

Prusik Asian Equity Income Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

28 February 2013

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)	656.4m
Launch Date	31 December 2010
Fund Manager	Tom Naughton
Fund Structure	UCITS III
Domicile	Dublin
Currencies	USD (base), GBP, SGD

Performance (%)

Class 1*	B USD	C GBP	D SGD
1 Month	1.78	2.01	1.79
3 Month	9.61	9.93	9.67
Year to Date	5.77	6.17	5.84
Since Launch†	48.22	48.74	42.84
2012	45.90	45.34	44.69
2011	-3.96	-3.60	-6.73

†Launch Date: B: 31.12.10, C: 21.01.11, D: 31.12.10

*Class 1 shares were closed to further investment on 30th November 2012

Class 2*	X USD	Y GBP	Z SGD
1 Month	1.70	2.01	1.72
3 Month	9.32	9.64	9.47
Year to Date	5.55	5.92	5.66
Since Launch†	29.27	30.46	29.55

†Launch Date: 31.03.12

Source: Bloomberg.

*Class 2 shares were soft closed to new investors as of 30th November 2012

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. Since Launch: 31.12.10

Fund Manager Commentary

The top 3 contributors this month were **PT Telkom** (Indonesian telecom operator), **SK Telecom** (Korean telecom operator) and **PCCW** (Hong Kong telecom operator). The biggest 3 detractors were **Grand Korea Leisure** (Korean casino), **Tata Motors** (owner of Jaguar/Land Rover) and **Soho China** (Chinese investment property company).

If there has been a trend this month, it has been that we have been selling stocks that have performed very well over the past 12 months and buying stocks that have performed poorly. It is not a deliberate strategy – price performance by itself does not mean anything – but it perhaps reflects the fact that we are finding more value in the less sought out areas of the market whilst selling those positions which have now been “discovered”. For instance we are selling **Advantech** (Taiwan cloud computing) which has returned 47% over the past 12 months during which the time the Taiwan market has barely moved and buying our first Chinese A share, **Daqin Railway** (Chinese railway operator), which has risen by just 8% over the past year, underperforming the A-share market by 8%. **Daqin** operates several trunk railway operations in the north of China which transport coal, taking it from the mines of Inner Mongolia to a nearby port where it is shipped to the coastal cities in the south. Although it would not win any prizes for glamour, it is a simple, predictable business that operates at full capacity and achieves pre-tax margins of 35%. A likely increase in tariffs will boost earnings by 20% in 2014 but even without assuming this, it should achieve earnings growth of 5-10% over the next few years. In early 2008, the stock traded as high as 45x earnings as investors speculated about the limitless growth and acquisition potential of the railway industry in China. Today, the investors can purchase the stock at a P/E of 8x earnings and receive a 5.5% dividend yield.

All data as at 28.02.13. Source: Prusik Investment Management LLP, unless otherwise stated.

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Prusik Asian Equity Income Fund



Top 5 Holdings (%)

SK Telecom Co Ltd	4.9
Telekomunikasi Indonesia	4.8
HSBC Holdings	4.5
Bank of Ayudhya	4.0
Hutchison Whampoa Ltd	3.7
Total Number of Holdings	48

Portfolio Financial Ratios

Predicted Price/Earnings Ratio	11.3x
Predicted Return on Equity (%)	17.2
Predicted Dividend Yield (%)	4.7

Risk Metrics

Tracking Error (% pa)	7.1
Beta	0.80
Alpha	17.5
Volatility (%)	14.4
Sharpe ratio	1.38

Thematic Breakdown (%)

Core Infrastructure	38.4	
Quality Financials	17.5	
Asian Consumer	16.2	
Asian Export Brand	7.1	
Real Estate Services	6.9	
Retail Shopping Mall	5.8	
Niche Tech	4.2	
Cash	2.4	
Oil & Gas	1.5	

Geographical Breakdown (%)

Hong Kong/China	38.2	
Korea	19.3	
Thailand	12.4	
Singapore	8.2	
Malaysia	6.0	
Indonesia	4.8	
Taiwan	4.2	
India	3.6	
Cash	2.4	
Australia	1.0	

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Management Fees

Annual Management Fee
1.0% p.a. Paid monthly in arrears

Performance Fee
Class 1: None
Class 2: 10% of the net out-performance of the MSCI Asia Pacific ex Japan Index with a high-water mark.

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	152.33
B USD	Unhedged	Distributing	B4QVD94	IE00B4QVD949	135.47
C GBP	Hedged	Distributing	B4Q6DB1	IE00B4Q6DB12	135.76
D SGD	Hedged	Distributing	B4NFJT1	IE00B4NFJT16	130.35

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	125.50
Y GBP	Hedged	Distributing	B4TRL17	IE00B4TRL175	126.89
Z SGD	Hedged	Distributing	B6WDYZ1	IE00B6WDYZ18	125.65

Class 2 shares were soft closed to new investors as of 30th November 2012

Dividend Dates

Dividends paid twice annually (January and July)

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