

Prusik Asian Equity Income Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

30 May 2014

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) | 835.7m |
| 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 (MXAJP) |

Performance - Class B USD (%)

| | Fund | Index |
|---------------------------|-------|-------|
| 1 Month | 4.63 | 3.40 |
| 3 Month | 7.87 | 6.39 |
| Year to Date | 7.35 | 5.53 |
| Since Launch | 70.64 | 15.01 |
| Since Launch (Annualised) | 16.95 | 4.18 |

Source: Bloomberg

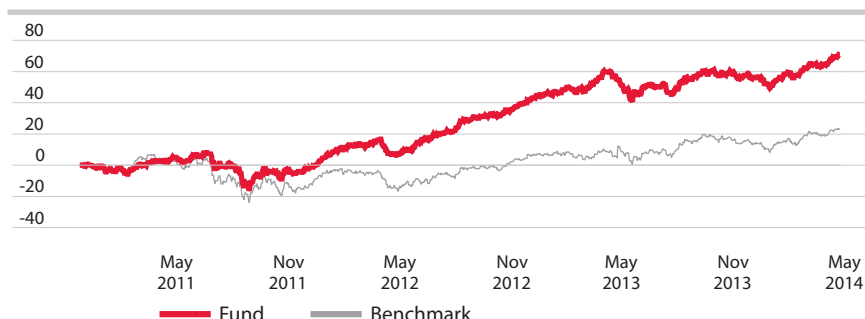
Investment Process

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

May was a strong month for performance with several of our holdings producing double digit gains and no significant losses. Perhaps our worst decision of the month was to reduce our Indian portfolio to zero just before the 10% "Modi election bounce". If ever there was a market that highlights the manic depressive nature of emerging market investing it is India's performance over the past year. In the summer of 2013, the markets were terrified that the Indian Rupee would collapse due to tapering concerns and that the growth would be perpetually disappointing due to ineffective government and endemic corruption. From the end of August 2013 until the end of May this year the MSCI India has returned 55% in USD terms and is now considered one of the most attractive equity markets in the world. In the words of ex-Goldman's economist, Jim O'Neill, India "could see GDP growth of 10% a year for the next twenty years". It is a useful reminder of how quickly sentiment can change in these markets and the returns available for those that are able to arbitrage the swings in sentiment.

Link REIT, which owns a portfolio of suburban shopping malls in Hong Kong, has recently sold four non-core properties to private investors at a passing yield of 3.3%. This does not sound particularly attractive until you consider that Hong Kong long term bonds yield less than 2% and inflation is more than 4% implying an expected real return from bonds of less than -2%. If **Link** could liquidate its entire portfolio at a 3.3% yield it would imply a valuation of more than HK\$60/share compared to a current share price of HK41, valued at a passing yield of 5.0%. The 700bps yield premium against real interest rates that we currently enjoy as unit holders in **Link** provides a healthy margin of safety against rises in bond yields. And the longer that bond yields remain at these levels, the more likely it is that the stock market and private market valuations converge.



All data as at 30.05.14. Source: Prusik Investment Management LLP, unless otherwise stated.

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Prusik Asian Equity Income Fund



Top 5 Holdings (%)

| | |
|---------------------------|-----|
| Cheung Kong Holdings | 7.0 |
| Hutchison Whampoa Ltd | 4.8 |
| The Link REIT | 4.5 |
| SK Telecom Co Ltd | 3.3 |
| Television Broadcasts Ltd | 3.0 |
| Total Number of Holdings | 44 |

Portfolio Financial Ratios

| | |
|--------------------------------|-------|
| Predicted Price/Earnings Ratio | 12.2x |
| Predicted Return on Equity (%) | 13.6 |
| Predicted Dividend Yield (%) | 4.8 |

Risk Metrics

| | |
|-----------------------|------|
| Tracking Error (% pa) | 6.9 |
| Beta | 0.81 |
| Alpha | 13.6 |
| Volatility (%) | 13.2 |
| Sharpe ratio | 1.29 |

Thematic Breakdown (%)

| | | |
|----------------------|------|-------------|
| Core Infrastructure | 52.2 | <div></div> |
| Retail Shopping Mall | 13.3 | <div></div> |
| Cash | 12.9 | <div></div> |
| Asian Consumer | 10.3 | <div></div> |
| Asian Export Brand | 3.7 | <div></div> |
| Quality Financials | 3.5 | <div></div> |
| Real Estate | 2.6 | <div></div> |
| Niche Tech | 1.6 | <div></div> |

Geographical Breakdown (%)

| | | |
|-------------|------|-------------|
| Hong Kong | 38.6 | <div></div> |
| China | 13.9 | <div></div> |
| Cash | 12.9 | <div></div> |
| Korea | 9.9 | <div></div> |
| Thailand | 8.7 | <div></div> |
| Singapore | 8.1 | <div></div> |
| Malaysia | 2.2 | <div></div> |
| Australia | 2.0 | <div></div> |
| Indonesia | 1.9 | <div></div> |
| Pakistan | 0.7 | <div></div> |
| Taiwan | 0.5 | <div></div> |
| New Zealand | 0.5 | <div></div> |

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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 (MXAJP) 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 | 175.37 |
| B USD | Unhedged | Distributing | B4QVD94 | IE00B4QVD949 | 150.61 |
| C GBP | Hedged | Distributing | B4Q6DB1 | IE00B4Q6DB12 | 150.90 |
| D SGD | Hedged | Distributing | B4NFT1 | IE00B4NFT16 | 144.43 |

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 | 138.37 |
| Y GBP | Hedged | Distributing | B4TRL17 | IE00B4TRL175 | 138.95 |
| Z SGD | Hedged | Distributing | B6WDYZ1 | IE00B6WDYZ18 | 138.06 |

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 | 104.15 |

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

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