

# Prusik Asian Equity Income Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

31 July 2012

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 the 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)	158.1m
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	6.72	6.63	6.55
3 Month	2.32	2.88	2.08
Year to Date	23.97	23.93	23.17
Since Launch†	19.06	19.47	14.88
2011	-3.96	-3.60	-6.73

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

\*Class 1 is closed to new investors

Class 2	X USD	Y GBP	Z SGD
1 Month	6.44	6.34	6.34
3 Month	1.65	1.71	1.82

Launch Date: 31.03.12

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. Since Launch: 31.12.10

## Fund Manager Commentary

The biggest 3 contributors to returns this month were **Nagacorp** (Cambodian casino), **SK Telecom** (Korean mobile operator) and **Bangkok Expressway** (Thai toll road operator). The biggest detractors were **Kangwon Land** (Korean casino), **HSBC** (global bank) and **Grand Korea Leisure** (Korean casino). The relative performance of the fund this month was strong, although in keeping with the fund's strategy/philosophy this was mainly achieved through stocks with very limited cyclicalities and our beta continues to be relatively low. However, given the large falls in certain cyclical stocks over the past year we are starting to spend some time researching ideas in this area.

Some of our holdings are now getting towards fair value as their dividend paying power has become appreciated by the market. In the last 12 months, **Merida** has returned 83.6% and **Nagacorp** 141.8% during which time the MSCI Asia Pacific ex-Japan index has fallen by 9.3%. Given the decreased upside now available we are reducing those positions in favour of stocks such as **HSBC** and **Hite Jinro** which have fallen by 10.0% and 28.9% respectively. Although price movement by itself is a poor reason to buy or sell a stock it illustrates that, although some of our positions are now less attractive, we have a healthy pipeline of stocks that are still very misunderstood by the market and have significant upside potential with limited downside risk.

All data as at 31.07.12. Source: Prusik Investment Management LLP, unless otherwise stated.

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## Top 5 Holdings (%)

KT&G	4.7
SK Telecom Co Ltd	4.7
HSBC Holdings	4.5
PCCW	4.3
Tisco Financial Group	3.5
Total Number of Holdings	40

## Portfolio Financial Ratios

Predicted Price/Earnings Ratio	12.5x
Predicted Return on Equity (%)	18.7
Predicted Dividend Yield (%)	5.1

## Thematic Breakdown (%)

Core Infrastructure	40.1	<div></div>
Asian Consumer	20.6	<div></div>
Quality Financials	14.7	<div></div>
Real Estate Services	10.3	<div></div>
Retail Shopping Mall	5.4	<div></div>
Cash	3.6	<div></div>
Asian Export Brand	2.8	<div></div>
Niche Tech	2.5	<div></div>

## Geographical Breakdown (%)

Hong Kong/China	29.0	<div></div>
Thailand	18.7	<div></div>
Korea	18.5	<div></div>
Singapore	12.7	<div></div>
Malaysia	8.8	<div></div>
Taiwan	4.1	<div></div>
Cash	3.6	<div></div>
Indonesia	3.1	<div></div>
Philippines	1.4	<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: 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	122.36
B USD	Unhedged	Distributing	B4QVD94	IE00B4QVD949	111.05
C GBP	Hedged	Distributing	B4Q6DB1	IE00B4Q6DB12	111.25
D SGD	Hedged	Distributing	B4NFJT1	IE00B4NFJT16	106.95

Class 1 is closed to new investors

Class 2			Sedol	ISIN	Month-end NAV
X USD	Unhedged	Distributing	B4PYCL9	IE00B4PYCL99	104.38
Y GBP	Hedged	Distributing	B4TRL17	IE00B4TRL175	105.19
Z SGD	Hedged	Distributing	B6WDYZ1	IE00B6WDYZ18	104.43

## Dividend Dates

Dividends paid twice annually (January and July)

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