

Prusik Asian Equity Income Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

31 January 2016

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)	722.4m
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 (MXAPJ)

Performance - Class B USD (%)

	Fund	Index
1 Month	-6.04	-7.84
3 Month	-8.13	-9.78
Year to Date	-6.04	-7.84
Since Launch	79.96	-5.26
Since Launch (Annualised)	12.26	-1.06

Source: Bloomberg

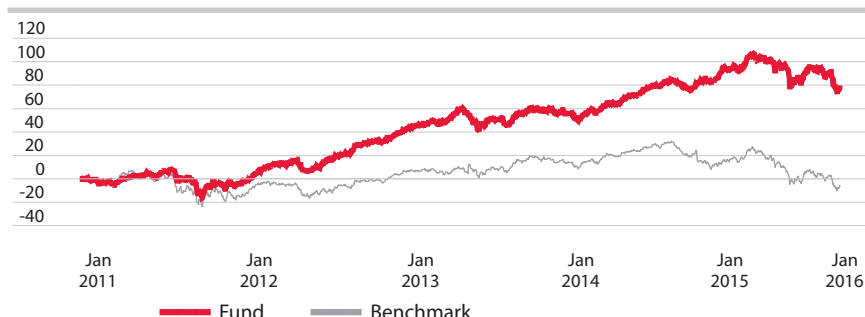
Investment Process

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: Bloomberg. Total return net income reinvested.

Fund Manager Commentary

During the month, the divergence between value and defensive stocks widened as investors increasingly discount the possibility of a hard landing in China (which, remarkably, is defined as GDP growth being less than 4%). This has provided an opportunity to reduce some of our more defensive holdings which have performed well and buy into some less defensive positions which are trading at record low valuations. One example of this is the Hong Kong landlord **Sun Hung Kai Properties** which is now trading on a 50% discount to book value – the biggest discount since 1990. Over the last 25 years it has traded on average at a 25% premium to book value so this implies the market expects a substantial fall in book value per share due to a collapse in Hong Kong asset prices. Even during the Asia crisis, book value per share did not fall by more than 25% from peak to trough and our stress test implies that the stock is already pricing in a 35% fall in asset valuations. Although for some sectors such as luxury residential and high end retail this assumption is perfectly possible, for others such as suburban retail this is much less likely. Our valuation work indicates that the downside to the stock price from these levels is 10-20% even in an extremely bearish scenario and the stock price could easily double if conditions remain benign (and this would only see the stock price go back to levels seen 6 months ago). In the meantime, we are collecting a 4.5% dividend yield, which is more than twice covered, from a company with a rock solid balance sheet and tier one assets. There has been substantial insider buying of the company as a result of the fall in the stock price and, once results are made public, it would not surprise us if the company took more aggressive steps to capitalise on the disconnect between the stock price and the underlying value of the assets.



All data as at 31.01.16. Source: Prusik Investment Management LLP, unless otherwise stated.

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Prusik Asian Equity Income Fund



Top 5 Holdings (%)

CK Hutchinson Holdings Ltd	7.5
Samsung Electronics Co Ltd	6.6
Macquarie Korea Infrastructure Fund	4.7
Cheung Kong Property Holdings Ltd	3.9
PCCW	3.8
Total Number of Holdings	37

Portfolio Financial Ratios

Predicted Price/Earnings Ratio	11.5x
Predicted Return on Equity (%)	14.1
Predicted Dividend Yield (%)	5.3

Risk Metrics

Tracking Error (% pa)	6.42
Beta	0.79
Alpha	13.10
Volatility (%)	12.65
Sharpe ratio	0.97

Thematic Breakdown (%)

Communications Infrastructure	19.9	
Transport Infrastructure	16.2	
Financials	15.6	
Asian Brands & Technology	11.6	
Cheung Kong / Hutchison	11.4	
Consumer	8.7	
Power Utilities	8.0	
Shopping Malls	7.1	
Cash	1.5	

Geographical Breakdown (%)

Hong Kong	33.0	
Thailand	16.0	
Korea	14.7	
India	11.2	
China	7.5	
Singapore	5.9	
Taiwan	5.0	
Australia	2.3	
Pakistan	2.0	
Cash	1.5	
Philippines	1.0	

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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 (MXAPJ) 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	184.95
B USD Unhedged Distributing	B4QVD94	IE00B4QVD949	145.35
C GBP Hedged Distributing	B4Q6DB1	IE00B4Q6DB12	146.86
D SGD Hedged Distributing	B4NFJT1	IE00B4NFJT16	141.11

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	130.36
Y GBP Hedged Distributing	B4TRL17	IE00B4TRL175	132.04
Z SGD Hedged Distributing	B6WDYZ1	IE00B6WDYZ18	131.40

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	114.74

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

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