PRUSIK ASIAN SMALLER COMPANIES FUND PLC

(An open-ended investment company with variable capital incorporated with limited liability and established as a UCITS under the law of Ireland)

Annual Report and Audited Financial Statements
For the Financial Year Ended 31 December, 2016

Registered Number: 451654

TABLE OF CONTENTS

	Page
GENERAL INFORMATION	2
DIRECTORS' REPORT	4
INVESTMENT MANAGER'S REPORT	9
REPORT OF THE DEPOSITARY TO THE SHAREHOLDERS	12
INDEPENDENT AUDITOR'S REPORT	13
SCHEDULE OF INVESTMENTS	15
BALANCE SHEET	17
PROFIT AND LOSS ACCOUNT	19
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES	20
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	21
NOTES TO THE FINANCIAL STATEMENTS	26
STATEMENT OF SIGNIFICANT CHANGES IN THE COMPOSITION OF PORTFOLIO	38
MANAGEMENT AND ADMINISTRATION	40
APPENDIX 1 – REPORT ON REMUNERATION (UNAUDITED)	41

GENERAL INFORMATION

Prusik Asian Smaller Companies Fund plc (the "Company") is a public limited liability investment company with variable capital, incorporated on 11 January 2008 in Ireland pursuant to Part 24 of the Companies Act 2014 and authorized by the Central Bank of Ireland (the "Central Bank") under the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015, as amended (S.I. No. 420 of 2015) (the "Central Bank UCITS Regulations").

Except where the context otherwise requires, defined terms shall bear the meaning given to them in the Prospectus of the Company.

The Company, with the prior approval of the Central Bank, may create additional Share Classes as the Directors may deem appropriate.

The Company commenced trading on 8 February 2008. There are six share classes available to investors in the Company:

- Class A Dollar Non-Distributing Class (first issued on 8 February 2008)
- Class B Dollar Distributing Class (first issued on 8 February 2008)
- Class C Sterling Distributing Class (first issued on 25 April 2008)
- Class D Singapore Dollar Distributing Class (first issued on 22 December 2009)
- Class E Singapore Dollar Distributing Class (first issued on 21 September 2011)
- Class U Sterling (Unhedged) Distributing Class (first issued on 1 July 2013)

Brown Brothers Harriman Fund Administration Services (Ireland) Limited (the "Administrator") determines the Net Asset Value ("NAV") per Share of each Class of the Company every Friday of each calendar month ("Dealing Day") provided that Dealing Day is a business day, or if such day is not a business day, on the following business day. The valuation point is 11.00 am (Irish time) on each Dealing Day.

The most recent Prospectus of the Company is dated 31 March 2016.

Investment Objective

The investment objective of the Company is to engineer capital growth primarily by investing in companies operating in the Asian and Australasian region.

In pursuit of its investment objective the Company invests in emerging companies operating in Asia including Australia, New Zealand, Hong Kong, Taiwan, South Korea, China, India, Sri Lanka, Pakistan, Thailand, Indonesia, Malaysia, Singapore and the Philippines and generally seeks to invest, on average, in companies which have a price to book value ratio and a price/earnings ratio below the level then prevailing in the market of that sector. The Company pursues its investment objective primarily by taking short and long positions in publicly traded common stocks and other equity securities of Asian issuers and Australasian issuers. In addition, the Company's investments are likely to include situations where an event has triggered a change in the market's perception of the future outlook for a specific company or industry. The Policy will also enable the Company to invest in equity securities of issuers in Recognised Markets outside of Asia and Australasia and in debt and other fixed-income securities of Asian and Australasian and other issuers in Recognised Markets.

The Company has the ability to hold up to 100% of the NAV in cash for any period of time Prusik Investment Management LLP (the "Investment Manager") deems this prudent. The Company limits its investment in other Collective Investment Schemes to a maximum of 10% of its NAV.

The Company may invest in American depositary receipts and global depositary receipts and other equity related securities and instruments, which may be over-the-counter ("OTC") or listed, including convertible bonds, depositary receipts and warrants as well as other securities such as bonds and preference shares issued by corporate and governmental issuers (and which may be fixed or floating, and of both investment grade (BB- or higher) or non-investment grade).

GENERAL INFORMATION (CONTINUED)

Investment Objective (continued)

The Company may invest in both short and long term Asian and foreign debt securities (such as fixed and/or floating rate bonds and notes) of corporate issuers and government entities. The debt and other fixed income securities in which the Company may invest will be of investment grade.

The Company may, however, invest on a very limited basis in debt and fixed income securities which are not required to satisfy any minimum rating standard. Such securities may include instruments that are considered to be of poor standing and which have predominantly speculative characteristics with respect to capacity to pay interest and repay principal.

The Company may also invest in certain securities and markets, using forms of indirect investment including, but not limited to Real Estate Investment Trusts ("REITS"), where such investment represents a more practical, efficient or less costly way of gaining exposure to the relevant security or market.

The Company may also invest in currency forwards such as non-deliverable forwards ("NDF") in order to manage currency exposure.

Pending investment of the proceeds of a placing or offer of Shares or where market or other factors so warrant, the Company's assets may be invested in money market instruments, including but not limited to certificates of deposit, floating rate notes and fixed or variable rate commercial paper listed or traded on Recognised Markets and in cash deposits.

The annual report and audited financial statements and unaudited half-yearly financial statements are available to the public at the registered office of the Company and are sent to shareholders.

DIRECTORS' REPORT

The Directors have pleasure in submitting their annual report together with the audited financial statements for Prusik Asian Smaller Companies Fund plc (the "Company" or the "Fund") for the financial year ended 31 December 2016.

Directors' Responsibility Statement

Under the Central Bank UCITS Regulations, the Directors are required to entrust the assets of the Company to the Depositary for safe-keeping. In carrying out this duty, the Company has appointed as depositary of the Company's assets Brown Brothers Harriman Trustee Services (Ireland) Limited (the "Depositary").

Irish company law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the assets, liabilities and financial position of the Company and of the profit or loss of the Company for that year. Under that law, the Directors have elected to prepare the financial statements in accordance with Generally Accepted Accounting Practice in Ireland, comprising applicable law and the accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company, and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland, and comply with the Irish Companies Act 2014 (the "Companies Act") and the Central Bank (Supervision and Enforcement) Act 2013 (section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015, as amended (S.I. No. 420 of 2015) (the "Central Bank UCITS Regulations"). They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

Accounting Records

The measures taken by the Directors to secure compliance with the Company's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records are kept at Brown Brothers Harriman Fund Administration Services (Ireland) Limited, 30 Herbert Street, Dublin 2, Ireland.

Directors' Compliance Statement

It is the policy of the Company to comply with its relevant obligations (as defined in the Companies Act 2014). As required by Section 225(2) of the Companies Act 2014, the Directors acknowledge that they are responsible for securing the Company's compliance with the relevant obligations. The Directors have drawn up a compliance policy statement as defined in Section 225(3)(a) of the Companies Act 2014 which refers to the arrangements and structures that are in place and which are, in the Directors' opinion, designed to secure material compliance with the Company's relevant obligations. In discharging their responsibilities under Section 225, the Directors relied upon, among other things, the services provided, advice and representations from third parties whom the Directors believe have the requisite knowledge and experience in order to secure material compliance with the Company's relevant obligations.

Statement of Relevant Audit Information

The Directors in office at the date of this report have each confirmed that:

- as far as the Directors are aware, there is no relevant audit information of which the Company's statutory auditors are unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information.

DIRECTORS' REPORT (CONTINUED)

Directors

The names of the persons who were Directors at any time during the year to 31 December 2016 are set out below.

Heather Manners
David Hammond
Richard Hayes
Tony Morris (Alternate Director)

Directors' and Secretary's Interests

The following Directors held Shares in the Company as at 31 December 2016:

Heather Manners	5,280	Class E Singapore Dollar Distributing Class
Richard Hayes	2,753	Class E Singapore Dollar Distributing Class
Tony Morris	2,750	Class E Singapore Dollar Distributing Class
Tony Morris (Family members)	287	Class E Singapore Dollar Distributing Class

Other than those disclosed above, none of the Directors, the Secretary, nor their families hold or held any beneficial interests in the Company at 31 December 2016 or during the year then ended.

Audit Committee

The Board of Directors decided it was not necessary to constitute an audit committee given the frequency of the meetings of the Board of Directors throughout the year and given the size of the Board of Directors and the nature, scale and complexity of the Company and its activities.

Connected Parties

In accordance with the Central Bank UCITS Regulations, any transaction carried out with the Company by the Investment Manager, the Depositary and/or associated or group companies of these entities ("connected parties") must be carried out as if negotiated at arm's length. Such transactions must be in the best interest of the shareholders of the Company.

The Board of Directors of the Company is satisfied that (i) there are arrangements (evidenced by written procedures) in place to ensure that the obligations set out above are applied to all transactions with connected parties; and (ii) transactions with connected parties entered into during the year complied with these obligations.

Results, Activities and Future Developments

A review of the principal activities is included in the Investment Manager's Report.

Details of the state of affairs of the Company and results for the year ended 31 December 2016 are set out on pages 17 to 19. The Net Assets Attributable to Holders of Redeemable Participating Shares as at 31 December 2016 was US Dollar ("USD") 45,040,984 (USD 50,108,211: 31 December 2015).

The Company will continue to pursue its objectives as set out in detail in the Prospectus.

Dividend and Distributions

The Directors have discretion from time to time to declare such distributions as may appear to them to be justified out of the net income accruing to the Company in respect of each class of Shares of the Company. The Company has been granted reporting fund status by Her Majesty's Revenue and Customs ("HMRC"). Distributions paid during the year ended 31 December 2016 amounted to USD 176,185 (USD Nil: 31 December 2015).

Risk Management

The risks defined by Financial Reporting Standard FRS 102 "Financial Instruments: Disclosures" ("FRS 102"), arising from the Company's financial instruments are market risk (including market price risk, currency risk and interest rate risk), credit risk and liquidity risk. Details of these risks which are different from those listed in the Prospectus, and how they are monitored, and where possible, managed by the Company, are set out in Note 13 "Financial Risk Management" on pages 31 to 36.

Independent Auditors

The independent auditors, Ernst & Young Chartered Accountants, have indicated their willingness to continue in office in accordance with section 383(2) of the Companies Act 2014.

Events during the Year

Brown Brothers Harriman Trustee Services (Ireland) Limited, the Custodian of the Company, was reappointed as Depositary following the UCITS V changes effective from 21 March 2016. The Company's Prospectus has been updated accordingly on 31 March 2016. There were no other significant updates in the Prospectus.

There were no other events during the year end that had a material effect on the financial statements.

Events since the Year End

There were no events since the year end that had a material effect on the financial statements.

Corporate Governance Statement

The Company is subject to and complies with Irish statute comprising the Companies Act as applicable to investment funds and the Central Bank UCITS Regulations. The Board of Directors (the "Board") voluntarily adopted the Corporate Governance Code for Irish Domiciled Collective Investment Schemes as published by Irish Funds (the "IF Code") which came into effect on 1 January 2012. The Board has assessed the measures included in the IF Code as being consistent with its corporate governance practices and procedures for the financial year and there are no exceptions to be noted. Each of the service providers engaged by the Company is subject to their own corporate governance requirements.

Financial Reporting Process - Description of Main Features
The Board is responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. These include appointing the Administrator to maintain the books and records. The Administrator is authorised and regulated by the Central Bank and must comply with the rules imposed by the Central Bank. The Administrator is also contractually obliged to prepare, for review and approval by the Board, the annual report, including financial statements intended to give a true and fair view, and the half yearly financial statements.

The Board evaluates and discusses significant accounting and reporting issues as the need arises. From time to time the Board may also examine and evaluate the Administrator's financial accounting and reporting routines, while the Administrator has the responsibility in respect of monitoring the internal controls in relation to the financial reporting process.

Risk Assessment
The Board is responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and ensuring the processes are in place for the timely identification of internal and external matters with a potential effect on financial reporting. The Board relies on the Administrator to identify changes in accounting rules and recommendations and to ensure that these changes are accurately reflected in the Company's financial statements.

Corporate Governance Statement (continued)

Control Activities
The Administrator maintains control structures to manage the risks over financial reporting. These control structures include appropriate division of responsibilities and specific control activities aimed at detecting or preventing the risk of significant deficiencies in financial reporting for every significant account in the financial statements and the related notes in the Company's annual report. Examples of control activities exercised by the Administrator include analytical review procedures, reconciliations and automated controls over IT systems.

Information and Communication
The Company's policies and the Board's consideration of areas of relevance for financial reporting on an annual basis are updated and communicated via appropriate channels, such as e-mail, correspondence and meetings to ensure that all financial reporting information requirements are met in a complete and accurate manner.

Monitoring
The Board receives regular presentations and reviews reports from the Depositary, Investment Manager and Administrator. The Board relies on the Administrator's process to ensure that appropriate measures are taken to consider and address any shortcomings identified and measures recommended by the Auditors.

Capital Structure
No person has any special rights of control over the Company's share capital.
There are no restrictions on voting rights.

Powers of the Directors
With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, Irish statute comprising the Companies Act 2014 as applicable to investment funds and the Central Bank UCITS Regulations. The Articles of Association themselves may be amended by special resolution of the Shareholders.

The Board is responsible for managing the business affairs of the Company in accordance with the Articles of Association. The Directors may delegate certain functions to the Investment Manager and other parties, subject to the supervision and direction by the Directors. The Directors have delegated the day-to-day administration of the Company to the Administrator and the investment management and distribution functions to the Investment Manager.

Shareholder Meetings
The Annual General Meeting of the Company will usually be held in Ireland, normally within six months of the end of each financial year. Notice convening the Annual General Meeting in each year at which the audited financial statements of the Company will be presented (together with the Directors' and Independent Auditors' Reports of the Company) will be sent to Shareholders at their registered addresses not less than 21 clear days before the date fixed for the meeting. Other general meetings may be convened from time to time by the Directors in such manner as provided by Irish law.

Each of the Shares entitles the holder to attend and vote at meetings of the Company represented by those Shares. Matters may be determined by a meeting of Shareholders on a show of hands unless a poll is requested by any Shareholder having the right to vote at the meeting or unless the chairman of the meeting requests a poll. Each Shareholder has one vote on a show of hands. Each Share gives the holder one vote in relation to any matters relating to the Company which are submitted to Shareholders for a vote by poll.

No class of shares confers on the holder thereof any preferential or pre-emptive rights or any rights to participate in the profits and dividends of any other share class or any voting rights in relation to matters relating solely to any other share class.

Any resolution to alter the class rights of the Shares requires the approval of three quarters of the holders of the Shares represented or present and voting at a general meeting of the class. The quorum for any general meeting of the class convened to consider any alteration to the class rights of the Shares shall be such number of Shareholders being two or more persons whose holdings comprise one third of the Shares.

DIRECTORS' REPORT (CONTINUED)

Corporate Governance Statement (continued)

Shareholder Meetings (continued)

Each of the Shares other than Subscriber Shares entitles the Shareholder to participate equally on a pro-rata basis in the dividends and net assets of the Fund in respect of which the Shares have been issued, save in the case of dividends declared prior to becoming a Shareholder.

Subscriber Shares entitle the Shareholders holding them to attend and vote at all general meetings of the Company but do not entitle the holders to participate in the dividends or net assets of the Company.

Composition and Operation of Board and Committees
There are currently three Directors and one alternate Director, all of whom are Non-Executive Directors and two of whom are independent of the Investment Manager as required by the Irish Stock Exchange Listing Rules for investment funds. The Directors may be removed by the shareholders by ordinary resolution in accordance with the procedures established under the Companies Act. The Board meets at least quarterly. There are no sub-committees of the Board.

On behalf of the Board of Directors

Richard Hayes	**David Hammond**
Director	**Director**
20 April 2017	

INVESTMENT MANAGER'S REPORT

2016 Review

Full Year Review

The fund returned 7.14% over the full year, just ahead of the index. The key positive contributor on a thematic basis to 2016 performance by a country mile was Vietnam, which saw a huge absolute contribution to NAV of 830bps and a return on investment of 51.5%.

Despite having a less convincing fourth quarter, the clean energy theme was also a good contributor in 2016 overall, led by **Tung Thih**. The theme made a positive contribution of 140bps and a return on capital of 4.1% in the year. The performance of this theme would have been stronger were it not for Indian wind power company, **Inox Wind**, which detracted 120bps from performance.

Our sensors, infrastructure and smart textiles themes all made similar absolute positive contributions to performance and saw returns on investment in the region of 15-25%. Stand out stocks were Pakistan cement producer, **DG Khan Cement**, Victoria's Secret supplier, **Best Pacific**, smart phone casing maker, **Tongda**, and Singapore listed sensor maker for consumer electronics and autos, **Innovalues**.

The portion of the portfolio which saw negative returns on an absolute and return on investment basis was relatively small at just 11%. The biggest drag in absolute terms was the financialisation theme, owing to **iFast** and **CARE**. Both these companies have since been sold. Ecommerce, drones and mobile gaming had a small negative impact.

Outlook

Globally there is emerging a new kind of leadership. It seems chaotic and how it plays out in Asia remains to be seen. Our approach is, therefore, currently one of modest caution on all fronts whilst being reasonably constructive about growth in 2017.

From an economic point of view, evidence shows clearly that there is currently a nice and visible pick-up in nominal GDP in Asia. This is accompanied by steady CPI, a recovery in PPI and, for the first time in 5 years, a sprightly earnings recovery projected of double digit improvement after flat or negative earnings in the past few years. Additionally there is a flattening of the trend of the past 7 years of declining ROE in Asia, which could bode a recovery. All of these factors auger well for the year ahead.

We believe that our 'growth regardless of the economic cycle' approach is the correct one in the current environment, given that there are bound to be fluctuations in sentiment as the year progresses.

Our focus, as has been a feature of the portfolio for many years, is on Asian domestic stories. This year, in addition to this, we are also focussing more than ever on valuation and value creation. We are also allowing some exposure into the portfolio of companies that will benefit from better growth and rising interest rates. We already have some exposure in this area via our financialisation theme to which we have added to recently, buying **Bank Danamon** in Indonesia. This could prove timely and positive in 2017 after what was admittedly a difficult 2016 for this theme.

To this end, we have also significantly reduced our exposure to any 'expensive growth' stocks (e.g. Malaysian condom maker, **Karex**, and Taiwan ecommerce company, **PCHome Online**) and have added only where significant value exists. Examples include Indian toll road builder and operator, **IRB Infrastructure**, Pakistan cement company, **Fauji Cement**, and Indonesian bank, **Bank Danamon**. Value, as was the case in the latter months of 2016, will continue to be a leitmotif of 2017 until or unless the expectation of a growth recovery is extinguished altogether. As a result, the current valuation of the portfolio stands at 11.6x for 23.1% ROE and a 3.1% dividend yield, which we think stands us in very good stead for 2017.

A Note on the Second Half and Smaller Companies in 2017

The key feature of the final quarter of 2016 was that 'value' performed strongly, a trend which began in July when US bond yields bottomed. Although the Prusik Asian Smaller Companies Fund portfolio is on a P/E of just 11.6x, and thus might have been expected to benefit from the 'value' rally, we are in fact unsurprised by the fund's underperformance since then. Our reasons are as follows.

INVESTMENT MANAGER’S REPORT (CONTINUED)

A Note on the Second Half and Smaller Companies in 2017 (continued)

Firstly, whilst the fund is invested in a large number stocks trading on low P/E’s, it is not invested in low quality, cyclical ‘value’ stocks, such as coal, resources and shipping. It is these low quality, cyclical ‘value’ stocks which have been at the centre of the recent rally.

Secondly, small caps typically lag when ‘value’ performs strongly. This is because when a ‘value’ rally starts there are often lots of large cap stocks on low P/E’s available, meaning that investors can increase their exposure to ‘value’ without having to take on the incremental risk of investing in small caps.

However, importantly, history broadly suggests that while a ‘value’ rally may start with low quality, cyclical ‘value’ stocks, in time growth comes into the equation again and it is the ‘growth at a reasonable price’ (‘GARP’) stocks which subsequently do well. Given the Prusik Asian Smaller Companies Fund’s bias towards stocks with good earnings growth which are on low P/E’s, or ‘GARP’ stocks, we would expect the fund to outperform once the low quality cyclical ‘value’ rally peters out and ‘GARP’ comes into vogue.

Essentially, the message is that we feel this is a great time to be investing in the Prusik Asian Smaller Companies Fund as while it has not benefitted from the low quality cyclical ‘value’ rally, it should benefit as the ‘value’ rally turns to favour ‘GARP’ stocks.

1Q16 Review

Over the first quarter the index rose 1.9% whilst the Prusik Asia Smaller Companies Fund rose 0.5%. We made very few changes to the fund during the period so the lack of an appreciation in the fund NAV was largely a failure of our stocks to rally as much as the index during March. While March was disappointing, we also think it is important to highlight that what did well in the month was mostly low quality cyclical stocks, which is not our typical hunting ground for long term investment ideas.

The best performing themes within small companies this quarter were the electric vehicle theme, ecommerce, and financialisation, whilst our Vietnamese and leisure and tourism companies did less well . Our smart textiles theme, which did well in 2015, became a drag as the supply chains were put under pressure by the key sports brands, threatening margins. In addition inventory build up and competition from the non sportswear segment weighed on the Asian smart textile suppliers. Overall valuations were not sufficiently attractive to weather these headwinds and we exited this theme completely soon after the quarter ended, except for **Best Pacific** which has been a good performer over the full year.

2Q16 Review

Over the quarter the Prusik Asian Smaller Companies Fund rose 8.3% versus the index rise of 0.8%.

It was a tumultuous end to the quarter with the Brexit vote coming at the end of June. We have very little exposure to the UK in the portfolio, or even to Europe, as the vast majority of the portfolio is focused on the Asian consumer, international tech trends and regional drivers.

Against this backdrop, it was particularly pleasing to see the Prusik Asia Smaller Companies Fund enjoy strong returns in 2Q16. As we have highlighted on numerous occasions, the fund saw average profit growth in 2015 of 36%. This was significantly ahead of the average profit growth in 2015 for the index, which stood at just 6%. For our holdings, average profit growth in 1Q16 was 40%. Thus, not only did our companies maintain the strong profit growth seen in 2015, they even improved upon it.

Thematically, the major drivers in the second quarter were Vietnam, led by **Mobile World Group** (smartphone retailer), local brands, led by convenience chain **Philippine Seven** and our remaining exposure in smart textiles, **Best Pacific**. Less supportive was the financialisation theme and ecommerce.

3Q16 Review

Over the third quarter the fund rose 6.4% versus the index which rose 9.8%. The geographical areas which contributed most to performance this quarter were Vietnam, China and Taiwan, whilst Thailand and Korea were both a drag.

3Q16 Review (continued)

Two of our top performing stocks this quarter were in Vietnam and these were **Hoa Binh Construction** and **Mobile World Group**. The former has benefitted hugely from major infrastructure building in Saigon, most notably the rebuilding of District Two. **Mobile World** has been one of our larger holdings for a while and continues to evolve. Its ‘Carphone Warehouse’ type business is now bolstered by a consumer electronics business which is growing fast, largely supported by Vietnam’s leading ecommerce business in Vietnam. More recently, and not without some concern from investors, the company has started a no frills convenience store. Locals love it and we think the company’s expertise in retailing in Vietnam should be very valuable in this new enterprise. However, it is early days. We visited the company in September and came away still very positive on the company’s prospects.

Thematically, the biggest detractor from performance for the fund this quarter was the clean energy theme. Our holdings in this theme were significantly reduced during the period.

4Q16 Review

Over the final quarter of 2016 the Prusik Asian Smaller Companies Fund fell 7.5% versus the index fall of 4.9%, underperforming by 2.6%.

Infrastructure was the only theme which made a positive contribution to performance in the fourth quarter, both in terms of absolute attribution and return on investment. We added to the infrastructure theme during the quarter. New additions include **DG Khan Cement** and **Fauji Cement**, two Pakistan cement companies which were bought in October and December, respectively, and **Huaku**, a Taiwanese property developer, which was bought at the end of November. Finally, internet infrastructure provider, **D-Link India**, was bought in late December. In short, this theme has been built up from October onwards.

At the time of writing the theme has a 9.6% weighting in infrastructure and, aside from **Huaku**, this is concentrated in Pakistan, India and the Philippines, all of which have a strong demographic tailwind, which in turn is driving urbanisation and thus a severe need for investment in infrastructure.

The local brands theme was the biggest negative contributor in absolute terms owing to its weighting in the fund of 22.6% and a return on investment which was a bit weaker than the market. Within the theme, **7-11 Malaysia** (now sold) was the biggest contributor to the underperformance. **Philippine Seven** and **Max’s Group** were also negative contributors, although **Max’s** has been performing ahead of a strong Philippines market in 2017 so far.

Prusik Investment Management LLP

20 April 2017

Prusik Asian Smaller Companies Fund plc

REPORT OF THE DEPOSITARY TO THE SHAREHOLDERS

We have enquired into the conduct of Prusik Asian Smaller Companies Fund plc (the "Company") for the year ended 31 December 2016, in our capacity as Depositary to the Company.

This report including the opinion has been prepared for and solely for the Shareholders in the Company as a body, in accordance with Part 5 of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended, ("the UCITS Regulations"), and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

Responsibilities of the Depositary

Our duties and responsibilities are outlined in Part 5 of the UCITS Regulations. One of those duties is to enquire into the conduct of the Company in each annual accounting period and report thereon to the shareholders.

Our report shall state whether, in our opinion, the Company has been managed in that period in accordance with the provisions of the Company's Memorandum and Articles of Association and the UCITS Regulations. It is the overall responsibility of the Company to comply with these provisions. If the Company has not so complied, we as Depositary must state why this is the case and outline the steps which we have taken to rectify the situation.

Basis of Depositary Opinion

The Depositary conducts such reviews as it, in its reasonable opinion, considers necessary in order to comply with its duties as outlined in Part 5 of the UCITS Regulations and to ensure that, in all material respects, the Company has been managed:

(i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of the constitutional documentation and the appropriate regulations; and

(ii) otherwise in accordance with the provisions of the Memorandum & Articles of Association and the UCITS regulations.

Opinion

In our opinion, the Company has been managed during the year, in all material respects:
(i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the Memorandum & Articles of Association, the UCITS Regulations and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 ("the Central Bank UCITS Regulations"); and

(ii) otherwise in accordance with the provisions of the Memorandum & Articles of Association, the UCITS Regulations and the Central Bank UCITS Regulations.

Brian Cirlin.

Brown Brothers Harriman Trustee Services (Ireland) Limited
30 Herbert Street
Dublin 2
Ireland

20 April 2017

Building a better working world

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRUSIK ASIAN SMALLER COMPANIES FUND PLC

We have audited the financial statements of Prusik Asian Smaller Companies Fund plc for the year ended 31 December 2016 which comprise the Schedule of Investments, the Balance Sheet, Profit and Loss Account, Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is Irish law, the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 (as amended) and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland including FRS 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland* (Generally Accepted Accounting Practice in Ireland).

This report is made solely to the company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report, Investment Manager's Report, Report of the Depositary to the Shareholders and Statement of Significant Changes in the Composition of Portfolio to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Continued /...

Building a better working world

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRUSIK ASIAN SMALLER COMPANIES FUND PLC (Continued)

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2016 and of its profit for the year then ended;

- have been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and

- have been properly prepared in accordance with the requirements of the Companies Act 2014 and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 (as amended).

Matters on which we are required to report by the Companies Acts 2014

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.

- The financial statements are in agreement with the accounting records.

- In our opinion the information given in the directors' report is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of sections 305 to 312 of the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Gareth Harman
for and on behalf of Ernst & Young
Chartered Accountants and Statutory Audit Firm
Dublin

27 April 2017

SCHEDULE OF INVESTMENTS

Country	Holding	Security Description	Cost USD	Value USD	% of Net Assets
Common Stock (31 December 2015: 95.20%)					
China (31 December 2015: 5.72%)					
	1,778,000	Best Pacific International Holdings Ltd.	904,078	1,364,341	3.03%
	1,322,000	HNA Infrastructure Co. Ltd.	1,445,545	1,312,793	2.92%
	3,100,000	Li Ning Co. Ltd.	2,078,349	1,946,995	4.32%
			4,427,972	4,624,129	10.27%
Hong Kong (31 December 2015: 9.10%)					
	3,600,000	Tongda Group Holdings Ltd.	487,169	928,553	2.06%
			487,169	928,553	2.06%
India (31 December 2015: 6.04%)					
	548,000	D-Link India Ltd.	906,686	953,570	2.12%
	80,000	PVR Ltd.	458,449	1,347,282	2.99%
			1,365,135	2,300,852	5.11%
Malaysia (31 December 2015: 3.99%)					
	1,389,000	7-Eleven Malaysia Holdings Bhd.	628,341	439,675	0.98%
	2,025,000	Karex	1,393,440	1,065,314	2.37%
	2,200,000	Syarikat Takaful Malaysia Bhd.	965,176	2,030,317	4.51%
			2,986,957	3,535,306	7.86%
Philippines (31 December 2015: 8.05%)					
	233,900	Holcim Philippines, Inc.	80,364	77,633	0.17%
	3,500,000	Max's Group, Inc.	2,537,453	1,760,121	3.91%
	1,189,825	Philippine Seven Corp.	1,092,572	3,231,106	7.17%
			3,710,389	5,068,860	11.25%
Singapore (31 December 2015: 8.77%)					
	1,740,000	Innovalues Ltd.	792,810	1,198,878	2.66%
			792,810	1,198,878	2.66%
South Korea (31 December 2015: 7.51%)					
	73,000	Woory Industrial Co. Ltd.	1,353,718	1,399,197	3.11%
			1,353,718	1,399,197	3.11%
Sri Lanka (31 December 2015: 2.42%)					
	710,000	Distilleries Co. of Sri Lanka PLC	1,091,496	1,125,086	2.50%
	2,000,000	Hemas Holdings PLC	1,461,220	1,323,308	2.94%
			2,552,716	2,448,394	5.44%
Taiwan (31 December 2015: 11.32%)					
	765,000	Huaku Development Co. Ltd.	1,435,869	1,436,051	3.19%
	117,104	PChome Online, Inc.	1,027,248	1,028,280	2.28%
	560,000	Taiwan Paiho Ltd.	1,684,306	1,657,638	3.68%
	618,000	Wistron NeWeb Corp.	1,566,455	1,654,826	3.67%
			5,713,878	5,776,795	12.82%
United States (31 December 2015: 2.56%)					
	123,797	Bizlink Holding, Inc.	535,813	639,555	1.42%
			535,813	639,555	1.42%

SCHEDULE OF INVESTMENTS (CONTINUED)

Country	Holding	Security Description	Cost USD	Value USD	% of Net Assets
Common Stock (31 December 2015: 95.20%) (continued)					
Vietnam (31 December 2015: 20.40%)					
	176,213	Coteccons Construction JSC	587,222	1,412,273	3.14%
	556,000	Dong Hai JSC of Bentre	978,563	915,638	2.03%
	1,322,500	FPT Corp.	1,739,231	2,555,443	5.67%
	730,000	Hoa Binh Construction & Real Estate Corp.	507,174	974,573	2.16%
	440,000	Hoa Sen Group	946,554	983,532	2.18%
	510,000	Mobile World Investment Corp.	2,343,661	3,493,918	7.76%
			7,102,405	10,335,377	22.94%
		Total Common Stock	**31,028,962**	**38,255,896**	**84.94%**
Warrant (31 December 2015: 0.00%)					
Pakistan (31 December 2015: 0.00%)					
	580,000	DG Khan Cement Co. Ltd. 25/10/2021	970,367	1,230,816	2.73%
	2,800,000	Fauji Cement Co. 13/12/2021	1,142,464	1,206,607	2.68%
	67,000	Indus Motor Co. Ltd. 25/10/2021	985,167	1,032,990	2.29%
			3,097,998	3,470,413	7.70%
		Total Warrants	**3,097,998**	**3,470,413**	**7.70%**
		Total Fair Value of Investments	**34,126,960**	**41,726,309**	**92.64%**

Forward Foreign Currency Contracts (31 December 2015: (0.12%))

Currency Bought	Amount Bought	Currency Sold	Amount Sold	Maturity Date	Counterparty	Unrealised Gain/(Loss)	% of Net Assets
USD	28,100	SGD	(40,032)	11/01/2017	Brown Brothers Harriman	380	0.00%
USD	32,200	SGD	(45,708)	11/01/2017	Brown Brothers Harriman	550	0.00%
USD	78,100	GBP	(61,226)	11/01/2017	Brown Brothers Harriman	2,766	0.00%
USD	94,500	GBP	(74,473)	11/01/2017	Brown Brothers Harriman	2,867	0.01%
	Total unrealised gains on Forward Foreign Currency Contracts					**6,563**	**0.01%**
	Total Financial Assets at Fair Value through Profit or Loss					**41,732,872**	**92.65%**
SGD	1,822,087	USD	(1,288,759)	11/01/2017	Brown Brothers Harriman	(27,058)	(0.06%)
GBP	3,380,079	USD	(4,221,449)	11/01/2017	Brown Brothers Harriman	(62,513)	(0.14%)
	Total unrealised losses on Forward Foreign Currency Contracts					**(89,571)**	**(0.20%)**
	Total Financial Liabilities at Fair Value through Profit or Loss					**(89,571)**	**(0.20%)**

	Value USD	% of Net Assets
Cash	3,048,554	6.77%
Other Net Assets	349,129	0.78%
Net Assets Attributable to Holders of Redeemable Participating Shares	**45,040,984**	**100.00%**

BALANCE SHEET

	Notes	As at 31 December 2016 USD	As at 31 December 2015 USD
Assets			
Financial assets, at cost		34,126,960	43,599,383
Financial assets at fair value through profit or loss			
- Transferable securities		38,255,896	47,703,668
- Warrants		3,470,413	–
- Financial derivative instruments		6,563	57,756
Cash	8	3,048,554	2,670,925
Margin cash due from broker		–	326
Receivable for investments sold		1,001,384	–
Subscriptions receivable		14,447	–
Other assets		–	11,492
Total assets		**45,797,257**	**50,444,167**
Liabilities			
Financial liabilities at fair value through profit or loss			
- Financial derivative instruments		89,571	117,696
Redemptions payable		454,322	18,746
Investment management fees	2	54,440	61,851
Administration fees	3	24,646	25,147
Depositary fees	4	17,825	30,493
Directors' fees	5	7,275	10,575
Audit fees	6	8,529	8,035
Performance fees	2	18,994	2,087
Professional fees		80,274	58,550
Other liabilities		397	2,776
Total liabilities		**756,273**	**335,956**
Net Assets Attributable to Holders of Redeemable Participating Shares		**45,040,984**	**50,108,211**

The accompanying notes form an integral part of the financial statements.

BALANCE SHEET (CONTINUED)

	Notes	As at 31 December 2016	As at 31 December 2015	As at 31 December 2014
Class A Dollar Non-Distributing Class				
Net Assets		USD 25,663,567	USD 28,569,944	USD 70,372,262
Outstanding Redeemable Participating Shares	1	172,074	205,235	440,944
Net Asset Value per Share		USD 149.14	USD 139.21	USD 159.59
Class B Dollar Distributing Class				
Net Assets		USD 10,114,140	USD 8,722,088	USD 12,652,303
Outstanding Redeemable Participating Shares	1	68,416	62,614	79,206
Net Asset Value per Share		USD 147.83	USD 139.30	USD 159.74
Class C Sterling Distributing Class				
Net Assets		GBP 3,352,051	GBP 3,143,814	GBP 8,749,292
Outstanding Redeemable Participating Shares	1	43,001	42,841	104,743
Net Asset Value per Share		GBP 77.95	GBP 73.38	GBP 83.53
Class D Singapore Dollar Distributing Class				
Net Assets		SGD 1,793,969	SGD 6,569,786	SGD 88,049,231
Outstanding Redeemable Participating Shares	1	8,771	34,072	400,858
Net Asset Value per Share		SGD 204.52	SGD 192.82	SGD 219.65
Class E Singapore Dollar Distributing Class				
Net Assets		SGD 2,055,364	SGD 1,816,263	SGD 1,830,373
Outstanding Redeemable Participating Shares	1	14,070	13,820	13,179
Net Asset Value per Share		SGD 146.08	SGD 131.43	SGD 138.88
Class U Sterling Unhedged Distributing Class				
Net Assets		GBP 2,011,511	GBP 1,500,534	GBP 1,929,084
Outstanding Redeemable Participating Shares	1	18,591	17,480	20,623
Net Asset Value per Share		GBP 108.20	GBP 85.84	GBP 93.54

For and on behalf of the Board of Directors of Prusik Asian Smaller Companies Fund plc

Richard Hayes **Director** **20 April 2017**	**David Hammond** **Director**

The accompanying notes form an integral part of the financial statements.

PROFIT AND LOSS ACCOUNT

	Notes	For the year ended 31 December 2016 USD	For the year ended 31 December 2015 USD
Investment income			
Dividend income		856,688	1,905,521
Interest income		4,031	1,088
Miscellaneous income		49,259	29,673
Net realised (loss)/gain on financial assets and liabilities at fair value through profit or loss		(1,132,545)	7,469,444
Movement in net unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss		3,406,818	(13,203,053)
Total income/(loss)		**3,184,251**	**(3,797,327)**
Expenses			
Investment management fees	2	666,126	1,399,388
Administration fees	3	95,128	95,678
Depositary fees	4	56,392	103,026
Directors' fees	5	37,854	31,914
Audit fees	6	21,371	20,134
Professional fees		135,853	117,609
Performance fees	2	50,033	107,506
Transaction costs		169,792	861,805
Other expenses		5,275	10,896
Total expenses		**1,237,824**	**2,747,956**
Net income/(expense) before finance costs		**1,946,427**	**(6,545,283)**
Finance costs			
Overdraft interest		–	(15,013)
Distributions paid		(176,185)	–
Indian capital gains tax		–	(425,085)
Total finance costs		**(176,185)**	**(440,098)**
Withholding tax on dividends		(51,300)	(89,225)
Change in Net Assets Attributable to Holders of Redeemable Participating Shares from Operations		**1,718,942**	**(7,074,606)**

Gains and losses arise solely from continuing operations. There were no recognised gains or losses other than those reflected above and therefore, no statement of total recognised gains and losses has been presented.

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES

	Notes	For the year ended 31 December 2016 USD	For the year ended 31 December 2015 USD
Change in Net Assets Attributable to Holders of Redeemable Participating Shares from Operations		1,718,942	(7,074,606)
Capital Share Transactions of Redeemable Participating Shares			
Proceeds from issuance of Redeemable Participating Shares	1	4,036,214	6,964,845
Payments on redemption of Redeemable Participating Shares	1	(10,839,068)	(117,467,597)
Issuance of Redeemable Participating Shares in exchange for cancellation of performance fee equalisation credits	2	16,685	–
Net decrease from Capital Share Transactions of Redeemable Participating Shares		(6,786,169)	(110,502,752)
Change in Net Assets Attributable to Holders of Redeemable Participating Shares		(5,067,227)	(117,577,358)
Net Assets Attributable to Holders of Redeemable Participating Shares at the beginning of the year		50,108,211	167,685,569
Net Assets Attributable to Holders of Redeemable Participating Shares at the end of the year		**45,040,984**	**50,108,211**

The accompanying notes form an integral part of the financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and estimation techniques adopted by the Company are as follows:

Basis of Preparation of Financial Statements

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Act 2014 and the Central Bank (Supervision and Enforcement) Act 2013 (section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 (S.I. No. 420 of 2015), as amended (the "Central Bank UCITS Regulations"). The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention, as modified by the reduction of financial assets and financial liabilities at fair value through profit or loss, and they comply with accounting standards issued by the Financial Reporting Council ("FRC"), as promulgated by the Institute of Chartered Accountants in Ireland. Financial statements are prepared on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The financial reporting standard applicable in the UK and Republic of Ireland ("FRS 102") is effective for accounting periods beginning on or after 1 January 2015 and replaces the accounting standards under which the financial statements of the Company were previously prepared.

The information required to be included in the Statement of Total Recognised Gains and Losses and a Reconciliation of Movements in Shareholders Funds, is, in the opinion of the Directors contained in the Profit and Loss account and the Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares on pages 19 and 20, respectively.

The Company has availed of the exemption available to open-ended investment funds under FRS 102 not to prepare a cash flow statement.

Financial Assets and Financial Liabilities at Fair Value through Profit or Loss

(i) Classification
The Company has chosen to apply the recognition and measurement provisions of International Accounting Standard 39: 'Financial Instruments: Recognition and Measurement' ("IAS 39"), (as adopted for use in the European Union) and the disclosure and presentation requirement of FRS 102 to account for all the financial instruments. The Company has designated all of its investments into financial assets or financial liabilities at fair value through profit or loss.

Financial assets and financial liabilities held for trading
These include equities and forward foreign currency contracts held by the Company. These instruments are acquired or incurred principally for the purpose of generating a profit from short-term fluctuation in price. All the Company's assets and liabilities are held for the purpose of being traded or are expected to be realised within one year.

Financial instruments designated as at fair value through profit or loss upon initial recognition
These include Financial Assets or Financial Liabilities that are not held for trading. These financial instruments are designated on the basis that their fair value can be reliably measured and their performance has been evaluated on a fair value basis in accordance with the risk management and/or investment strategy as set out in the Company's Prospectus. There were no such financial instruments designated as at fair value through profit or loss upon initial recognition held by the Company at the year end.

(ii) Recognition
All regular purchases and sales of financial instruments are recognised on the trade date, subject to receipt before agreed cut-off time, which is the date that the Company commits to purchase or sell an asset. Regular way purchase or sales of financial instruments that require delivery of assets within the period generally established by regulation or convention in the market place.

Gains and losses arising from changes in the fair value of the financial assets or financial liabilities at fair value through profit or loss are included in the Profit and Loss Account in the year in which they arise. Dividends are credited to the Profit and Loss Account on the dates on which the relevant securities are listed as "ex-dividend".

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Assets and Financial Liabilities at Fair Value through Profit or Loss (continued)

(iii) Derecognition
A financial asset (or, where applicable a part of a financial asset or part of a group of similar assets) is derecognised where:

- The rights to receive cash flows from the assets have expired; or
- The Company has transferred its rights to receive cash flows from the assets or has assumed an obligation to pay the received cash flows in full without material delay to a third party under "pass through" arrangements; or
- Either (a) the Company has transferred substantially all the risks and rewards of the assets, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

The Company derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expired.

(iv) Initial Measurement
Financial instruments categorised at fair value through profit or loss are measured initially at fair value, with transaction costs for such instruments being recognised directly in the Profit and Loss Account.

Financial liabilities, other than those classified as at fair value through profit and loss are recognised initially at fair value plus transaction costs that are directly attributable to their acquisition or issue.

Components of hybrid financial instruments are measured in accordance with the above policies based on their classification.

(v) Subsequent Measurement
After initial measurement, the Company measures financial instruments classified as financial assets at fair value through profit or loss at their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The value of any security which is not quoted, listed or dealt in on a Recognised Exchange or which is so quoted, listed or dealt but for which no such quotation or value is available or the available quotation or value is not representative of the fair market value shall be the probable realisation value as estimated with care and good faith by the Directors or by a competent person, firm or corporation appointed for such purpose by the Depositary.

Cash and other Liquid Assets
Cash comprises current deposits with banks. Cash and other liquid assets will be valued at their face value with accrued interest on interest bearing accounts as at the close of business on each valuation date.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Assets and Financial Liabilities at Fair Value through Profit or Loss (continued)

Derivative Instruments
Derivative instruments traded on a regulated market shall be valued at the settlement price as determined by the market. If the settlement price is not available, the value shall be the probable realisation value estimated with care and in good faith by (i) the Directors or the Investment Manager or (ii) a competent person, firm or corporation selected by the Directors and approved for the purpose by the Depositary or (iii) any other means provided that the value is approved by a competent person (such competent person having been approved for the purpose by the Depositary). Derivative contracts which are not traded on a regulated market including without limitation swap contracts will be valued on the basis of a quotation provided daily by the relevant counterparty and verified or approved at least weekly by a party independent of the counterparty, including the Investment Manager, or another independent party which is approved for such purpose by the Depositary. Apart from forward foreign currency contracts as at 31 December 2016 and 31 December 2015 the Company did not hold any derivative instruments.

Forward Foreign Currency Contracts
Forward foreign currency contracts shall be valued in the same manner as derivatives contracts which are not traded in a regulated market or by reference to the price at the Valuation Point at which new forward contract of the same size and maturity could be undertaken. The forward foreign currency contracts held by the Company as at 31 December 2016 are included in the Schedule of Investments.

Forward foreign exchange contracts represent obligations to purchase or sell foreign currency on a specified future date at a price fixed at the time the contracts are entered into. The values of the forward foreign exchange contracts are adjusted daily based on the applicable exchange rate of the underlying currency. Changes in the value of these contracts are recorded as unrealised appreciation or depreciation until the contract settlement date. When the forward contract is closed, the sub-fund records a realised gain or loss equal to the difference between the value at the time the contract was opened and the value at the time it was closed.

The unrealised appreciation/(depreciation) on forward foreign exchange contracts is disclosed in the Balance Sheet under “Financial assets at fair value through profit or loss – Financial derivative instruments”. Realised gains/(losses) and change in unrealised appreciation/depreciation resulting there from are included in the Profit and Loss Account respectively under “Net realised gain/(loss) on financial assets and liabilities at fair value through profit or loss” and “Movement in net unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss”.

Collective Investment Schemes and Real Estate Investment Trusts
Units in collective investment schemes shall be valued at the latest available net asset value per unit or bid price as published by the relevant collective investment scheme or, if traded on a Recognised Exchange, in accordance with listed securities above. As at 31 December 2016 and 31 December 2015 the Company did not hold any collective investment schemes units.

Warrants
The Company may invest in warrants. Warrants which are fully paid up and have a zero strike price exhibit the identical risk and return characteristics as in the case where the Company had acquired the underlying equity directly. Such warrants are valued at the last traded price for the underlying equity quoted on the stock exchange or principal market on which it is listed. The warrants held by the Company as at 31 December 2016 are included in the Schedule of Investments.

Distributions Payable to Holders of Redeemable Participating Shares

The Company received Reporting Fund Status from HMRC with effect from 1st January 2010 (the Company previously had been registered as having distributor status for the year ended 31 December 2009). The Directors, at their discretion, can propose to distribute any of the net investment income of the Class B Dollar Distributing Class, the Class C Sterling Distributing Class, the Class D Singapore Dollar Distributing Class, the Class E Singapore Dollar Distributing Class and the Class U Sterling (Unhedged) Distributing Class of the Company. In the event that a dividend is paid it will be paid out of the net investment income and/or net realised and unrealised capital gains (i.e. realised and unrealised gains net of realised and unrealised losses) of the Company.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Assets and Financial Liabilities at Fair Value through Profit or Loss (continued)

Distributions Payable to Holders of Redeemable Participating Shares (continued)

It is currently anticipated that, if there is net income to distribute, a dividend will be declared in April of each year, and will be paid within two months of declaration. However, the Directors may at their discretion determine the frequency at which a dividend is paid. Shareholders will be notified of any change in the frequency of the payment of dividends. Distributions to holders of redeemable participating shares are recorded in the Profit and Loss Account as finance costs when paid. Distributions paid or payable during the year ended 31 December 2016 were USD 176,185 (Nil: 31 December 2015).

The following table summarises the distributions paid by the Company during the year ended 31 December 2016:

Share Class	Ex-Date	Distribution per Share USD
Class B Dollar Distributing Class	1 July 2016	1.4345
Class C Sterling Distributing Class	1 July 2016	1.0736
Class D Singapore Dollar Distributing Class	1 July 2016	1.4431
Class U Sterling (Unhedged) Distributing Class	1 July 2016	1.2959

As at 31 December 2015 no distributions were paid or payable from the Company.

Foreign Exchange Translation

Functional and Presentation Currency
Items included in the Company's financial statements are measured using the currency in which Shareholder transactions take place (the "functional currency") which is US Dollars ("USD"). The Company's reporting currency is also USD.

Transactions and Balances
Assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at the exchange rates ruling at the balance sheet date. Transactions in currencies other than the functional currency are translated into the functional currency at the exchange rates ruling at the dates of the transactions. Gains and losses on foreign exchange transactions are recognised in the Profit and Loss Account in determining the result for the year.

Investment Transactions and Investment Income

Investment transactions are accounted for as at the date purchased or sold. Gains and losses arising from changes in the fair value of the Financial Assets at fair value through profit or loss are included in the Profit and Loss account in the year in which they arise.

Interest Income and Interest Expenses

Interest income and interest expenses are recognised on an accruals basis in line with the contractual terms. Interest is accrued on a daily basis.

Dividend Income

Dividends are credited to the Profit and Loss Account on the dates on which the relevant securities are listed as "ex-dividend". Income is shown gross of any non-recoverable withholding taxes and net of any tax credits. Withholding tax is shown as a finance cost in the Profit and Loss Account.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Assets and Financial Liabilities at Fair Value through Profit or Loss (continued)

Transaction Costs

Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs. Transaction costs are recognised in the Profit and Loss Account as an expense.

Expenses

Expenses are recognised in the Profit and Loss Account on an accruals basis.

Subscriptions Receivable

Subscriptions receivable represents amounts for transactions contracted for but not yet paid for by the end of the year. These amounts are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition. The carrying amount approximates to their fair value.

Receivable for Investments Sold

Receivables for investments sold represent amounts due from brokers for securities sold (in a regular way transaction) that have been contracted for, but not yet delivered, on the Statement of Financial Position date. These amounts are initially recognised and subsequently measured in accordance with the significant accounting policies for financial assets and financial liabilities at fair value through profit or loss set out above.

NOTES TO THE FINANCIAL STATEMENTS

1. Share Capital

Authorised
The authorised capital of the Company is Euro (“EUR”) 300,000 divided into 300,000 non-participating Shares of no par value and 500 billion Redeemable Participating Shares of no par value.

Non-Participating Shares
There are currently 300,000 redeemable non-participating Shares authorised, with two in issue. The non-participating Shares do not form part of the NAV of the Company and are thus disclosed in the financial statements by way of this note only. In the opinion of the Directors, this disclosure reflects the nature of the Company’s business as an investment fund.

Redeemable Participating Shares
The net assets attributable to holders of Redeemable Participating Shares are at all times equal to the NAV of the Company. Redeemable Participating Shares are redeemable at the Shareholder’s option and are classified as Financial Liabilities under FRS 102 “Financial Instruments: Disclosure and Presentation” (“FRS 102”) as they can be redeemed at the option of the Shareholder. Net Assets Attributable to Holders of Redeemable Participating Shares represent a liability in the Balance Sheet, carried at the redemption amount that would be payable at the balance sheet date if a Shareholder exercised the right to redeem. Consequently the differences adjust the carrying amount of Net Assets Attributable to Holders of Redeemable Participating Shares and are recognised in the Profit and Loss Account.

The movement in the number of redeemable participating shares for the year ended 31 December 2016 is as follows:

	Class A Dollar Non-Distributing Class Shares	**Class B Dollar Distributing Class Shares**	**Class C Sterling Distributing Class Shares**
At the beginning of the year	205,235	62,614	42,841
Redeemable Participating Shares issued	4,654	19,219	411
Redeemable Participating Shares redeemed	(37,815)	(13,417)	(251)
At the end of the year	172,074	68,416	43,001

	Class D Singapore Dollar Distributing Class Shares	**Class E Singapore Dollar Distributing Class Shares**	**Class U Sterling Unhedged Distributing Class Shares**
At the beginning of the year	34,072	13,820	17,480
Redeemable Participating Shares issued	46	250	3,707
Redeemable Participating Shares redeemed	(25,347)	–	(2,596)
At the end of the year	8,771	14,070	18,591

1. Share Capital (continued)

The movement in the number of redeemable participating shares for the year ended 30 December 2015 is as follows:

	Class A Dollar Non-Distributing Class Shares	Class B Dollar Distributing Class Shares	Class C Sterling Distributing Class Shares
At the beginning of the year	440,944	79,206	104,743
Redeemable Participating Shares issued	7,085	1,311	93
Redeemable Participating Shares redeemed	(242,794)	(17,903)	(61,995)
At the end of the year	205,235	62,614	42,841

	Class D Singapore Dollar Distributing Class Shares	Class E Singapore Dollar Distributing Class Shares	Class U Sterling Unhedged Distributing Class Shares
At the beginning of the year	400,858	13,179	20,623
Redeemable Participating Shares issued	3,379	641	34,320
Redeemable Participating Shares redeemed	(370,165)	–	(37,463)
At the end of the year	34,072	13,820	17,480

Application for redemption of Redeemable Participating Shares may be submitted prior to 5.00pm Irish time two calendar days before any Dealing Day (the “dealing deadline”) or such other time as the Board of Directors may determine, provided that the dealing deadline is no later than the valuation point for the Company. Shares will be issued at the NAV per Share based on last traded prices.

Holders of the Distributing Class are entitled to receive all dividends declared and paid by the Company. Upon winding up, the holders are entitled to a return of capital based on the NAV per Share of the Company.

2. Investment Management Fees

The Company has entered into an Investment Management Agreement with Prusik Investment Management LLP (the “Investment Manager”) pursuant to which the Investment Manager manages the Company’s investments on a discretionary basis.

The Investment Manager receives from the Company a fee of 1.5% per annum of the NAV of the Company together with Value Added Tax (“VAT”), if any, on such fee for all share classes, with the exception of the Class E Singapore Dollar Distributing Class which does not charge a management fee. Fees payable to the Investment Manager shall be accrued at each Valuation Point and shall be payable monthly in arrears. The Company shall bear the cost of any VAT applicable to any fees or other amounts payable to or by such nominee in the performance of their respective duties.

The Investment Manager earned a fee of USD 666,126 during the year ended 31 December 2016 (USD 1,399,388: 31 December 2015), of which USD 54,440 is outstanding at the year end (USD 61,851: 31 December 2015).

Performance fee and equalisation

In relation to Classes A, B, C, D and U the Investment Manager also receives a Performance Fee out of the assets of the Company. The Performance Fee is calculated in respect of each twelve month period ending on 31 December respectively in each year (a “Calculation Period”) for Classes A, B, C, D and quarterly for Class U. For each Calculation Period, the Performance Fee in respect of each Share will be equal to 10% of the appreciation in the Net Asset Value per Share during that Calculation Period above the base Net Asset Value per Share. The base Net Asset Value per Share is the greater of the Net Asset Value per Share at the time of issue of that Share and the highest Net Asset Value per Share achieved as at the end of any previous Calculation Period (if any) during which such Share was in issue.

2. Investment Management Fees (continued)

Performance fee and equalization (continued)

In the case of Classes A, B, C and D there is a further calculation, which is intended to ensure the performance fee for these classes is based on the performance of each individual shareholding, and the result of this calculation is that certain shareholders may benefit from a credit against future performance fees referred to as an equalisation credit. Other shareholders may be required to pay additional amounts of performance fee if they have subscribed for shares at a time when the Net Asset Value per Share of the relevant class is less than that when a performance fee was last paid for that class. The Investment Manager will not charge the Holders of Participating Shares of the Company a performance fee if the Net Asset Value does not appreciate by more than 6% per annum for classes A, B, C and D or 1.5% per quarter for class U.

For further details on the Performance Fee calculations and Equalisation Credits please refer to the Prospectus. The Investment Manager may, at its sole discretion, agree with any Shareholder, to rebate, return and or remit any part of the Management and Performance Fee which are paid or payable to the Investment Manager. Details of the Performance fees and Equalisation fees charged to the Company and payable at the end of the year are included in the Profit and Loss Account and Balance Sheet, respectively. The class E Singapore Dollar Distributing Class will not be charged a Performance Fee.

A Performance Fee of USD 50,033 was earned during the period ended 31 December 2016 (USD 107,506: 31 December 2015), which includes USD 16,685 due to the issuance of redeemable participating shares in exchange for cancellation of performance fee equalisation credits (USD Nil: 31 December 2015). The performance fee outstanding at the period end was USD 18,994 (USD 2,087: 31 December 2015).

3. Administration Fees

The Company pays Brown Brothers Harriman Fund Administration Services (Ireland) Limited (the “Administrator”) a fee of 0.04% of the NAV of the Company if the NAV is less than USD 200,000,000, 0.03% of any increment greater than USD 200,000,000 and less than USD 400,000,000, and 0.02% of any increment greater than USD 400,000,000 (plus VAT, if any), subject to a minimum monthly charge of USD4,000. Additional Classes in excess of two Classes shall be charged at USD 250 per month. The Administrator is also entitled to receive registration fees and transaction and reporting charges at normal commercial rates which shall accrue daily and be paid monthly in arrears.

The Administrator is also entitled to be repaid out of the assets of the Company all of its reasonable out-of-pocket expenses incurred on behalf of the Company which shall include legal fees, couriers’ fees and telecommunication costs and expenses together with VAT, if any, thereon.

The Administrator earned a fee of USD 95,128 during the year ended 31 December 2016 (USD 95,678: 31 December 2015), of which USD 24,646 is outstanding at the year end (USD 25,147: 31 December 2015).

4. Depositary Fees

The Company pays Brown Brothers Harriman Fund Administration Services (Ireland) Limited (the “Depositary”) the Depositary a trustee fee of 0.02% of the NAV of the Company. The Company shall also pay the fees and reasonable transaction charges (charged at normal commercial rates) of any sub-depositary appointed by the Depositary. The Depositary fees are payable monthly in arrears, subject to a minimum charge of USD 36,000 per annum.

The Depositary shall also be entitled to be repaid all of its disbursements out of the assets of the Company, including legal fees, couriers’ fees and telecommunication costs and expenses and the fees, transaction charges and expenses of any sub-depositary appointed by it which shall be at normal commercial rates together with VAT, if any, thereon.

The Depositary earned a fee of USD 56,392 during the year ended 31 December 2016 (USD 103,026: 31 December 2015), of which USD 17,825 is outstanding at the year end (USD 30,493: 31 December 2015).

5. Directors' Fees

The Directors of the Company are entitled to a fee in remuneration for their services of EUR 15,000 each (plus VAT, if any) per annum. In addition, the Directors are entitled to special remuneration if called upon to perform any special or extra services to the Company. All Directors are entitled to reimbursement by the Company of expenses properly incurred in connection with the business of the Company or the discharge of their duties. Heather Manners and Tony Morris have waived their entitlement to Directors fees (as disclosed in Note 7).

Directors' fees and expenses charged during the year were:

- David Hammond: USD 18,927 (2015: USD 15,957)
- Richard Hayes: USD 18,927 (2015: USD 15,957)

The Directors earned fees of USD 37,854 during the year ended 31 December 2016 (USD 31,914: 31 December 2015), of which USD 7,275 is outstanding at the year end (USD 10,575: 31 December 2015).

6. Auditors Remuneration

Audit fees charged to the Profit and Loss Account for the year ended 31 December 2016 amounted to USD 21,371 (USD 20,134: 31 December 2015) of which USD 8,529 is outstanding at the year ended 31 December 2016 (USD 8,035: 31 December 2015). This represents remuneration for work carried out for the Company for statutory audit of financial statements. There were no other fees paid to statutory auditor other than the audit fee.

Remuneration for work carried out for the Company by its statutory audit firm for the years ended 31 December 2016 and 31 December 2015 was as follows:

	Year ended 31 December 2016 USD	Year ended 31 December 2015 USD
Statutory audit fees	21,371	20,134

7. Related Parties

Directors

Heather Manners, a Director of the Company, is Chief Investment Officer of the Investment Manager and has not been paid a fee for the year ended 31 December 2016.

Tony Morris, Alternate Director for Heather Manners, is also a partner and is Chief Operating Officer and Head of Trading of the Investment Manager. As an Alternate Director, he is not entitled to receive a director's fee from the Company.

The following Directors and related parties held Shares in the Company as at 31 December 2016:

Related Party	Shares held	Share Class
Heather Manners	5,280	Class E Singapore Dollar Distributing Class
Prusik Investment LLP	83	Class E Singapore Dollar Distributing Class
Thomas Naughton (Partner of the Investment Manager)	2,731	Class E Singapore Dollar Distributing Class
Tony Morris	2,750	Class E Singapore Dollar Distributing Class
Tony Morris (Spouse)	287	Class E Singapore Dollar Distributing Class
Richard Hayes	2,753	Class E Singapore Dollar Distributing Class
Han Leng Chow (employee of Prusik)	126	Class E Singapore Dollar Distributing Class
Amirah Rani (employee of Prusik)	59	Class E Singapore Dollar Distributing Class

The following Directors and related parties held Shares in the Company as at 31 December 2015:

Related Party	Shares held	Share Class
Heather Manners	5,280	Class E Singapore Dollar Distributing Class
Prusik Investment LLP	83	Class E Singapore Dollar Distributing Class
Thomas Naughton (Partner of the Investment Manager)	2,731	Class E Singapore Dollar Distributing Class
Tony Morris	2,500	Class E Singapore Dollar Distributing Class
Tony Morris (Spouse)	287	Class E Singapore Dollar Distributing Class
Richard Hayes	2,753	Class E Singapore Dollar Distributing Class

8. Cash

	31 December 2016 USD	31 December 2015* USD
Bank of Tokyo – Mitsubishi, Grand Cayman	–	2,670,846
Brown Brothers Harriman & Co.	458,177	79
HSBC Bank Plc	312,372	–
Standard Chartered Bank, Singapore	2,278,005	–
	3,048,554	2,670,925

*The figure has been adjusted to account for balances in the name of the Company.

Cash balances are held with the sub-depositary and other eligible institutions on overnight deposits as part of the Depositary Agreement. The Depositary performs oversight in respect of the sub-depositary's appointment and conducts an annual due diligence review.

9. Taxation

The Company qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997 (as amended). It is not chargeable to Irish tax on its income and gains.

Tax may arise on the happening of a chargeable event. A chargeable event includes any distribution payments to Shareholders or any encashment, redemption or transfer of Shares. No tax will arise on the Company in respect of chargeable events in respect of:

- a Shareholder who is not Irish resident and not ordinarily resident in Ireland at the time of the chargeable event, provided the necessary signed statutory declarations are held by the Company; and
- certain exempted Irish tax investors who have provided the Company with the necessary signed statutory declarations.

The holding of Shares at the end of a Relevant Period will, in respect of Irish Resident investors, also constitute a chargeable event. To the extent that any tax issues arise on such a chargeable event, such tax will be allowed as a credit against any tax payable on the subsequent encashment, redemption, cancellation or transfer of the relevant Shares.

A Relevant Period is defined as a period of eight years beginning with the acquisition of a Share by a Shareholder and each subsequent period of eight years beginning immediately after the preceding relevant period.

Dividend income and interest received by the Company may be subject to non-recoverable withholding tax in the countries of origin.

10. Soft Commission Agreements

During the years ended 31 December 2016 and 31 December 2015, the Investment Manager entered into soft commission arrangements with brokers/dealers in respect of which certain services used to support the investment decision process were received. The Investment Manager does not make direct payment for these services but does transact an agreed amount of business with the brokers on behalf of the Company and commission is paid on these transactions.

The Investment Manager considers these arrangements are to the benefit of the Company and has satisfied itself that it obtains best execution on behalf of the Company and the brokerage rates are not in excess of the customary institutional full service brokerage rates.

These arrangements do not affect the Investment Manager's obligation to obtain best execution on investment transactions undertaken for the Company.

11. Efficient Portfolio Management

During the year ended 31 December 2016, the Company did not hold any instruments for the purposes of efficient portfolio management (31 December 2015: None).

12. Exchange Rates

The following and overleaf exchange rates have been used to translate assets and liabilities in currencies other than USD:

	31 December 2016	**31 December 2015**
Australian Dollar	1.3833	1.3671
British Pound Sterling	0.8129	0.6750
Euro	0.9483	0.9163
Hong Kong Dollar	7.7540	7.7509
Indian Rupee	67.8700	66.1550
Malaysian Ringgit	4.4860	4.2935
Philippine Peso	49.7125	46.8540
Singapore Dollar	1.4441	1.4129
Sri Lankan Rupee	149.6250	144.2500
South Korean Won	1,207,8000	1,176.3900
Taiwan Dollar	32.2290	32.8755
Thailand Baht	–	36.0200
Vietnamese Dong	22,771.0000	22,485.0000

13. Financial Risk Management

In pursuing its investment objective, the Company is exposed to a variety of financial risks as defined in FRS 102 including: market risk (including market price risk, currency risk and interest rate risk), credit risk and liquidity risk, that could result in a reduction in the Company's NAV. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Prospectus provides further details on the treatment of risk factors affecting the Company.

The Company uses the "commitment approach" to calculate the derivatives exposure of the Company, if any, in accordance with the requirements of the Central Bank.

The commitment approach is based on calculating derivatives exposure by adding together the current values of the underlying assets the derivatives are based on (delta-adjusted in the case of options and warrants), the total of which should not exceed 100% of the Company's NAV.

The Directors' approach to the management of the above risks are as follows:

a) Market Risk

This risk comprises of three main types of risk: market price risk, currency risk and interest risk.

(i) Market Price Risk

Market price risk is defined in FRS 102 as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

The following sensitivity analysis assumes a change in the market price of investments while holding all other variables constant. In practice this is unlikely to occur, and changes in some of the variables may be correlated. In addition, as the sensitivity analysis uses historical data as a basis for determining future events, it does not encompass all possible scenarios, particularly those that are of an extreme nature. The Investment Manager deems the percentage used applicable for the Company analysis.

13. Financial Risk Management (continued)

a) Market Risk (continued)

(i) Market Price Risk (continued)

A 5% increase or decrease in the market price of investments at 31 December 2016, with all other variables held constant, would have increased or decreased the Net Assets Attributable to Holders of Redeemable Participating Shares of the Company by approximately 5% or USD 2,082,165 (USD 2,382,186: 31 December 2015).

The Company's concentration of equity price risk by geographical distribution can be seen in the Schedule of Investments, on pages 15 to 16.

(ii) Currency Risk

Currency risk is defined in FRS 102 as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

In accordance with the Company's policy, the Investment Manager monitors the Company's currency position on a daily basis and the Board of Directors rely upon the Investment Manager to keep it informed of any material event.

The table overleaf sets out the Company's total exposure to foreign currency at the year ended 31 December 2016, including sensitivity analysis.

	Cash	Non-Cash	Total USD	Effect on Net Assets of 5% Change in Foreign Exchange Rate (stated in USD)
Australian Dollar	77	–	77	4
Euro	365	–	365	18
British Pound Sterling	287,180	3,999,761	4,286,941	214,347
Hong Kong Dollar	6	6,003,282	6,003,288	300,164
Indian Rupee	–	2,300,852	2,300,852	115,043
Malaysian Ringgit	–	4,086,089	4,086,089	204,304
Philippine Peso	–	5,068,861	5,068,861	253,443
Singapore Dollar	25,192	2,401,210	2,426,402	121,320
South Korean Won	–	1,399,197	1,399,197	69,960
Sri Lankan Rupee	–	2,448,394	2,448,394	122,420
Taiwan Dollar	1	6,416,350	6,416,351	320,818
Vietnamese Dong	456,961	10,335,377	10,792,338	539,617

The table below sets out the Company's total exposure to foreign currency at the year ended 31 December 2015, including sensitivity analysis.

	Cash	Non-Cash	Total USD	Effect on Net Assets of 5% Change in Foreign Exchange Rate (stated in USD)
Australian Dollar	76	1,436,184	1,436,260	71,813
Euro	381	–	381	19
British Pound Sterling	(1)	4,436,239	4,436,238	221,812
Hong Kong Dollar	6	7,424,376	7,424,382	371,219
Indian Rupee	–	3,026,610	3,026,610	151,331
Malaysian Ringgit	–	1,998,370	1,998,370	99,919
Philippine Peso	–	4,031,940	4,031,940	201,597
Singapore Dollar	–	8,773,408	8,773,408	438,670
South Korean Won	–	3,770,008	3,770,008	188,500
Sri Lankan Rupee	–	1,210,815	1,210,815	60,541
Taiwan Dollar	1	6,196,195	6,196,196	309,810
Thailand Baht	–	3,234,055	3,234,055	161,703
Vietnamese Dong	–	10,225,955	10,225,955	511,298

13. Financial Risk Management (continued)

(iii) Interest Rate Risk

Interest rate risk is defined in FRS 102 as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in relevant interest rates.

The value of investments in interest rate bearing securities may be subject to price volatility due to changes in interest rates. An increase in interest rates will generally reduce the value of debt securities that are issued and outstanding, while a decline in interest rates will generally increase the value of debt securities that are issued and outstanding.

The majority of the assets and liabilities of the Company are invested in non-interest bearing securities. As a result, the Company is not subject to significant amounts of risk due to fluctuation in the prevailing levels of market interest rates.

b) Credit Risk

Credit risk is the risk that a counterparty or an issuer will be unable to pay amounts in full when due. There can be no assurance that the issuers of securities or other instruments in which the Company may invest will not be subject to credit difficulties, leading to either the downgrading of such securities or instruments, or to the loss of some or all of the sums invested in such securities or instruments or payments due on such securities or investments. The Company may also be exposed to a credit risk in relation to the counterparties with whom they transact or place margin or collateral in respect of transactions in financial derivative instruments and may bear the risk of counterparty default.

When the Company invests in a security or other instruments which is guaranteed by a bank or another type of financial institution there can be no assurance that such guarantor will not itself be subject to credit difficulties, which may lead to the downgrading of such securities or instruments, or to the loss of some or all of the sums invested in such securities or instruments, or payments due on such securities or instruments.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The Company's assets are held on a fiduciary basis by the Depositary. These assets are held in segregated accounts on the books and records of the Depositary. Depending on the requirement of the jurisdictions in which the investments of the Company are listed, the Depositary may use the service of one or more sub-depositaries.

The credit ratings are outlined below for the following institutions:

	Moody's 31 December 2016	**Moody's 31 December 2015**
Bank of Tokyo – Mitsubishi	–	A1
Brown Brothers Harriman & Co.	F1*	F1*
Citibank	–	Baa1
HSBC Bank Plc	A1	–
Standard Chartered Bank, Singapore	(P)Aa3	–

*Fitch rating.

For cash accounts, funds deposited are liabilities of the banks, creating a debtor-creditor relationship between the bank and the Company. Cash accounts opened on the books of Brown Brothers Harriman & Co. are obligations of Brown Brothers Harriman & Co. while cash accounts opened on the books of a sub-depositary (agency accounts) are obligations of the sub-depositary.

13. Financial Risk Management (continued)

b) Credit Risk (continued)

Accordingly, while Brown Brothers Harriman & Co. is responsible for exercising reasonable care in the administration of agency cash accounts, it is not liable for their repayment in the event the sub-depositary, by reason of its bankruptcy, insolvency or otherwise, fails to make repayment.

The Company invests in equity securities and has limited or no exposure to credit risk on its investments. However the Company has exposure to credit risk on any cash balances and forward foreign exchange positions held for share class currency hedging purposes. The notional amount as at 31 December 2016 was USD 5,653,538 (USD 10,264,386: 31 December 2015).

c) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company is exposed to weekly cash redemptions of Redeemable Participating Shares. It therefore invests the majority of its assets in investments that are traded in an active market and can be readily disposed of. The Company's listed securities are considered readily realisable as they are listed on a stock exchange or dealt in on another regulated market. Some of the Recognised Exchanges in which the Company may invest may be less well regulated than those in developed markets and may prove to be illiquid, insufficiently liquid or highly volatile from time to time. This may affect the price at which the Company may liquidate positions to meet redemption requests or other funding requirements.

In addition, the Company's policy is to maintain sufficient cash to meet normal operating requirements and expected redemption requests. The Company has the ability to borrow in the short term to ensure settlement of potential weekly cash redemptions of redeemable participating shares. No such borrowings have arisen during the year ending 31 December 2016 and 31 December 2015.

The tables below and overleaf analyse the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the tables below and overleaf are the contractual undiscounted cash flows. Detailed analyses of the Company's assets are not shown as they are considered liquid based on the fact that they could be converted to cash in less than one month at close to their carrying value.

31 December 2016

	Less than or equal to 1 month USD	**Due within 3 months USD**	**Total USD**
Redemptions payable	454,322	–	454,322
Other Payables	–	212,380	212,380
Redeemable Participating Shares	45,040,984	–	45,040,984
Total	45,495,306	212,380	45,707,686
Forward foreign currency exchange contracts			
Payables	5,510,208	–	5,510,208
Receivables	(5,420,637)	–	(5,420,637)
Net	89,571	–	89,571
Total	45,584,877	212,380	45,797,257

13. Financial Risk Management (continued)

c) Liquidity Risk (continued)

31 December 2015

	Less than or equal to 1 month USD	Due within 3 months USD	Total USD
Redemptions payable	18,746	–	18,746
Other Payables	–	199,514	199,514
Redeemable Participating Shares	50,108,211	–	50,108,211
Total	50,126,957	199,514	50,326,471
Forward foreign currency exchange contracts			
Payables	10,264,386	–	10,264,386
Receivables	(10,324,326)	–	(10,324,326)
Net	(59,940)	–	(59,940)
Total	50,067,017	199,514	50,266,531

d) Fair Value Estimation

FRS 102 Section 11.27 on “Fair Value: Disclosure” requires disclosure relating to the fair value hierarchy in which fair value measurements are categorised for assets and liabilities. The disclosures are based on a three level fair value hierarchy for the inputs used in valuation techniques to measure fair value. In March 2016 amendments were made to paragraphs 34.22 and 34.42 of this FRS, revising the disclosure requirements for financial institutions and retirement benefit plans. An entity shall apply these amendments for accounting periods beginning on or after 1 January 2017.

The fair value hierarchy has the following levels:

(i) Level 1: Investments, whose values are based on quoted market prices in active markets, and therefore are classified within Level 1, include active listed equities. Quoted prices for these instruments are not adjusted.

(ii) Level 2: Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

(iii) Level 3: Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently. Pricing inputs are unobservable for the investment and includes situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgement or estimation. As observable prices are not available for these securities, the Company would use valuation techniques to derive fair value.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the financial asset or liability.

The determination of what constitutes “observable” requires significant judgement by the Directors in consultation with the Investment Manager. The Directors consider observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

When fair values of listed equity as well as publicly traded derivatives at the reporting date are based on quoted market prices or binding dealer price quotations (bid price for long position and ask price of short positions), without any deduction for transaction cost, the instruments are included within level 1 of the hierarchy.

13. Financial Risk Management (continued)

d) Fair Value Estimation (continued)

The fair values of forward currency exchange contracts are calculated by reference to the current exchange rates for contract with similar maturity risk profile.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following table provides an analysis within the fair value hierarchy of the Company's financial assets and liabilities measured at fair value at 31 December 2016 and 31 December 2015:

As at 31 December 2016

Financial Assets at Fair Value Through Profit or Loss	**Level 1 US$**	**Level 2 US$**	**Level 3 US$**	**Total US$**
Common Stock	38,255,896	–	–	38,255,896
Warrants	–	3,470,413	–	3,470,413
Forward Foreign Currency Contracts	–	6,563	–	6,563
Total Assets	38,255,896	3,476,976	–	41,732,872

Financial Liabilities at Fair Value Through Profit or Loss				
Forward foreign currency contracts	–	(89,571)	–	(89,571)
Total Liabilities	–	(89,571)	–	(89,571)

As at 31 December 2015

Financial Assets at Fair Value Through Profit or Loss	**Level 1 USD**	**Level 2 USD**	**Level 3 USD**	**Total USD**
Common Stock	47,703,668	–	–	47,703,668
Forward Foreign Currency Contracts	–	57,756	–	57,756
Total Assets	47,703,668	57,756	–	47,761,424

Financial Liabilities at Fair Value Through Profit or Loss				
Forward Foreign Currency Contracts	–	(117,696)	–	(117,696)
Total Liabilities	–	(117,696)	–	(117,696)

e) Capital Management

As a result of the ability to issue, repurchase and resell shares, the capital of the Company can vary depending on the demand for redemptions and subscriptions to the Company. The Company is not subject to externally imposed capital requirements and has no restrictions on the issue, repurchase or resale of redeemable shares.

14. Portfolio Analysis

As at 31 December 2016	Market Value USD	% of Total Assets
Transferable securities admitted to an official exchange listing	38,255,896	83.53
Other securities	3,470,413	7.58
Financial derivative instruments (Forward Foreign Currency Contracts)	(83,008)	(0.18)
Net financial assets at fair value through profit or loss	41,643,301	90.93

As at 31 December 2015	Market Value USD	% of Total Assets
Transferable securities admitted to an official exchange listing or dealt on another regulated market	47,703,668	94.57
Financial derivative instruments (Forward Foreign Currency Contracts)	(59,940)	(0.12)
Net financial assets at fair value through profit or loss	47,643,728	94.45

15. Comparatives

The comparative figures are for the year ended 31 December 2015 for the Profit and Loss Account and the Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares, and as at 31 December 2015 for the Balance Sheet.

16. Significant Events during the Year

Brown Brothers Harriman Trustee Services (Ireland) Limited, the Custodian of the Company, was reappointed as Depositary following the UCITS V changes, effective from 21 March 2016. The Company's Prospectus has been updated accordingly on 31 March 2016. There were no other significant updates in the Prospectus.

There were no other events during the year that had a material effect on the financial statements.

17. Events since the Year End

There were no events after the year end that had a material effect on the financial statements.

18. Approval of Financial Statements

The audited financial statements were approved by the Board of Directors on 20 April 2017.

STATEMENT OF SIGNIFICANT CHANGES IN THE COMPOSITION OF PORTFOLIO

In accordance with the Central Bank (Supervision and Enforcement) Act 2013 (section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 (S.I. No. 420 of 2015) (the "Central Bank UCITS Regulations") a statement of changes in the composition of the portfolio during the reporting period is provided to ensure that Shareholders can identify changes in the investments held by the Company. These statements present the aggregate purchases and sales of transferable securities exceeding 1% of the total value of purchases and sales for the period. At a minimum the largest 20 purchases and 20 sales must be given.

Total Purchases for the year ended 31 December 2016

Security Description	Acquisitions Nominal	Cost USD
Li Ning Co. Ltd.	3,100,000	2,071,973
Taiwan Paiho Ltd.	560,000	1,680,944
7-Eleven Malaysia Holdings Bhd.	3,600,000	1,611,786
Wistron NeWeb Corp.	600,000	1,563,328
Hemas Holdings PLC	2,000,000	1,452,324
Huaku Development Co. Ltd.	765,000	1,433,003
Karex Bhd	1,350,000	1,389,733
Woory Industrial Co. Ltd.	73,000	1,351,016
INOX Wind Ltd.	310,000	1,299,066
Dong Hai JSC of Bentre	556,000	976,609
Wemade Entertainment Co. Ltd	40,000	965,393
Hoa Sen Group	440,000	944,665
D-Link India Ltd.	548,000	903,717
Amata VN PCL-NVDR	2,600,000	680,332
Geosat Aerospace & Technolog	182,000	498,182

STATEMENT OF SIGNIFICANT CHANGES IN THE COMPOSITION OF PORTFOLIO (CONTINUED)

Major Sales for the year ended 31 December 2016

Security Description	Disposals Nominal	Proceeds USD
Major Cineplex Group PCL	3,304,700	2,758,296
Tung Thih Electronic Co. Ltd.	185,000	2,731,881
Tongda Group Holdings Ltd.	10,400,000	2,427,810
iFAST Corp. Ltd.	2,535,900	1,974,203
Refrigeration Electrical Engineering Corp.	1,980,000	1,957,083
Woory Industrial Co. Ltd.	78,000	1,655,554
Toung Loong Textile Manufacturing	650,000	1,609,980
Praemium Ltd.	7,012,411	1,476,376
Danang Rubber JSC	792,000	1,456,905
PVR Ltd.	84,000	1,423,690
Innovalues Ltd.	1,760,000	1,252,318
Wasion Group Holdings Ltd.	2,000,000	1,230,582
Hota Industrial Manufacturing Co. Ltd.	256,000	1,048,822
Mobile World Investment Corp.	146,687	1,026,105
Hoa Binh Construction & Real Estate Corp.	765,000	993,961
Inox Wind Ltd.	310,000	834,006
Credit Analysis & Research Ltd.	52,000	698,228
7-Eleven Malaysia Holdings Bhd.	2,211,000	686,986
Wemade Entertainment Co. Ltd.	40,000	665,186
Hansol Technics Co. Ltd.	40,000	651,842
Eros International PLC	80,000	594,528
Best Pacific International Holdings Ltd.	722,000	556,033
Amata VN PCL-F	2,600,000	544,972
Interpark Holdings Corp.	100,000	533,337

MANAGEMENT AND ADMINISTRATION

BOARD OF DIRECTORS
David Hammond* (Irish)
Heather Manners (British)
Tony Morris (British) (Alternate Director)
Richard Hayes* (Irish)
*Independent of the Investment Manager

COMPANY NAME AND REGISTERED OFFICE
Prusik Asian Smaller Companies Fund plc
33 Sir John Rogerson's Quay
Dublin 2
Ireland

INVESTMENT MANAGER AND DISTRIBUTOR
Prusik Investment Management LLP
6th Floor Moss House
15-16 Brook's Mews
London, W1K 4DS
United Kingdom

ADMINISTRATOR
Brown Brothers Harriman Fund Administration Services (Ireland) Limited
30 Herbert Street
Dublin 2
Ireland

INDEPENDENT AUDITOR
Ernst & Young
Harcourt Centre
Harcourt Street
Dublin 2
Ireland

DEPOSITARY
Brown Brothers Harriman Trustee Services (Ireland) Limited
30 Herbert Street
Dublin 2
Ireland

COMPANY SECRETARY
Tudor Trust Limited
33 Sir John Rogerson's Quay
Dublin 2
Ireland

LEGAL ADVISERS IRELAND
Dillon Eustace
33 Sir John Rogerson's Quay
Dublin 2
Ireland

LEGAL ADVISERS UNITED KINGDOM
Simmons & Simmons
One Ropemaker Street
London EC2Y 9SS
United Kingdom

Appendix 1 – Report on Remuneration (Unaudited)

The European Union Directive 2014/91/EU (known as "UCITS V Directive") came into effect on 21 March 2016. The Company operates a remuneration policy in accordance with applicable UCITS requirements and which is set out in the Company's Remuneration Policy dated 18 March 2016 which can be found at www.prusikim.co.uk and is referred to in the current Prospectus.

Quantitative remuneration information will be included in the Annual Report and Audited Financial Statements for the Company once the Company has completed its first full annual period since the implementation of the remuneration requirements.