

# Prusik Asian Equity Income Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

31 May 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)	891.4m
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	-1.69	-2.59
3 Month	3.49	2.89
Year to Date	9.52	7.79
Since Launch	103.33	21.54
Since Launch (Annualised)	17.45	4.21

Source: Bloomberg

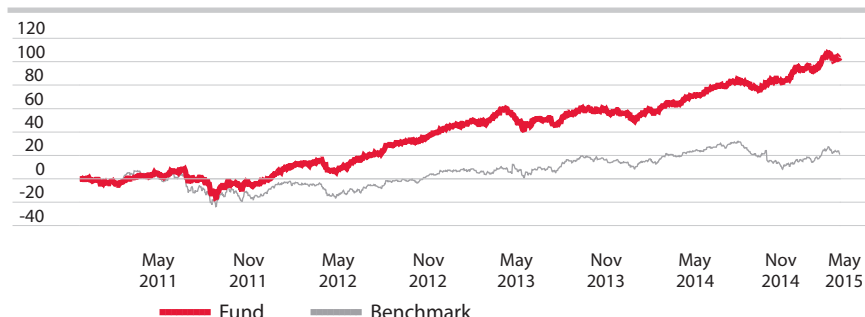
## Investment Process

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

China was the only country that contributed positively to performance this month with **Beijing Capital Airport** supplying most of the gains. We have reduced our Chinese exposure further this month by exiting our holding in **Daqin Railway** completely. **Daqin Railway's** business has deteriorated over the past 12 months due to the weakness in the coal market which hurt volumes on its main line, whilst the share price has doubled over that period. When we first bought the shares, the stock was trading on 6x earnings and a 7% dividend yield and we saw virtually no downside to the share price, despite the cyclical risks, given the company's high margins and monopoly market position. However, with the shares now trading on 13x P/E with a 3.5% yield, the risk/reward is not so attractive. All of that said, given the valuations elsewhere in the Shanghai market, we are conscious that exiting now may prove to be overly cautious.

Elsewhere in the portfolio we suffered from a 17% fall in the share price of Korean mobile operator **SK Telecom**, which reacted to news that the government was seeking to introduce a 4th player to an already highly competitive market. Trading on 3.5x EV/EBITDA - almost half the global average - and likely to increase dividends substantially this year, we believe much of this negative sentiment is in the price but Korea, as ever, seems sometimes to exist purely to test the patience of deep value investors who venture into this market.



All data as at 31.05.15. Source: Prusik Investment Management LLP, unless otherwise stated.

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# Prusik Asian Equity Income Fund



## Top 5 Holdings (%)

Hutchison Whampoa Ltd	6.7
Samsung Electronics	6.0
SK Telecom Co Ltd	4.1
Macquarie Korea Infrastructure	4.0
Beijing Capital Intl	3.9
Total Number of Holdings	33

## Portfolio Financial Ratios

Predicted Price/Earnings Ratio	12.9x
Predicted Return on Equity (%)	14.3
Predicted Dividend Yield (%)	4.7

## Risk Metrics

Tracking Error (% pa)	6.6
Beta	0.79
Alpha	13.9
Volatility (%)	12.2
Sharpe ratio	1.44

## Thematic Breakdown (%)

Communications Infrastructure	19.1	
Transport Infrastructure	16.4	
Cash	12.7	
Asian Brands & Technology	12.4	
Cheung Kong / Hutchison	11.4	
Financials	9.9	
Shopping Malls	8.9	
Consumer	4.7	
Power Utilities	4.6	

## Geographical Breakdown (%)

Hong Kong	28.3	
Korea	14.1	
Cash	12.7	
Thailand	11.4	
China	8.5	
Taiwan	6.3	
India	4.4	
Singapore	4.4	
Australia	3.8	
Pakistan	2.7	
Philippines	1.8	
New Zealand	1.5	

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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 (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	208.96
B USD	Unhedged	Distributing	B4QVD94	IE00B4QVD949	170.96
C GBP	Hedged	Distributing	B4Q6DB1	IE00B4Q6DB12	172.29
D SGD	Hedged	Distributing	B4NFT1	IE00B4NFT116	164.34

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	155.18
Y GBP	Hedged	Distributing	B4TRL17	IE00B4TRL175	156.82
Z SGD	Hedged	Distributing	B6WDYZ1	IE00B6WDYZ18	155.29

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	127.86

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

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