PRUSIK

LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

Prusik Asian Smaller Companies Fund

Quarterly Investment Report

30 March 2012

FOR PROFESSIONAL INVESTORS ONLY

1st Quarter Review

Over the quarter the fund was up 12%. This compares with the index which was up 12.5%.

Over the first quarter the stock markets in Asia were quite strong, reflecting attractive valuations as markets were oversold in 2011. Additional impetus was created by the easier liquidity environment in Asia and the recognition that there were several areas of the region with very strong fundamentals. The positive contributors to performance largely came from the ASEAN region, especially from Vietnam, but additionally from Thailand and the Philippines.

In the December quarterly we set out our stall for 2012 as follows:

- We think the liquidity environment will be better in 2012 than in 2011.
- There is unlikely to be a resolution in Europe (such as fiscal unity) until later in the year at the earliest, so the current status quo remains.
- Asian valuations suggest likely upside from here. Furthermore, if shares and hence valuations were to fall a further 20% then we would be at *all time* historic valuation lows and would have reached levels where is has *always* been correct to ignore the macro picture and buy stocks. As such, the risk/reward is favorably skewed with the risk on the downside now looking smaller than the potential upside.
- At current valuations we believe there is over 40% upside to Hong Kong and China and well over 100% upside in Vietnam. Other ASEAN markets such as the Philippines warrant at least 15-20% upside from here.

And we set up the portfolio weightings as follows:

- **Hong Kong and China: 25%-40%** based on the attractive value of companies and expectations of policy softening in China.
- **ASEAN: 45%-55%** based on the extreme value and upside potential in Vietnam and the strong demographic and domestic economic environment in Thailand, the Philippines and Malaysia.
- **Gold: 5%-10%** based on the likely move towards money creation in the absence of anything else working in the West and Asian governments' voracious appetite for increasing gold as a share of foreign reserves.
- **Technology: 5%-10%** based on the strong handset and Gallium Arsenide themes and the sector's attractive valuation after a bad 2011.
- **Mobile Gaming: 5%-10%** one of the strongest new themes which will arrive in China and Emerging Markets this year.
- **Biotech: 5%-10%** a good performer in 2011 but 2012 will bring further upside through monetization of products and M&A from 'big Pharma' predators.

We have kept close to our expected weightings with the exception that the gold mining companies are now about 4% of the portfolio. They have had a torrid quarter but look ripe for a recovery at the present time.

Elsewhere, the ASEAN weighting has been above the top end of our range whilst Hong Kong has been consistently and significantly below the prescribed weighting. This is due to the clearly difficult economic conditions in China and the high risk of fraud cases amongst the second tier companies. Meanwhile the opportunities in ASEAN remain tremendous for the smaller company segment so we have been happy to retain a higher weighting here for now.

We see little reason to dramatically alter our current position. We maintain that the ASEAN region remains the most attractive short and medium term opportunity in the region but note that the

Philippines will rise into expensive territory over 10% above current levels (more on this below). Elsewhere, Korea has entered extremely undervalued territory alongside China, making the immediate risk to the portfolio one of cyclical upside surprise. This might come in the form of government policy changes either in China or the West in response to current tribulations in Europe. We may therefore slightly increase our exposure in Korea whilst being careful to maintain a domestic bias and favour towards attractively valued brand names which are selling well into the rest of the Asian region.

After such a strong quarter we would expect to see some pullback. However, we remain nearly fully invested on the basis that this should be fairly short lived and we feel we have a strong portfolio of companies we would want to buy again 10% lower anyway.

Valuation and support levels

At the time of writing in May, the Asia Index (MXAPJ) has fallen 7% from its high, mainly on concerns in Europe. Currently the MXAPJ Index is trading on 11.4x 2012 earnings, 1.59x Price/Book and has an expected dividend yield of 3.5%. During a standard Asian recession (e.g. 2001) markets typically trade at 1.4x Price/Book which implies a 'normal worst case' downside of between 5% and 10% from here. At 10% below today's levels the market would be on a PE of 10x and dividend yield of 3.9%. On a historic basis markets trade above this 99% of the time. We do not believe at the current time we can make a case for Asian earnings to collapse which means this could be a very good floor for Asian markets should the correction continue. We would recommend strongly buying any further decline from here.

Palm Oil

It has been a while since Prusik has written about a food related theme, but an interesting combination of events is occurring in the palm oil sector which means the price of palm oil could rise considerably higher from here.

Firstly, dry weather earlier in the South American planting season for soyabean has resulted in widespread damage to this year's crop. Estimates suggest as much as 15% of the crop has been lost, putting global production at about 10% below last year's production levels, the sharpest decline for over 20 years. Moreover, there is unlikely to be an immediate supply response as corn prices are still at very high levels, meaning that it is about 1.2x more profitable for farmers to continue to plant corn. The only significant alternative to soya is palm oil.

The second reason that palm oil prices may rise from here is yield stress. Every few years, especially after a period of high production, palm oil trees take a breather, which typically lasts 6-9 months. In March, Malaysia's CPO production fell 14% yoy, suggesting one of these periods may have begun.

Thirdly, industry checks suggest that there is very little inventory in the system, with major users buying just enough to meet demand. If a restocking cycle begins, demand could drive CPO prices higher.

Lastly, but perhaps most importantly, there has been a natural shortage built into global production. Palm oil trees take 5-6 years after planting to come to maturity and yield palm oil, and the subsequent 6 years of their lives are the most productive, peaking at about 12 and becoming redundant after about 16. However, 5 years ago the global financial crisis was under way, resulting in at least 2 years of below average planting. Indeed some estimates suggest that possibly only half of the typical amount of new acreage was planted, meaning there is an inherent shortage of new supply built into the coming few years.

Ta Ann is a Malaysian timber company whose percentage of earnings from timber has fallen to just 20%! However, recovery is on the way in the form of the company's planted forest, the largest in Malaysia, which will bear logs from now but which will be at full maturity by 2015. A planted forest has a number of advantages including exemption from quotas. The immediate future however is dominated by palm oil. The company planted 31,000 hectares of palm oil 5 years ago (and has 55,000 more to be planted) so the maturity profile fits perfectly with the upcoming industry shortage. Between 2011 and 2015 the production of palm oil at Ta Ann will double, resulting in 25% pa or so growth in earnings for the company over the coming few years even before the additional possibility of hitting the sweet spot of rising palm oil prices.

ASEAN

We wrote extensively about ASEAN last quarter. This has been a successful area to be invested in so far in 2012. Currently we have 64% of the fund in ASEAN, mainly in Thailand, the Philippines and Vietnam. In February/March we visited all three countries, as well as Myanmar and Malaysia.

Vietnam

To date the Vietnam stock market has been the best performer in the region and even more encouragingly the currency has, so far, remained rock steady, up just under 1%. Our recent visit to Vietnam underlined the case we have made since last year and we have 8% exposure as of the end of March.

Our initial case for investing in Vietnam was twofold: extreme value and falling inflation and hence interest rates. Regarding value, the median PE has obviously risen somewhat but we still estimate the typical 2012 PE is about 7x, with many stocks still trading well below this. Dividend yields above 10% are still not uncommon. Inflation has followed our expectations so far to the letter. As the year on year comparisons from 1Q 2011 oil and electricity price hikes and currency devaluation fall out of the annual series, the underlying lower levels of monthly inflation are showing through. April CPI was 10.5%, even lower than we originally thought and a far cry from the near 17% we saw in February. As a result, interest rates can fall, and indeed they should as the economy is clearly suffering a hard landing with almost non-existent credit growth so far in 2012. It is possible that we will see the government take advantage of this lull in inflation to raise energy prices again but it may only be by a few percent and will likely cause very little variation in CPI and just a short pause or correction in equities.

The key questions arising from here are really whether we can see the government doing enough to rationalize the sprawling banking sector and allow recapitalisation to take place. Currently banks are making super healthy margins as deposit rates have fallen but lending rates are still hovering around 20% so part of this process is in train. Some bank mergers have begun. Elsewhere in the State Owned Enterprise sector some streamlining and listing of assets is also coming through. There are plans to list **PetroVietnam Gas** later in the year. This is a US$3 billion company and will be a useful step towards making Vietnam's stock market more liquid. Turnover, which is currently about US$ 180 million a day has risen 5 fold since December and is approaching levels where foreign funds feel they can really participate.

This latter remark is key. For although Vietnam has done well this year, we think it is exhibiting classic 'theme' characteristics in that, whilst the recovery trend is establishing, nobody is really talking about it – yet! We expect that by the final quarter of the year this will have changed significantly and not just amongst foreign investors. It is estimated that locals have as much as 60% of GDP tucked away in gold and household savings outside of the banking sector. If this begins to reappear it will be very powerful for asset prices. Property, which has fallen on average about 40% since the peak, is now appearing very cheap. One expat we met had just bought a 3,500 sq ft penthouse apartment for US$ 150,000 which he can let out for a 15% rental yield! This may be towards the top end of the market but the example demonstrates value on any comparative basis – even compared with Myanmar!

Myanmar

"It is necessary to help ethnic young people who hold guns to be able to hold laptops and try to live a good life."

President Thein Sein, 2012 State of the Union Address, 1 Mar 2012.

Myanmar is in a major political and economic transition. The country has been under military rule since 1962, when General Ne Win staged a coup that toppled a civilian government. The current junta, formed in 1988, threw out the results of a democratic parliamentary election in 1990 that was overwhelmingly won by the party led by Aung San Suu Kyi (daughter of Aung San, a national hero of Myanmar's independence from the British empire in 1948).

The new president, U Thein Sein, took over in March 2011 from Than Shwe's leadership (who ruled since 1992). Thein Sein is generally regarded as a reformist. He has moved towards reforms and free elections, including freeing Aung San Suu Kyi, who was a political prisoner for 19 years. Suu Kyi has since successfully contested 48 seats in a by election on 1st April.

From 1st April, Myanmar's Central Bank also plans to unify the exchange rate system. This is no small task with local businessmen able to cite 8 different exchange rates (depending on who and where you are!) between the official rate at US$/K 6.4 and the black market rate of about US$/K 800! The new Kyat exchange rate would be at about US$/K 820, close to the black market level. The new "managed float" system would have a trading band of plus or minus 2%. This would be Myanmar's boldest economic reform to date as it emerges from decades of isolation.

The shift would likely be a major change for government institutions and State Owned Enterprises still using the official exchange rate of US$/K 6.4. Almost all other transactions are based on the unofficial rate. The Kyat's unofficial rate has been appreciating – by over 20% from about US$/K 1,055 in 2009 to about US$/K 820 currently – as foreign capital has flowed into the energy, timber and gem sectors. The central bank plans to develop an interbank money market under guidance from the IMF.

Myanmar is fantastic, both as an anachronism and an opportunity. We cannot recommend more highly a visit before it becomes just another ambitious industrialising country. Its coming emergence will be transformative for the ASEAN region. Here's the major reason why:

As you can see, Dawei is only 267 km from Bangkok. A deep sea port is scripted for Dawei which once built, in the words of our guide, will mean there is no longer any need for Singapore! Instead of the long journey through the Strait of Malacca, where pirates have been known to be a pest, vessels will soon be able to dock at Dawei and send the cargo to Bangkok by land. One has to admire the ambition but it is also irrefutable that the emergence of Myanmar and the creation of Dawei Port means the Strait of Malacca will be less busy.

However, from an immediate investment point of view there is frustratingly little one can do beyond observe and wait.

Yoma Strategic, the Singapore listed property company and only listed pure play on Myanmar has run hard. We sold the stock earlier in the quarter after a parabolic rise. Moreover, we believe that property in Myanmar is probably more expensive than that in Rio or Saigon, for example, which seems excessive for today's time horizon.

The only other significant investable company with proper brand presence in Myanmar is **Super Group** in Singapore (coffee sachets). Its ads greet you at the airport and are everywhere.

The best way to gain exposure to Myanmar is via Thailand as anything they do in Myanmar will suck in Thai companies, resources and expertise. For example, telecoms: in Myanmar there is still under 2% penetration of *fixed line*, under 1% penetration of mobile (a SIM card has just fallen in price from US$800 to US$300, still totally out of range for most people) and there is just 0.2% penetration of broadband! A Thai telecoms company, **True Corp,** already has a strong presence in Myanmar. Another example might be cement. Last year in the whole country they built just 750 new condos (we haven't missed any noughts!) Any significant increase in buildings will draw cement supplies from Thailand. Another example might be hotels. There are just 1800 foreign standard hotel rooms in the whole country (tour operators are desperate to secure rooms).

But it is important not to get over excited at this stage. While we have seen one Thai manufacturer declare a move to Myanmar to take advantage of wages (one third of those in Thailand!) the infrastructure is nowhere near ready to support this. For example, Myanmar produces about 7 million tonnes of rice per year. If they were to adopt Vietnamese standard farming practices then this could rise to 20 million tonnes, but using the current port facilities it would take over a month to export 30,000-50,000 tonnes of rice!

Visitors to Myanmar can expect some marvellous quirks which illustrate the enormous distance still needed to go before Myanmar can be a really investable country. For example, money changers and even hotels will only accept, for exchange mint condition US$100 bills with serial numbers under 2 years old! Any note with so much as a crease is rejected. There are no credit cards and no cashpoint facilities anywhere in the country. So if you forget pristine cash, then, genuinely, the only option is the first flight home again. As a result, the average piece of art in Myanmar sells for US$ 350 as there is no credit and most tourists don't carry enough cash to pay more.

Another notable feature is the cars. Any car under 20 years old is crooned over like it's an Aston Martin. Most cars on the street are between 30 and 40 years old. As Burmese (this, confusingly, remains the correct term for people from Myanmar) have only the options of cash, gold or cars as a means of storing wealth (they don't trust banks), cars have become very important and typically one between 30 and 40 years old is worth about US$40,000! There is no insurance but we were assured if a car went missing then a payment to the local police ensured its return. Crashes are resolved between the two parties in true Buddist style. At some point in the past 2 decades a soothsayer told the previous President that he should do more things with his right side. The result was an overnight decree to drive on the right, the upshot of which is that half the car stock still has steering wheels for left hand driving, which makes overtaking on mountain roads very lively!

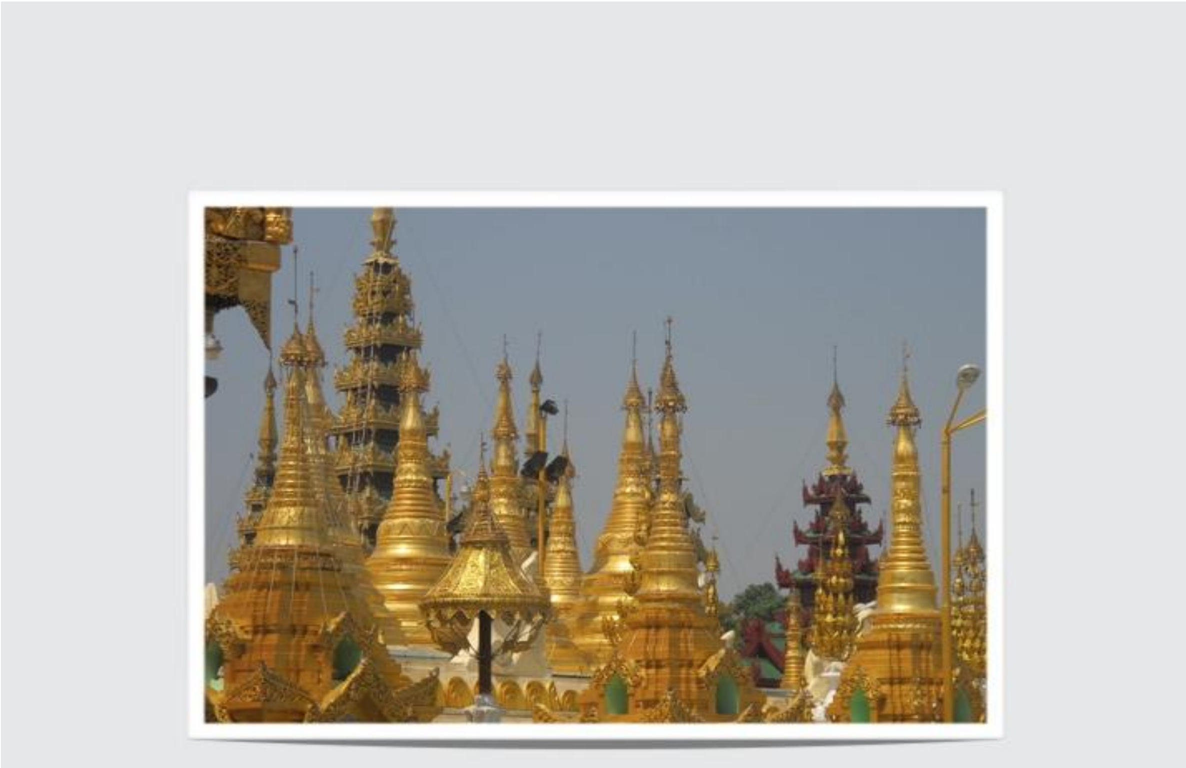
Myanmar is, for a country that has not been at peace for a day since independence, one of the most serene and religious countries we have visited. The 2,600 year old Swedagon Pagoda in Yangon glistens with newly applied gold leaf, paid for by citizens who queued for entire days to hand in jewellery and valuables to help the renovation.

As the pictures below show, Yangon is full of beautiful, often empty and dilapidated buildings. They epitomise everything one finds in Myanmar and the opportunity still to come. There is almost no organised business or farming. As one businessman pointed out 'in Myanmar the fish die of old age'.

We went to a National League for Democracy rally outside Mandalay where Aung San Suu Kyi spoke. Over 100, 000 people attended and there was no security at all, except for the odd bamboo pole. People waited, singing, dancing and talking for over 4 hours before she arrived and for many we spoke to, who worship her and believe she will single handedly change the future for them, it was the best day of their lives. The Buddist nature of the country shone through. Rows of tiny children at the front were in no danger from the masses behind.

The people were ecstatic and indeed it was a historic event. Even a year ago they couldn't have spoken her name, hence she is known as 'The Lady' but now they can truly show open support.

To sum up, Myanmar will be very important to the ASEAN region both as it develops and as a strategically positioned part of the area. Our travel anecdotes are retold to highlight that, despite the clearly ambitious talk from politicians and businessmen, the country remains at an utterly grassroots stage including levels of naivety and poverty. It will be a long road with no doubt some upsets on the way but its potential significance is already huge.



Thailand

Geographically, Thailand has the prime position in the ASEAN story. With emerging and frontier markets on all sides - Myanmar, Vietnam, Laos and Cambodia - we are increasingly and not surprisingly, hearing Thai companies express interest and plans to expand within the region. Some of these more successful companies will command premium multiples over coming years as they enjoy above average growth as a result. Those owning brands are particularily interesting. As of the end of March we have 16% of the fund in Thailand.

Philippines

The Philippines has done very well in 2012 so far and the most reasonably well traded stocks (there only are only about 20) are on 2012 PEs of 14-16x. They are no longer dirt cheap, which creates a conundrum. However, we do think this is the best structural story in the region right now. By that we mean it may not outperform Vietnam in the next 1 year to 18 months, but it looks as though it will have more staying power, thanks to where it sits in its economic cycle. The key question is whether this market can remain expensive, kept aloft by ongoing upward revisions in earnings in coming months as well as further discovery by local and foreign investors alike, or whether a pause or correction is due.

The combined Prusik team spent over a week in the Philippines in the first quarter and we like what we saw. The economy looks like a textbook case of the beginning of a proper lending cycle, very similar what we have seen in the past few years in Thailand and Indonesia. Moreover, it’s the first proper lending cycle in the Philippines since the Asian crisis, and we are really still in the first year of this cycle, albeit at the end of this first year.

Capex cycle

So, the coming capex cycle is going to be impressive and there are two reasons why:

Firstly, due to a long period with very little investment almost every company we saw is looking to expand. The cement sector is a classic case example. One large infrastructure project will throw the sector into shortage and the cement companies are looking to expand which will mean a 3 year lead time, during which cement prices will likely rise significantly.

Secondly, the cement companies say that every time an article appears in the press referring to a possible shortage the phone rings off the hook for days with bankers offering loans. This is because the Philippine banks have an average loan to deposit ratio of 65%, which is extraordinarily low. Hence loan growth may well average 20% or more in coming years, indeed to March 2012 it grew 18%. The declining risk premium is reducing the cost of capital, also supporting strong demand. Furthermore, the Philippine banking authority has just announced they are adopting Basel III FIVE years ahead of schedule! It is also worth noting that there has been no international bank involvement in the interbank market since 2008. So liquidity is abundant, possibly overly so, but the signs are clear that a very strong period of domestic investment has begun.

Growth drivers

The consensus expects the economy to grow just over 4% in 2012 but to us this looks like a country averaging nearly 6% growth – well above average for the Philippines. Overseas worker remittances are rising and with 1 in 10 members of the population now working overseas, the beneficial impacts of this inflow are being felt across the country, not just in Manilla. Business Process Outsourcing (BPO - call centres and data processing) grew 24% in 2011 and is on a similar growth trajectory this year. Tourism, especially from within the region, could be another big growth factor. The Philippines has 2 million visitors a year compared with Thailand's 15 million.

Crucially the Philippines don't have much manufacturing so export growth is less of a concern.

The last but important growth driver is the government. They have 17 infrastructure projects poised for execution this year with combined worth of US$4 billion. Projects include airports, roads, power etc but so far the lack of forward momentum has frustrated many. However, even if they do nothing the economy will probably still grow well above the 2-4% range it has seen in recent years. If they do come in with several big projects this year it could, in fact, all get a bit overheated.

The risks therefore are upward pressure on inflation, too many delays in too many infrastructure projects damaging sentiment and the future possible deterioration in the fiscal deficit.

Confidence and politics

One of the remarkable but more qualitative elements of assessing the Philippines is just how robust domestic confidence feels. President Aquino has been in power for 2 years. He is deemed to be an average guy but a good guy. Indeed the worst we heard said about him is that he likes to watch pirate DVDs! This may be a lighthearted comment but it is not insignificant for the Philippines which has endured generations of corrupt government and wealth deprivation as a result.

The 'good guy' point is key. He may not be getting on with infrastructure projects quite as fast as some might want but he is seen to be stamping out corruption. One senior member of the Manila business community who additionally owns a wine shop observed a very real pick up in consumer activity and sales when, last year, the former President was put under house arrest and prevented from leaving the country. Confidence seems to be growing with time as the government continues to make healthy decisions.

Property

House prices in USD terms in the top areas of town (Makati) are the same as in early 1990s! Back then the USD/peso was at 29 and it is now at 43 so the USD price has not changed. There seems to be more crane activity in Manila than in most other Asian cities at the moment. An oversupply in condominiums this year will work its way though in 2013 but there is no shortage of demand.

One interesting anecdote came from an estate agent we met in the top residential area of town. He had sold 16 major properties in two months. Most recently he had sold a property worth USD $8 million to an engineer who was a founding shareholder of Facebook. We think this is an excellent illustration of how confidence has changed in the domestic future of the country. Two years ago there was NO WAY Philippine nationals would bring big money home from offshore in that size. Now, the trophy house is in Makati not Silicon Valley and everyone says their friends who work abroad want to come home.

Similarly, office rents remain so manageable that even the BPOs all have offices on the outskirts of Makati, which is the central business district. This is similar to putting call centres in Mayfair! It feels like there's plenty of space although Manila has a population of 10 million.

Food

The food in Manila is extraordinary. Everywhere wonderful restaurants are opening. Notably, everyone was eating so *much*. And they seemed *so* happy. It felt like feasting after a long period of hardship and indeed it is. If the government can stay on track this will be a multi-year transformation for a country which 60 years ago was one of the richest in Asia and has since languished at the bottom of the tables. Meanwhile, it's all a big sugar rush. **Puregold**, a hypermarket we visited, said sales of Coca Cola were up 79% in Jan and Feb.

We currently have 18% of the fund in the Philippines.

Decoupling?

For all the talk of markets being correlated, take a look at the annual (12 month) returns in USD terms for global equity markets to the 1st May 2012.

	12 month change (USD)
Nasdaq	+7.2%
S&P500	+3.7%
FTSE 100	-6.8%
Eurostoxx	-32.7%!!!
Philippines	+22.0%
Thailand	+9.2%
Taiwan	-18.0%
India	-26.5%

There has been a 50% spread between the best and the worst market in Asia. Meanwhile, while Europe has been underperforming the US by almost 40 percentage points, it has been possible to make good returns in markets with strong fundamentals. So, whilst correlation between markets remains relatively high, bigger dispersion of returns is alive and well.

Further exploration in to the past 12 months' correlations shows that Taiwan, Korea and China have higher correlations to Europe than ASEAN (ex Singapore) which reflects their cyclicality. The Philippines has almost no correlation with the S&P (0.05) and very little with Europe (0.18). Asia overall is less correlated to Europe than the USA (0.46 compared to 0.73).

Whilst the past is, as we all know, no guide to the future, once the underlying case for ASEAN is understood this makes practical sense. The case for ASEAN, and in particular the Philippines, remains strong also as a place to avoid Europe and US volatility.

Some interesting small companies we have added this quarter.

Syarikat Takaful Malaysia (Domestic Consumption of Services)

Syarikat Takaful Malaysia provides Islamic insurance in Malaysia and Indonesia, fitting nicely into our theme around consumer services. It trades at a Price/Book of 1, unlike its peers which trade at 1.6x Price/Book and pays a dividend yield of 5.9%. In 2011 net profit grew by 47% and a further 30% growth is expected in 2012. The company has provided more than it has required, building surpluses and enabling a very competitive 15% no claim rebate which is attracting customers. The company has a ROE of 18% and is on a PE of 8x 2012.

Alchemia (Biotech)

Alchemia has a stock market capitalization of USD $143million and is an Australia based leader in synthesis carbohydrate-based drugs. It was the first company in the world to synthesise fondaparinux, a chain of 5 sugars, which, they claim, is the hardest substance in the world to create. Fondaparinux is a blood thinning agent, and blood thinning is a USD$400 million global market. In joint partnership with Dr Reddys where Alchemia has 33-35% of the revenue this product is ready to generate its first revenues in 2Q 2012. This product alone puts the company on a June 2014 PE of 10x earnings. However, the company is also in phase 3 trials, in other words about 2 years off product approval, for a product which uses hyaluronic acids affinity with cancer tumors to help target tumor killing drugs more efficiently, either increasing efficacy or decreasing the dose and thereby toxicity of the treatment. The outlook for a very strong future pipeline of products is good. Like all small biotech companies, Alchemia is a likely acquisition target for big pharmaceutical companies lacking in future products pipeline.

JCY International (Cloud Computing)

JCY International a Malaysian company is a Malaysian hard disc drive component manufacturer with 30% global market share. This sounds very boring until a few issues are understood! Firstly, the Thai competition was heavily damaged in flooding last year and may be still over a year away from full recovery. Secondly thanks to the growth of the 'cloud', hard disk storage is in strong demand. The company believes that current global demand of 400m terabytes should rise to 7-20 petabytes by 2016/2017. This implies a 20x-50x volume growth in the global storage market in the coming 5 years. This storage demand is unlikely to be met via solid state memory as the cost is 20x more expensive at today's prices. Although this strong demand won't translate into revenue growth exactly due to price declines, JCY has strong competitive advantage via quality and vertical integration and management are optimistic about growing market share. The company currently aims to pay out 50% of earnings in the coming year in which it could make around M$ 700million in free cash flow, which would imply a dividend yield of over 11%. At a 2012 PE of just 7.2x we think this is very attractive.

Airports Authority of Thailand has a 95% share in Thailand's air traffic and is thus at the epicenter of the rising trend of tourism and business travel within ASEAN as well as benefitting from the emergence of Myanmar. As such, it will enjoy revenue growth of at least 5%-10% pa and is set to double its return on equity over the coming three years. This is mainly due to the government's agreement to turn Bangkok's old Don Muang airport into a new low cost carrier terminal, adding another 30% capacity to the main airport's eventual target of 125 million passengers per annum. Capex and capacity constraints are therefore reduced and at 10x 2013 earnings and 4% dividend yield, AOT trades at a 30% discount to its regional peers.

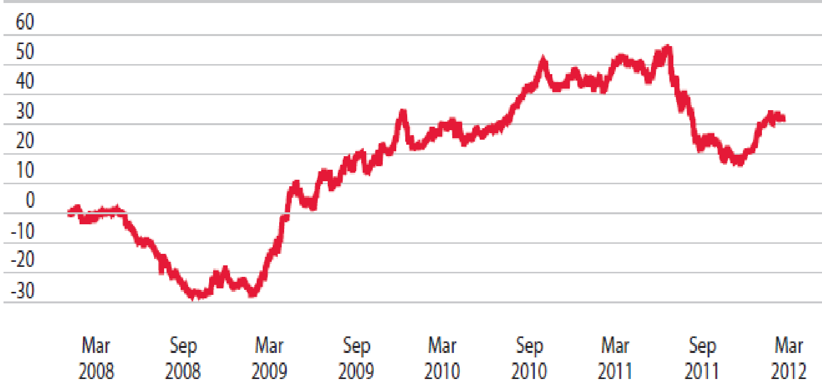
PORTFOLIO PERFORMANCE

Performance Summary (%)
Periods ending 30.03.2012

	USD	GBP	SGD
1 Month	-1.04	-1.00	-0.95
3 Months	12.01	11.84	-11.76
Year to Date	12.01	11.84	-11.76
Since Launch+	31.72	37.49	--3.61
2011	-19.28	-19.86	-20.04
2010	16.43	16.90	7.90
2009	59.70	56.10	-
2008	-21.60	-18.40	-
Annualised 3 years	19.25	17.73	-
Annualised Since Inception	6.88	8.25	-1.65

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

Fund Performance - Class A USD (%)



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

Monthly Performance Summary (%)

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
2012	5.05	7.75	-1.04									
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
2010	-0.70	-1.52	3.68	3.23	-4.23	1.20	0.83	2.74	7.45	3.62	-2.11	1.67
2009	-3.55	-2.02	-5.64	16.67	17.71	-3.66	8.91	-2.01	5.48	-2.16	4.42	4.81
2008			-2.44	0.52	0.26	-6.71	-3.49	-5.53	-8.52	-5.94	0.05	6.87

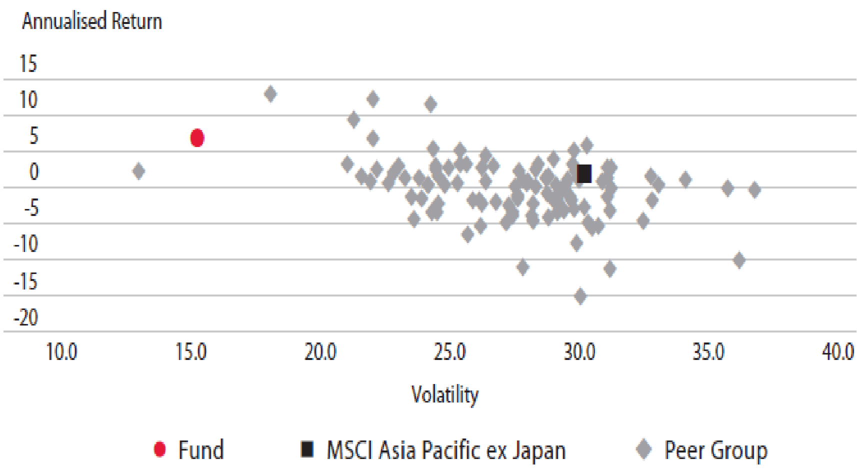
Source: Bloomberg

RISK ANALYSIS

Risk Metrics	**Fund**
Beta	0.55
Alpha (%)	5.85
Sharpe Ratio	0.45
Volatility (%)	15.31
% of the portfolio –which could be sold in 2 business days	81.45%

Source: Bloomberg
Since Inception: A: 08.02.08

Risk Adjusted Performance - Class A USD (%)



Source: Bloomberg. Annualised return and 1year volatility versus the peer group (open ended offshore Asia Pacific ex Japan Equity Fund Index), 8.02.08 to 30.03.12.

THEMATIC & GEOGRAPHICAL BREAKDOWN

Top 5 Holdings (%)

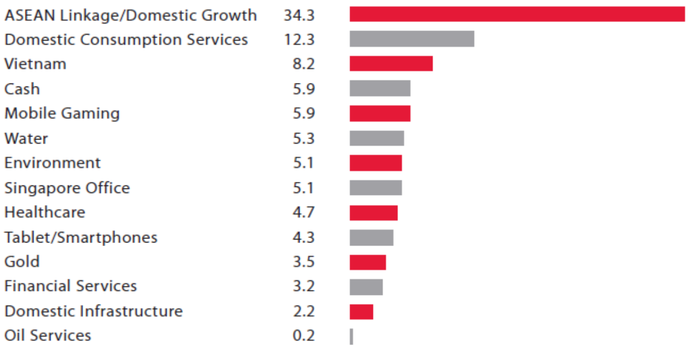
Hemaraj Land Development	4.2
Security Bank	3.4
Sino Thai Engineering & Construction	3.3
Gamevil Inc	3.3
LPN Development	3.1
Total Number of Holdings	53

Portfolio Financial Ratios*

Predicted Price/Earnings Ratio	13.8x
Predicted Return on Equity (%)	19.1
Predicted Earnings Growth (%)	21.4

*Fiscal year periods

Thematic Breakdown (%)



Geographical Breakdown (%)

All data as at 30.03.12. Source: Prusik Investment Management LLP, unless otherwise stated.

FUND PARTICULARS

Fund Facts

Fund Size (USD)	79.6m
Launch Date	8 February 2008
Fund Structure	UCITS III
Domicile	Dublin
Currencies	USD (base), GBP, SGD

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

Codes

Class 1			SEDOL	ISIN	Month end NAV*
A USD	Unhedged	Non Distributing	B2PKN21	IE00B2PKN210	132.59
B USD	Unhedged	Distributing	B2PKN32	IE00B2PKN327	132.73
C GBP	Hedged	Distributing	B2PKN43	IE00B2PKN434	68.95
D SGD	Hedged	Distributing	B3M3HJ5	IE00B3M3HJ55	181.89

Management Fees

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

Fund Manager

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