

Prusik Asian Equity Income Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

29 February 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) | 711.1m |
| 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 (MXAPJ) |

Performance - Class B USD (%)

| | Fund | Index |
|---------------------------|-------|-------|
| 1 Month | -0.37 | -0.84 |
| 3 Month | -6.69 | -8.27 |
| Year to Date | -6.39 | -8.62 |
| Since Launch | 79.30 | -6.02 |
| Since Launch (Annualised) | 11.96 | -1.19 |

Source: Bloomberg

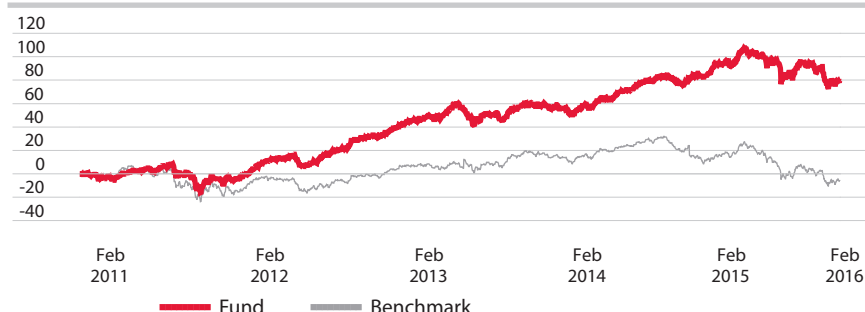
Investment Process

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

The premium that "safe" stocks attract in the market continues to increase as fears over deflation and permanently low (or negative) rates grow stronger. We have taken the opportunity to reduce our exposure in some of these positions and increase our weightings in stocks that offer much more attractive risk/reward ratios. This has led to reductions in holdings such as **Hong Kong Telecom**, **Samui Airport** and **CPN Retail Fund** which have returned between 10 to 15% year to date and increases in positions such as **Sun TV**, **Indiabulls Housing Finance**, **Beijing Capital Airport** and **Cheung Kong Property Holdings** which have fallen between 20 to 25% year to date. Overall, we remain cautious on the fundamentals in Asia but do think there are opportunities to buy stocks that are already pricing in very negative scenarios.

We note with interest that London City Airport has just been sold to a Canadian consortium, led by Ontario Teachers' pension fund, for a reported 30x EV/EBITDA highlighting the valuations that long term investors will pay for developed market infrastructure assets as a result of the low level of real bond yields. Although emerging market infrastructure assets generally lack the regulatory and legal certainty that developed markets possess, we believe that **Beijing Capital Airport** – trading on 8x EV/EBITDA and a free cash flow yield of 12% – offers an attractive combination of strong growth and a supportive (if not transparent) regulatory environment which remains undervalued by the market.



All data as at 29.02.16. Source: Prusik Investment Management LLP, unless otherwise stated.

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Prusik Asian Equity Income Fund



Top 5 Holdings (%)

| | |
|-------------------------------------|-----|
| CK Hutchinson Holdings Ltd | 7.4 |
| Samsung Electronics Co Ltd | 6.4 |
| Cheung Kong Property Holdings Ltd | 4.6 |
| Macquarie Korea Infrastructure Fund | 4.4 |
| Link Real Estate Investment Trust | 4.3 |
| Total Number of Holdings | 35 |

Portfolio Financial Ratios

| | |
|--------------------------------|-------|
| Predicted Price/Earnings Ratio | 11.9x |
| Predicted Return on Equity (%) | 13.5 |
| Predicted Dividend Yield (%) | 5.1 |

Risk Metrics

| | |
|-----------------------|-------|
| Tracking Error (% pa) | 6.37 |
| Beta | 0.79 |
| Alpha | 12.90 |
| Volatility (%) | 12.65 |
| Sharpe ratio | 0.95 |

Thematic Breakdown (%)

| | | |
|-------------------------------|------|--|
| Financials | 17.9 | |
| Transport Infrastructure | 16.4 | |
| Communications Infrastructure | 14.0 | |
| Cheung Kong / Hutchison | 12.0 | |
| Asian Brands & Technology | 10.0 | |
| Consumer | 8.6 | |
| Power Utilities | 8.5 | |
| Shopping Malls | 7.6 | |
| Cash | 5.0 | |

Geographical Breakdown (%)

| | | |
|-------------|------|--|
| Hong Kong | 33.7 | |
| Thailand | 16.7 | |
| Korea | 11.0 | |
| India | 10.4 | |
| China | 7.9 | |
| Singapore | 5.9 | |
| Cash | 5.0 | |
| Taiwan | 3.7 | |
| Australia | 2.5 | |
| Pakistan | 2.1 | |
| Philippines | 1.1 | |

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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 | 184.27 |
| B USD | Unhedged | Distributing | B4QVD94 | IE00B4QVD949 | 144.82 |
| C GBP | Hedged | Distributing | B4Q6DB1 | IE00B4Q6DB12 | 146.64 |
| D SGD | Hedged | Distributing | B4NFT1 | IE00B4NFT116 | 140.55 |

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 | 129.83 |
| Y GBP | Hedged | Distributing | B4TRL17 | IE00B4TRL175 | 131.64 |
| Z SGD | Hedged | Distributing | B6WDYZ1 | IE00B6WDYZ18 | 130.83 |

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 | 118.05 |

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

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