institutions in the West. Against such a backdrop, and supported by demographics and technological progress, we believe the long-term outlook for the fund's key themes of consumption, financial services, infrastructure and online services in our invested countries looks very positive.

In the coming months, the factors to watch are whether or not the recent dollar strength is sustained, how much further the US 10-year bond yield climbs, liquidity and the oil price. A continuation of recent trends could see headwinds for the fund persist in the near term before the increasing value which is emerging for our holdings and the solid earnings growth our companies are delivering reasserts itself. At the time of writing, three quarters of the fund's holdings have reported 2Q18 results with the average year on year earnings growth for those reported standing at an impressive 28.6%. In addition, at 1.57x price to book, Asia now sits close to its 1.4x price to book trough, which historically has nearly always proved to be an attractive entry point for buying Asia.

Vietnam

We have been investing in Vietnam for over 6 years and throughout this time we have steadfastly endured a fair amount of volatility, preferring instead to focus on the fundamentals and the excellent long-term opportunity that Vietnam represents. This patience has paid off handsomely. The second quarter saw a return to that volatility and so, once again, we believe it is key to concentrate on the fundamentals. One could start by considering the strong 1H18 macro results which Vietnam recently posted, which are as follows:

- GDP growth of 7.1%.
- Export growth of 16%.
- A trade surplus of $2.7 billion versus a $2.1 billion deficit in 1H17.
- The June Production Manufacturing Index at a record 55.7.
- FX reserves hitting $65 billion, equal to four months of imports.
- Currency depreciation of only 2.0% year to date.

While these data points paint a very positive picture, it also pays to consider the risks. So, what might be the risks for Vietnam? Potential risks for Vietnam may lie in the country's scope to be impacted by the US-China trade war, a slowdown in FDI, foreign currency denominated debt, hot money flows and market fundamentals. Each of these potential risks is examined in more detail below.

We believe any impact from the US-China trade wars on Vietnam is likely to be negligible. Firstly, Vietnam is not itself a target in the trade wars. Secondly, its $38 billion trade surplus with the US is small compared to the US's other trading partners. Vietnam's main exports are mobile phones (20%), textiles, garments and footwear (19%), agri-fishery (18%), electronic components and devices (12%), basic machinery (7%) and wooden furniture (4%). As a low-end manufacturer, it simply does not make the sort of big-ticket industrial or tech goods at which the US is taking aim. Nor does Vietnam figure significantly in the supply chain of such goods in China or in Europe. Even if the US decided to tariff all Chinese products, China is just 18% of Vietnam's exports. Amongst Vietnam's exports to China, 25% are agricultural and material commodities and another 25% is only for domestic use. Only half of Vietnam's exports to China, therefore, has a connection with tariffed trade and even in a worst-case scenario we would not expect that component to be suddenly be wiped out.

FDI is a major driver of Vietnam's economy. It is possible that Vietnam's FDI flows may actually benefit from further trade wars. The 'China-plus-one' strategy that international manufacturers have been following, and which has been broadening, may head more in the direction of a 'no-China' strategy, led by China itself. In such an event, Vietnam remains the logical destination for more FDI. The mix of factors that makes Vietnam's labour force so competitive – youthful demographics, social-political stability, gender equality, good primary education and a strong work ethic combined with great infrastructure – is found nowhere else. Manufacturers have few other places to go.

A key concern for investors in Emerging Markets is the level of foreign debt which numerous countries hold, especially in light of rising US interest rates. This is putting pressure on many Emerging Market currencies and creating unhelpful feed-back loops. A number of Vietnam's peers in ASEAN have been hit hard on this score. Vietnam's foreign debt of $118 billion equates to 53% of GDP. Half of this debt is government debt, all of which is on a long-term maturity basis and three-quarters of which is concessional. The other half of this debt is private, most of which is long term corporate borrowings for industrial and commercial projects. According to the World Bank, the debt service ratio or principal and interest payments versus exports for Vietnam was 4.2% in 2017, the lowest in the region.

There are minimal hot-money flows into or out of Vietnam. Foreign capital, as in FDI, is sticky, or generally small, as in equities and real estate, or non-existent, as in bonds. All in all, the macro underpinning for the Vietnam dong is strong and, above all, likely full-year inflation of 4% is seen as acceptable. This gives the Government plenty of elbow room for dong control, via FX reserves and tactical hikes in rates. The State Bank can, therefore, confine itself to depreciations of 2-3% per annum, which it has long sought to do anyway in order to boost export competitiveness.

Vietnam On The Ground

As mentioned above, our colleague recently returned from an investment trip to Vietnam, which was her first visit to the country. She spent time in both Ho Chi Minh City and Hanoi. With the caveat that her experience was limited to the country's biggest commercial centres, her reports of Vietnam are of a highly dynamic, vibrant country with significant long-term growth potential. Here are a handful of her insights.

Firstly, Vietnam has a number of structural advantages which some of its ASEAN and Frontier peers simply cannot or will struggle to match. For example, unlike the Philippines or Indonesia which are archipelago-based countries, Vietnam is one land mass and, moreover, one which shares a physical border with China. This offers companies the opportunity to build out manufacturing assets and supply chains which either incorporate or cater to China but with less risk of compromising IP, whilst at the same time reducing the risk of being wholly reliant on China, or in other words, adding country diversification benefits. Tellingly, on a flight from the Philippines to Vietnam, we sat next to a Filipino business man who was looking to expand his company's manufacturing base. Despite all the possible advantages of expanding manufacturing in the Philippines as a Filipino, this businessman was travelling to Vietnam to explore the options there.

Secondly, there were a number of similarities between what we saw and experienced on the ground in Vietnam to what we saw and experienced whilst living in China between 2003 and 2005. Whilst it is hard to put one's finger on it exactly, there were notable parallels between the two. Key examples for us would include the sheer energy of the place, the disorderliness of the traffic, the excess beeping of horns, the mass of 'mom and pop' shops which have moved up to having glass frontage mixed in with the fruit and vegetable sellers, the surprising and unconventional loads being balanced precariously on the back of a motorcycle, English language schools 17 storeys high, small eateries with their low plastic stools lining the pavements, and a notable smattering of expats living and working there. To our mind, these were the visual and oral hallmarks of China 15 years ago, or in other words, these are the visual and oral hallmarks of an emerging Asian economy on the move and rising in confidence.

Thirdly, throughout our travels across ASEAN, which took in not only Vietnam, but also the Philippines, Singapore and Sri Lanka, it became patently clear that, regionally, Vietnam is the model which is looked to as the one to emulate. Should that not be possible, then Vietnam is looked to as the model to envy. In the common search for more foreign direct investment (FDI), a key ingredient in many countries' development process, it became evident through the course of our trip that the Philippines is currently handicapped by its suboptimal infrastructure and lesser population compared to Indonesia (although the former may change over time, especially with increasing investment from the Chinese), whilst Sri Lanka is hampered by a low female workforce participation ratio and, given the still low levels of GDP per capita, a somewhat ironic unwillingness to do very low end manufacturing jobs on account of decades of free education and healthcare linked to the country's colonial past. Crucially, piecing these insights together has allowed us greater confidence in the belief that Vietnam's ability to attract record amounts of FDI can sustain in the coming 3-5 years, partly due to its own structural advantages but also partly due to some of its peers' current drawbacks.

Finally, a word or two on our on the ground investigation of **Mobile World Group**, currently the largest weighting in the fund. We visited its mobile phone shops, its consumer electronic stores and, perhaps most interestingly, its new mini-supermarket format which the company has just started to roll out in the last year.

We found **Mobile World's** phone shops to be bright, well stocked and merchandised, and in good locations, albeit the stores were possibly a little quiet. **Mobile World's** consumer electronics stores seemed to have a far greater commercial appeal though with a very broad range of products and a number of promotions and financing options on display for larger ticket items such as TVs. On this basis, we were pleased to learn that management are increasingly converting its mobile-only stores to consumer electronics stores. With smartphone penetration in Vietnam now at over 50% and mobile phone retailing growth rates slowing to single digits, we believe this is a savvy approach to pivoting the business's focus and sustaining its current high growth rates.

Much has been made of **Mobile World's** entrance into grocery retailing by management and in turn the sell-side. At the beginning of 2018, management set out their ambitious plans of opening 1,000 mini-supermarkets in Ho Chi Minh City by the year end. However, since then, softer than expected store metrics for some of **Mobile World's** new mini-supermarkets has led management to scale back these ambitions. It may be that emerging doubts over management's ability to successfully operate a grocery retailing business, admittedly quite a different model to electronics retailing, are behind some of the company's share price weakness this year, over and above the general market malaise.

With all of this in mind, we saw our visit to Vietnam as an excellent opportunity to go and see the stores and the model in action for ourselves. One of the key characteristics of these stores is that they are very purposefully 'neighbourhood stores'. They are intentionally located in the heart of residential areas to offer the customer the greatest convenience, and, rather boldly, right next to existing wet markets in order to target the wet market competition head-on. This proved to be exactly the case. Our directions to the store led us down a long stretch of back streets lined with 'mom and pop' stores selling anything from fruit and veg to jewellery to a large and rather tired looking wet market. A metre or two over the street from the wet market was a loud and bright yellow themed Bach Hoa Xanh, one of **Mobile World's** new mini-supermarket stores.

We have said before that a picture paints a 1,000 words and this is no exception. Although, we would concede that this was a rather poorly taken picture on account of the amount of the unpredictable moped traffic which we had to side-step whilst taking the snap.

Mobile World's New Mini-Supermarket Chain, Bach Hoa Xanh

Source: Prusik

The Traditional Wet Market Opposite Mobile World's Bach Hao Xanh Store

Source: Prusik

The Bach Hoa Xanh store we visited was positively gleaming, very brightly lit and followed a very simple but well-conceived format. According, to this format, the ground floor had more of a wet market feel with live fish tanks, freshly cut meat set out in a chiller and rows of fresh fruit and vegetables; the back of the store and the upper floor were stocked dry goods, household and personal care and more 'pure convenience store items'. People were there shopping, prodding and examining the fresh items as they might in a wet market, and a number of staff buzzed round the store, eager to help.

While management's initial plans may have been scaled back slightly to better focus on optimising the model and profitability, possibly raising some short-term concerns, we believe our efforts are better spent focused on the long-term opportunity. The grocery market in Vietnam is estimated to be worth US$65 billion with the organised market, which **Mobile World** is targeting, accounting for a mere 6% of the total addressable market. In addition, while the grocery market overall in Vietnam has seen a very healthy sales cagr of 15% from 2011 to 2016, the convenience orientated segment of the market has grown at over double this rate at a 38% cagr. Moreover, it is expected that once **Mobile World's** mini-supermarket business reaches critical mass, it will be able to earn an EBITDA margin in the region of 7%, significantly higher than its current EBITDA margin of 5%. Finally, supermarket businesses in Asia typically command higher P/E multiples than electronic retailers, thus once **Mobile World's** mini-supermarket business has reached a more stable footing, we believe that a re-rating of the stock is likely.

Pakistan Elections

Since the ousting of the erstwhile Prime Minister, Nawaz Sharif, in July 2017 we have been long awaiting this year's elections in Pakistan both to bring this soft coup by the military to a close and to provide greater clarity with regard to Pakistan's future strategic direction. On 25th July just passed, this waiting came to an end. One of the two opposition parties, the PTI, led by ex-cricketer, Imran Kahn, eventually emerged as the coalition leader of the new government. Kahn's PTI won 116 seats, a comfortable position from which to build the needed majority of 136 seats. So, how should one view this outcome?

In short, we believe we should view the Pakistan election results with both a wry eye and some hope.

The clear positives are that the most negative outcomes of a hung parliament or a very weak coalition of about 80-90 seats each for both the PTI and the PLM-N parties were avoided. Indeed, the market has been reflecting this with a positive return of 3.5% versus a fall of 2.2% for the Asia ex-Japan index (in US dollars) since election day to the time of writing.

Where a degree of scepticism is merited is that Kahn's win is likely the direct result of finally being the preferred candidate by the Pakistan military and that it was the military's involvement rather than Kahn himself which led to the PTI victory. Media clamp downs in order to support Kahn and the PTI and disparage or omit Nawaz Sharif and the PLM-N were rife. There were also reports of the army physically intervening at polling stations where strong support of the PLM-N was expected. Finally, it has been said that opinion polls in the run up to the election were rigged to give the false impression of a strong momentum building behind Kahn to help him garner more support. As such, while we may now have a relatively stable government in Pakistan with a sufficiently robust structure to lead with some decisiveness, the process has also highlighted the weakness of the country's institutions and democratic process as well as the unrelenting influence of the military. These are all rather sobering points to accept, not least because we would view undue military influence as counter to rather than supportive of economic development.

So, what might afford us a glimmer of hope? Firstly, it is worth nothing that Kahn became the military's first choice by default not de facto. The military would have actually preferred the PLM-N to have won, led by Nawaz Sharif's brother, on the condition that the brother successfully removed Nawaz's faction from the party. But Nawaz's brother was ultimately unable or unwilling to do this. Indeed, it is perhaps hard to believe that the military's first choice of leadership would be someone with no prior political experience and a past littered by playboy antics and high-profile celebrity romances. In this sense, Kahn potentially represents something of a risk as far as the military is concerned, and as much as he is a risk, he also represents something genuinely new. Secondly, Kahn, while from an aristocratic family, is not from a 'political dynasty' and, if you take much of his socially-minded campaign rhetoric at face value, he would appear to have a genuinely salutary vision for Pakistan – one that is no longer marred by corruption and one where human development, education and healthcare take precedent. This is a Pakistan we would very much like to see emerge over time but how much the military is willing to accommodate Kahn's ideals, how well Kahn himself is able to execute on this vision, whether Pakistan's finances will allow for such execution and whether Kahn can hold true to his vision and not succumb to the more corrosive trappings of power all remain to be seen. Overall, we believe Pakistan is at a truly fascinating juncture and while there are no quick fixes for a country like Pakistan, we hope that the new opportunities offered by Kahn's leadership are taken and not squandered.

The Philippines and China

For a fund which is invested exclusively in emerging Asian economies with large populations and a demographic dividend to the exclusion of China and other more developed economies in North Asia, it would seem reasonable to think of China as having little influence on the outcome of the fund's investments. However, given the size and scale of China in Asia (and of course, globally), it is hard for China not to bear some influence on some, or even quite a lot, of the fund's investments. Indeed, tourism, gaming, high-end consumption, infrastructure and infrastructure financing for many of our invested countries is very clearly being impacted by Chinese demand.

Most recently, this trend has been gaining momentum in the Philippines in particular. While we were aware of how much improved China-Philippines relations on account of Duterte have led to a significant increase in Chinese tourists to the Philippines and the presence of the Macau junkets at Manila's gaming centre, Entertainment City, has spurred Chinese demand for gaming in the country, it was only from our colleague's recent trip to the Philippines that we were able to glean the full extent of Chinese influence in the Philippines. One particularly intriguing facet of this trend is the emergence of 'Philippines Offshore Gaming Operators' in the country or 'POGOs'.

Online gambling in China is banned but following much improved relations between the Philippines and China since Duterte came into power, China has tacitly agreed (or possibly just turned a tactical blind eye) to allowing its citizens to gamble online via Philippine Offshore Gambling Operators or POGOs. How this works is that Chinese nationals are granted a POGO license from the Philippines gambling regulator, PAGCOR, and they then go to the Philippines to rent office space to set up an online gambling business. The online gambling platform is written all in Chinese, is accessible in China by the Chinese, and sees funds gambled being paid in and paid out in China. Importantly, each POGO has the potential to be significant in size, typically employing up to 1,000 Chinese nationals who are brought over from China, all of whom then require office space and homes. POGO related demand accounted for an estimated 30% of office space take up in 2017. PAGCOR began granting POGO licenses towards the end of 2016 and by June 2017 had granted 55 licenses in total. Note that these online sites are designed especially for Chinese nationals living in China, they are not accessible to Filipinos or Chinese nationals living in the Philippines.

These POGOs are having a profound knock on effect on the local residential property market in the Philippines. In 2018, the Chinese are expected to account for 12% of residential property pre-sales up from 4-5% in 2016; in the secondary market, the Chinese are estimated to account for 20-30% of demand. These new Chinese residents in the Philippines are all likely spurring demand for groceries, convenience food, leisure and entertainment and luxury goods.

Over and above the POGOs, the rising influence of China in the Philippines is clear. China has already provided US$9 billion in loans to the Filipino government and US$15 billion in direct investment. A further US$9.8bn is pledged to invest in construction, agriculture and the pharma industry with an expectation of creating 10,000 jobs for local Filipinos. An estimated 20% of tourist arrivals in the Philippines in 2017 were Chinese and over the last 3 years the number of Chinese nationals in the Philippines has tripled.

Key beneficiaries of the Philippines' closer relationship with China are the casino operators in the Philippines. To this end, we invested in **Bloomberry Resorts** earlier in 2018 and post our trip we added an additional small holding in **Melco Entertainment and Resorts Philippines**. Both companies are seeing strong growth in their VIP business on account of rising Chinese visitors to the Philippines and, more recently, their mass market businesses have had an increasing component of Chinese customers, likely on account of the POGO activity in Manila.

Our colleague visited both companies' resorts during her trip to the Philippines and found their gambling halls to be positively buzzing with customers, despite the visits occurring on a Tuesday afternoon. It was also observed that the quality of **Bloomberry's** and **Melco's** gaming properties is exceptional. Finally, while **Melco** shares the same attractions as **Bloomberry** in terms of their large and rapidly growing addressable market, **Melco** also stands out for its very cheap valuation. Owing to its complicated business structure which sees the company share profits and costs with two local affiliates of SM Group, we were able to purchase the shares at just 5.8x EV / EBITDA. Management are actively trying to restructure the company in order to unlock value and reveal the true underlying profitability of the business. We believe that this process will drive strong returns in the stock.

PORTFOLIO PERFORMANCE

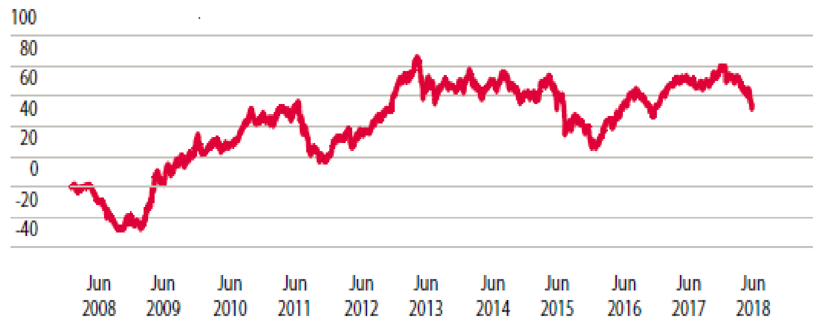
Performance Summary (%)
Period ending 30.06.2018

	A-USD	C-GBP	D-SGD
1 Month	-3.74	-3.95	-3.85
3 Months	-8.98	-9.47	-9.24
YTD	-11.54	-12.49	-12.04
2017	17.49	15.88	16.74
2016	7.14	7.32	7.06
2015	-12.78	-12.15	-12.21
2014	-3.49	-3.01	-3.43
2013	7.51	7.29	7.64
Since Launch+	55.02	60.30	13.08
Annualised 5 years	-1.32	-1.64	-1.48
Annualised 3 years	-1.56	-2.20	-1.66
Annualised Since Inception	4.31	4.70	1.46

Source: Morningstar

+ Launch date: A: 08.02.08, C: 25.03.08, D: 15.01.10

Fund Performance – Class A (USD) (%)



Source: Morningstar. Total return net of fees.

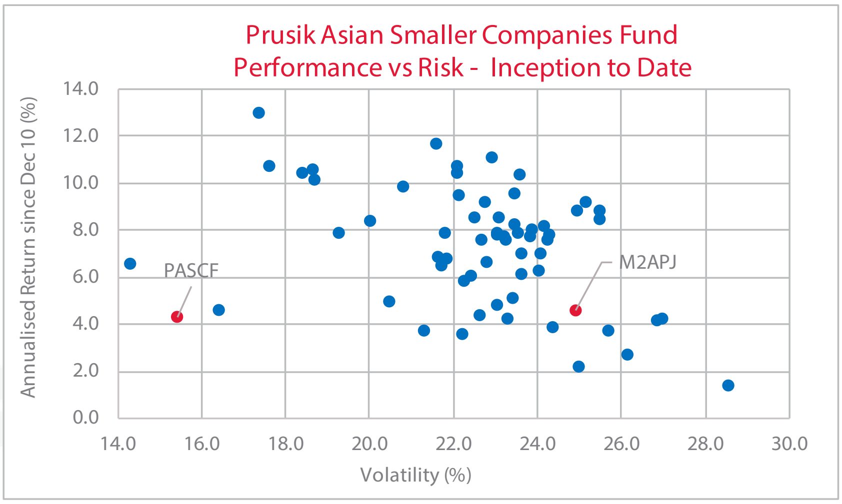
Monthly Performance Summary (%)

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
2018	1.78	-3.24	-1.32	-1.29	-4.21	-3.74							-11.54
2017	3.51	4.55	2.74	2.64	-0.86	2.35	-1.95	-1.54	-0.68	0.69	4.61	0.47	17.49
2016	-6.98	-0.67	8.76	2.98	0.65	4.49	2.57	3.55	0.17	-1.10	-3.51	-3.04	7.14
2015	1.25	-0.11	-2.04	7.23	1.21	-5.33	-1.78	-11.48	-2.63	4.83	-2.71	-0.78	-12.78
2014	0.21	3.58	-2.62	-2.50	0.56	2.45	-1.39	2.86	0.32	-1.85	-1.76	-3.11	-3.49
2013	7.27	3.73	1.32	1.82	3.58	-9.40	0.10	-4.52	3.54	2.84	-1.44	-0.51	7.51
2012	5.05	7.75	-1.04	4.29	-5.53	3.11	2.27	-0.65	5.40	1.27	4.12	1.81	30.80
2011	-2.15	0.43	2.35	3.75	-0.57	-1.22	3.60	-11.67	-8.27	0.37	-5.50	-1.07	-19.28

RISK ANALYSIS

Risk Metrics	Fund (%)
Beta	0.57
Alpha (%)	1.57
Sharpe Ratio	0.44
Volatility (%)	15.42

Source: Morningstar
Since Inception: A: 08.02.08



Source: Morningstar

THEMATIC & GEOGRAPHICAL BREAKDOWN

Top 5 Holdings (%)

Mobile World Investment Corp	8.4
Philippine Seven Corp	6.7
FTP Corp	5.4
Ace Hardware Indonesia	5.2
Dialog Axiata Plc	4.2
Total Number of Holdings	36

Portfolio Financial Ratios*

Predicted Price/Earnings Ratio	14.8
Predicted Return on Equity (%)	11.6
Predicted Dividend Yield (%)	2.2

* Fiscal year periods

Thematic Breakdown (%)

Modern Retail	25.2
Local Brands	20.7
Leisure/Tourism	15.7
Communication Technology	14.2
Infrastructure	9.2
Financialisation	9.1
Cash	6.1

Geographical Breakdown (%)

India	29.9
Vietnam	24.2
Sri Lanka	11.3
Indonesia	10.6
Philippines	8.6
Cash	6.1
Pakistan	3.7
Malaysia	3.4
Singapore	2.3

All data as at 30.06.2018. Source Prusik Investment Management LLP, unless otherwise stated.

FUND PARTICULARS

Fund Facts

Fund Size (USD)	39.2m
Launch Date	8 February 2008
Fund Structure	UCITS III
Domicile	Dublin
Currencies	USD (base), GBP, SGD

Management Fees

Annual Management Fee
1.5% p.a paid monthly in arrears

Performance Fee
All classes except Class U: Provided the fund achieves an overall increase of 6% a yearly performance fee of 10% of the total returns will be applied.

Class U: Provided the fund achieves an overall increase of 1.5% per quarter, a performance fee of 10% of the total return will be applied.

Dealing

Dealing Line	+353 1 603 6490
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

Share Class Details

Class 1			SEDOL	ISIN	Month end NAV
A USD	Unhedged	Non Distributing	B2PKN21	IE00B2PKN210	155.02
B USD	Unhedged	Distributing	B2PKN32	IE00B2PKN327	150.47
C GBP	Hedged	Distributing	B2PKN43	IE00B2PKN434	77.37
D SGD	Hedged	Distributing	B3M3HJ5	IE00B3M3HJ55	205.53

Performance fee based on individual investor's holding

Class U			SEDOL	ISIN	Month end NAV
U GBP	Unhedged	Distributing	BBQ37T7	IE00BBQ37T77	102.88

Performance fee based on fund performance as a whole

Fund Manager

Heather Manners
Tel: +44 (0)20 7493 0310
Email: heather.manners@prusikim.com

Sales & Marketing

Mark Dwerryhouse
Tel: +44 (0)20 7297 6854
Mob: +44 (0)7891 767 386
Email: mark.dwerryhouse@prusikim.com

Elaine Dennison
Tel: +44 (0)20 7297 6858
Fax: +44 (0)20 7493 1770
Email: Elaine Dennison@prusikim.com

Prusik Investment Management LLP
6th Floor
15–16 Brook's Mews London W1K 4DS

Web: www.prusikim.co.uk
Email: enquiries@prusikim.com