

Prusik Asian Equity Income Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

30 June 2017

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)	940.4m
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	1.11	1.91
3 Month	7.20	6.28
Year to Date	23.20	19.93
Since Launch	160.17	29.39
Annualised [†]	15.86	4.05

Source: Morningstar.

Launch Date: B: 31.12.10

[†]Since Launch Performance

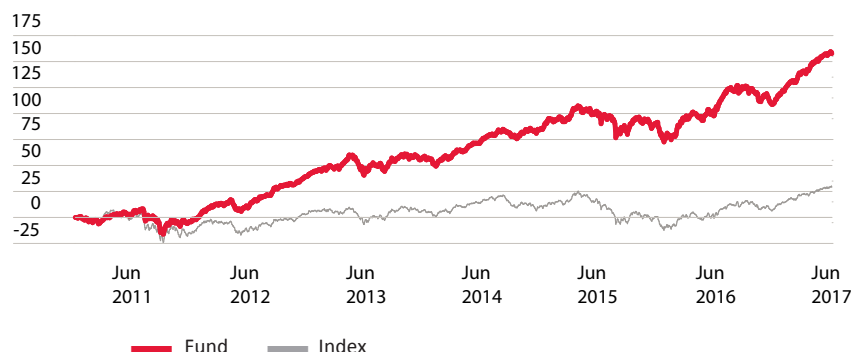
Investment Process

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

We have recently been adding to our position in Chinese toll road operator, **Zhejiang Expressway**. Two developments in the past month make us think the risk reward profile is particularly attractive. Firstly, traffic growth has been significantly stronger than expected, due in part to a recovery in commercial vehicle traffic and a stronger Hangzhou economy (incidentally this is the headquarters of Alibaba), with traffic in May growing by 19%. Although it is possible that this recovery in traffic may not be sustained, we believe that current market assumptions for growth are too conservative and upside revisions to earnings are highly likely. Secondly, the company has finally completed the IPO of Zheshang Securities. **Zhejiang Expressway** had become owners of this unrelated business during a debt restructuring in 2006 and have been trying to spin it off ever since. Zheshang started trading on 23 June and has doubled in price since then highlighting to the market the value that had been "hidden" up until now. At the current market price, **Zhejiang's** stake in Zheshang Securities is now worth HK\$7/share compared to the **Zhejiang Expressway's** share price of HK\$10/share, implying the toll road operations are being valued at just HK\$3/share. These roads are generating approximately HK\$1/share per year in post-tax free cash flow and the discounted free cash flow valuation of the core business is HK\$9/share (the concession life is relatively short and we assume a zero terminal value). As a result, we believe the fair value for the company is 60% higher than the current share price.

All data as at 30.06.17. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asian Equity Income Fund



Top 5 Holdings (%)

Samsung Electronics Co Ltd - Pref	7.7
CK Hutchison Holdings Ltd	6.2
AIA Group Ltd	5.8
Zhejiang Expressway	5.6
Indiabulls Housing Finance Ltd	4.7
Total Number of Holdings	31

Portfolio Financial Ratios

Predicted Price/Earnings Ratio	12.7x
Predicted Return on Equity (%)	15.6
Predicted Dividend Yield (%)	4.2

Risk Metrics

Tracking Error (% pa)	9.59
Beta	0.79
Alpha	11.72
Volatility (%)	13.89
Sharpe ratio	1.59

Thematic Breakdown (%)

Consumer	16.3	
Transport Infrastructure	15.0	
Communications Infrastructure	14.3	
Cash	13.4	
Financials	12.7	
Power Utilities	11.6	
Technology	7.7	
CK Hutchison	6.2	
Real Estate	2.6	

Geographical Breakdown (%)

Hong Kong	39.2	
Korea	16.8	
Cash	13.4	
Thailand	9.9	
India	8.6	
New Zealand	3.1	
Indonesia	2.7	
Australia	2.4	
Pakistan	2.4	
Singapore	1.4	

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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	267.63
B	USD Unhedged Distributing	B4QVD94	IE00B4QVD949	202.70
C	GBP Hedged Distributing	B4Q6DB1	IE00B4Q6DB12	202.64
D	SGD Hedged Distributing	B4NFJT1	IE00B4NFJT16	195.72

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	181.09
Y	GBP Hedged Distributing	B4TRL17	IE00B4TRL175	181.79
Z	SGD Hedged Distributing	B6WDYZ1	IE00B6WDYZ18	181.70

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	175.64

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

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