

# Prusik Asian Equity Income Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

31 January 2015

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 out-perform the MSCI Asia Pacific ex-Japan index by 5-10% annually whilst growing its dividend over time.

## Fund Facts

Fund Size (USD)	858.0m
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	4.35	1.49
3 Month	6.39	-1.86
Year to Date	4.35	1.49
Since Launch	93.75	14.35
Since Launch (Annualised)	17.57	3.34

Source: Bloomberg

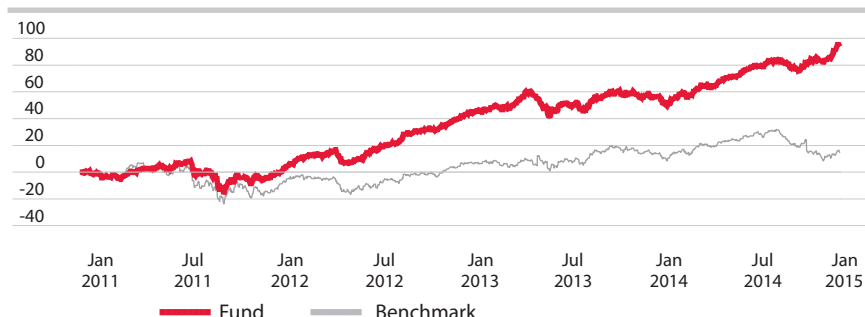
## Investment Process

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

We had several positions that performed very strongly during January including **Indiabulls Housing Finance** (+32%), **Beijing Capital Airport** (+18%), **Cheung Kong** and **Hutchison** (+14 and 15% respectively). The reason for the strength in **Cheung Kong** and **Hutchison** (accounting for 9% of NAV combined) was the announcement of a major restructuring which should reduce the discount between the market price and intrinsic value of the group by simplifying the group structure. We rate the group's ability to allocate capital extremely highly and remain happy with our position, despite the sharp move up this year.

The only losing position of note was our holding in **Hyundai Motor** preference shares which fell 10%. The past 6 months have been extremely challenging as it faces the challenges of a weaker Yen and now Euro, pressuring its competitive position. It is probably our most cyclical holding but we believe that the pristine balance sheet (net cash equal to 50% of market cap), ultra-cheap valuation (2x EV/EBITDA) and increasingly shareholder friendly actions (recent dividend hike of 50%) more than offsets some of these short term challenges. However, we have noted that the market is suggesting that our confidence may be misplaced and our patience with further underperformance is limited.

Elsewhere in the portfolio we are beginning to reduce some of our more bond sensitive positions, as valuations are increasingly unattractive, due to the fall in bond yields we have seen this year. Although these positions still should continue to appreciate should yields remain at this level, the risk/reward is no longer attractive given the risk of an increase in yields, however unlikely that currently appears.



All data as at 31.01.15. Source: Prusik Investment Management LLP, unless otherwise stated.

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# Prusik Asian Equity Income Fund



## Top 5 Holdings (%)

Hutchison Whampoa Ltd	6.8
SK Telecom Co Ltd	3.6
Taiwan Semiconductor	3.6
MTR Corporation	3.6
Samsung Electronics	3.4
Total Number of Holdings	40

## Portfolio Financial Ratios

Predicted Price/Earnings Ratio	11.8x
Predicted Return on Equity (%)	14.7
Predicted Dividend Yield (%)	4.5

## Risk Metrics

Tracking Error (% pa)	6.8
Beta	0.78
Alpha	15.0
Volatility (%)	12.4
Sharpe ratio	1.41

## Thematic Breakdown (%)

Transport Infrastructure	22.5	
Communications Infrastructure	14.6	
Cash	10.9	
Shopping Malls	10.1	
Asian Brands & Technology	9.5	
Cheung Kong / Hutchison	9.4	
Power Utilities	9.3	
Financials	8.1	
Consumer	5.7	

## Geographical Breakdown (%)

Hong Kong	25.4	
Korea	15.9	
China	12.9	
Thailand	11.2	
Cash	10.9	
Singapore	6.1	
Australia	3.9	
Taiwan	3.6	
India	3.4	
Pakistan	2.2	
New Zealand	1.7	
Philippines	1.5	
Malaysia	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 (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	199.10
B USD	Unhedged	Distributing	B4QVD94	IE00B4QVD949	162.89
C GBP	Hedged	Distributing	B4Q6DB1	IE00B4Q6DB12	164.09
D SGD	Hedged	Distributing	B4NFJT1	IE00B4NFJT16	156.47

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	147.68
Y GBP	Hedged	Distributing	B4TRL17	IE00B4TRL175	149.18
Z SGD	Hedged	Distributing	B6WDYZ1	IE00B6WDYZ18	147.59

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	123.38

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

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