

# Prusik Asian Equity Income Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

30 September 2014

Quarterly 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) | 822.5m                                   |
| 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 (%)

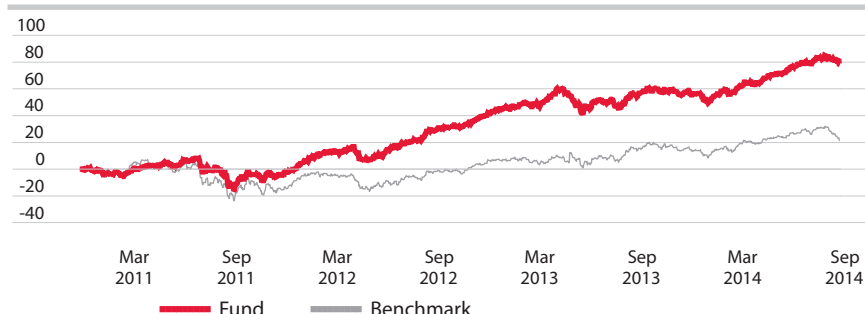
|                           | Fund  | Index |
|---------------------------|-------|-------|
| 1 Month                   | -2.54 | -7.16 |
| 3 Month                   | 2.12  | -3.02 |
| Year to Date              | 11.96 | 4.11  |
| Since Launch              | 77.99 | 13.47 |
| Since Launch (Annualised) | 16.62 | 3.43  |

Source: Bloomberg

## Investment Process

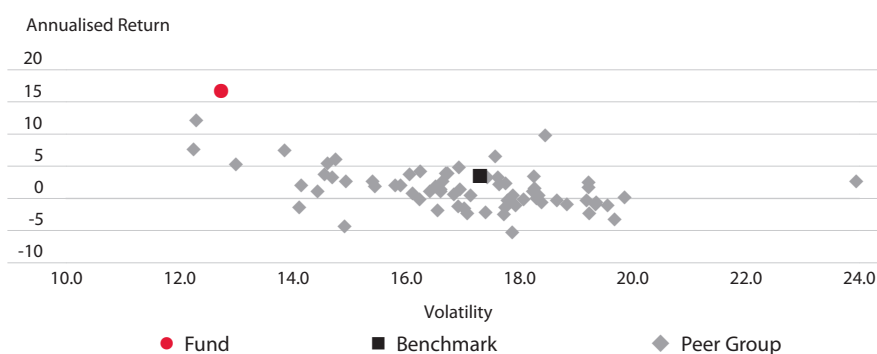
The process is both quantitative and qualitative with the latter dominating. The universe is screened for those high dividend stocks which have the greatest ability to sustain and grow their dividends over time. A particular emphasis is placed on identifying those companies with exceptional franchises, annuity like cash flows and pricing power which are trading at significant discounts to intrinsic value.

## Fund Performance - Class B USD (%)



Source: Bloomberg. Total return net income reinvested.

## Risk Adjusted Performance - Class B USD (%)



Source: Bloomberg. Annualised return and 1 year volatility versus the peer group (open ended offshore Asia Pacific ex Japan Equity Fund Index), 31.12.10 to 30.09.14

## Fund Manager Commentary

Our relative outperformance against the index in September was the result of portfolio positioning which had, up until this month, detracted substantially from returns. Our cautious investment stance, relatively high cash weighting and low beta portfolio had been struggling to keep up with the moves in markets but that defensiveness assisted in the preservation of capital during a more turbulent month. Half of the outperformance was due to the cash position and low beta stocks. The other half was due to our underweight position in Australia and good alpha across the portfolio, in particular Korea.

This month we exited our position in **Link REIT** and re-entered **HSBC** - in effect reversing a decision that we took earlier in the year. This is largely due to relative price movements. Since the end of January, **Link REIT** has returned 30% whereas **HSBC** is unchanged. In addition, our confidence in **HSBC** has increased as we believe we are closer to the point at which the bank can be more aggressive with regard to its capital return policy if they pass the EU and Bank of England stress tests as expected later in the year.



All data as at 30.09.14. Source: Prusik Investment Management LLP, unless otherwise stated.

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# Prusik Asian Equity Income Fund



## Top 5 Holdings (%)

|                                |     |
|--------------------------------|-----|
| Hutchison Whampoa Ltd          | 5.1 |
| Cheung Kong Holdings           | 4.8 |
| Macquarie Korea Infrastructure | 3.5 |
| Beijing Capital Intl           | 3.3 |
| MTR Corporation                | 3.3 |
| Total Number of Holdings       | 47  |

## Portfolio Financial Ratios

|                                |       |
|--------------------------------|-------|
| Predicted Price/Earnings Ratio | 11.6x |
| Predicted Return on Equity (%) | 12.9  |
| Predicted Dividend Yield (%)   | 5.1   |

## Risk Metrics

|                       |      |
|-----------------------|------|
| Tracking Error (% pa) | 6.8  |
| Beta                  | 0.79 |
| Alpha                 | 13.9 |
| Volatility (%)        | 12.7 |
| Sharpe ratio          | 1.30 |

## Thematic Breakdown (%)

|                      |      |  |
|----------------------|------|--|
| Core Infrastructure  | 45.9 |  |
| Cash                 | 12.3 |  |
| Asian Consumer       | 11.4 |  |
| Retail Shopping Mall | 10.7 |  |
| Quality Financials   | 9.6  |  |
| Real Estate          | 4.8  |  |
| Asian Export Brand   | 3.0  |  |
| Niche Tech           | 2.5  |  |

## Geographical Breakdown (%)

|             |      |  |
|-------------|------|--|
| Hong Kong   | 33.2 |  |
| China       | 15.4 |  |
| Cash        | 12.3 |  |
| Korea       | 11.0 |  |
| Thailand    | 8.9  |  |
| Singapore   | 6.4  |  |
| Australia   | 3.7  |  |
| Malaysia    | 2.2  |  |
| Pakistan    | 2.0  |  |
| Philippines | 1.7  |  |
| India       | 1.7  |  |
| New Zealand | 1.1  |  |
| Taiwan      | 0.4  |  |

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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 (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 | 182.92        |
| B USD   | Unhedged | Distributing     | B4QVD94 | IE00B4QVD949 | 152.47        |
| C GBP   | Hedged   | Distributing     | B4Q6DB1 | IE00B4Q6DB12 | 153.06        |
| D SGD   | Hedged   | Distributing     | B4NFJT1 | IE00B4NFJT16 | 146.20        |

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 | 139.33        |
| Y GBP   | Hedged   | Distributing | B4TRL17 | IE00B4TRL175 | 140.30        |
| Z SGD   | Hedged   | Distributing | B6WDYZ1 | IE00B6WDYZ18 | 139.01        |

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 | 108.32        |

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

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