

Prusik Asian Equity Income Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

31 January 2018

Monthly Fund Fact Sheet

Investment Objective

To select a portfolio of equity investments in the Asia Pacific ex-Japan region with above average dividend yields and which have the ability to grow their dividends over time. The fund aims to outperform the MSCI Asia Pacific ex-Japan index by 5-10% annually whilst growing its dividend over time.

Fund Facts

Fund size (USD)	1,040.1m
Launch date	31 December 2010
Fund Manager	Tom Naughton
Fund Structure	UCITS III
Domicile	Dublin
Currencies	USD (base), GBP, SGD
Index	MSCI Asia Pacific ex Japan Index

Performance - Class B USD (%)

	Fund	Index
1 Month	2.51	6.72
3 Month	5.04	10.74
Year to Date	2.51	6.72
Since Launch	187.46	58.10
Annualised [†]	16.07	6.68

Source: Morningstar.

Launch Date: B: 31.12.10

[†]Since Launch Performance

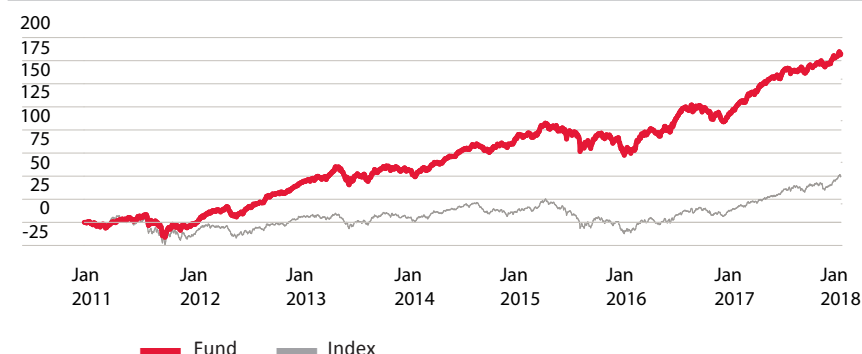
Investment Process

The process is both quantitative and qualitative with the latter dominating. The universe is screened for those high dividend stocks which have the greatest ability to sustain and grow their dividends over time. A particular emphasis is placed on identifying those companies with exceptional franchises, annuity like cash flows and pricing power which are trading at significant discounts to intrinsic value.

Dividend Dates

Dividends paid twice annually (January and July)

Fund Performance - Class B USD (%)



Source: Morningstar. Total return net income reinvested.

Fund Manager Commentary

Regular readers of these reports will know that we tend to find many of our buy ideas in the less fashionable areas of the market. This is because our value bias means it is always easier to find good opportunities when sentiment is depressed. Although it is more difficult to do this today than a year ago, we are still finding stocks that are out of favour with the market and offer exceptional risk/reward potential in our view. On the other hand, we are finding that some of our positions are now extremely popular with investors and so the risk/reward profile is not nearly as appealing. As an example, this year we have sold both of our China A-share consumer stocks. Since the beginning of 2017, **Wuliangye Yibin** has returned 176% and **Gree Electrical Appliances** has returned 137% and, as a result, the risk/reward profile is no longer as attractive. Although they are both excellent companies with high return on equity, rock solid balance sheets and strong growth, the market is now well aware of this fact and we believe the risk/return is simply not attractive enough.

On the other hand, we are finding excellent value in areas of the market that have been left behind. One of our new positions is **IRB Invit.**, a trust of Indian toll roads which trades on a dividend yield of 14%. The second is **Swire Pacific B-shares** which offer a 4% dividend yield but, more importantly, trades on a 60% discount to book value. Both stocks have high quality assets and have performed extremely poorly over the past year as they are not in areas of the market which the market finds interesting and both retail and institutional investors feel pressured to exit these positions to rotate into the more momentum driven names. As we have an absolute return mentality, this gives us the opportunity to take advantage of this behaviour as we believe, over the long-term, focusing on value rather than short-term price momentum, will lead to superior investment performance.

All data as at 31.01.18. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asian Equity Income Fund



Top 5 Holdings (%)

CK Hutchison Holdings Ltd	6.5
Samsung Electronics Co Ltd - Pref	5.7
Zhejiang Expressway	5.1
Beijing Capital International Airport	4.9
AIA Group Ltd	4.5
Total Number of Holdings	35

Portfolio Financial Ratios

Predicted Price/Earnings Ratio	12.7x
Predicted Return on Equity (%)	13.8
Predicted Dividend Yield (%)	5.0

Risk Metrics

Tracking Error (% pa)	9.41
Beta	0.77
Alpha	10.06
Volatility (%)	13.47
Sharpe ratio	1.65

Thematic Breakdown (%)

Transport Infrastructure	23.2	
Communications Infrastructure	14.8	
Cash	13.6	
Power Utilities	12.9	
Consumer	8.5	
Financials	8.4	
Cheung Kong / Hutchison	6.5	
Real Estate	6.3	
Technology	5.7	

Geographical Breakdown (%)

Hong Kong	23.5	
China	13.8	
Cash	13.6	
Korea	13.0	
India	9.7	
Thailand	8.9	
New Zealand	6.5	
Australia	4.9	
Indonesia	3.4	
Pakistan	1.6	
Singapore	0.7	
Cambodia	0.5	

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Management Fees

Annual Management Fee

1.0% p.a. Paid monthly in arrears

Performance Fee

Class 1: None

Class 2 and Class U: 10% of the net out-performance of the MSCI Asia Pacific ex-Japan Index, with a high-water mark paid quarterly.

Temporary Front End Charge:

3% introduced on 2nd December 2013 paid to the benefit of the fund.

Dealing

Dealing Line	+353 1 603 6490
Administrator	Brown Brothers Harriman (Dublin)
Dealing Frequency	Daily
Valuation Point	11am UK time
Dealing Cut-off	5pm UK time
Min. Initial Subscription	USD 10,000
Min. Subsequent Subscription	USD 5,000

Share Class Details

Class 1	Sedol	ISIN	Month-end NAV
A USD Unhedged Non distributing	B4MK5Q6	IE00B4MK5Q67	295.70
B USD Unhedged Distributing	B4QVD94	IE00B4QVD949	216.49
C GBP Hedged Distributing	B4Q6DB1	IE00B4Q6DB12	214.22
D SGD Hedged Distributing	B4NFJT1	IE00B4NFJT16	208.19

Class 1 shares were closed to further investment on 30th November 2012.

Class 2	Sedol	ISIN	Month-end NAV
X USD Unhedged Distributing	B4PYCL9	IE00B4PYCL99	193.41
Y GBP Hedged Distributing	B4TRL17	IE00B4TRL175	192.16
Z SGD Hedged Distributing	B6WDYZ1	IE00B6WDYZ18	193.20

Class 2 shares were soft closed to new investors as of 30th November 2012. Performance fee based on individual investor's holding.

Class U	Sedol	ISIN	Month-end NAV
U GBP Unhedged Distributing	BBP6LK6	IE00BBP6LK66	172.24

Class U shares are open to current investors only. Performance fee based on fund performance as a whole.

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