

Prusik Asian Equity Income Fund



LONG ONLY ABSOLUTE RETURN INVESTING IN ASIA

PRUSIK

31 October 2011

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)	28.1m
Launch Date	31 December 2010
Fund Manager	Tom Naughton
Fund Structure	UCITS III
Domicile	Dublin
Currencies	USD (base), GBP, SGD

Performance (%)

	B USD	C GBP	D SGD
1 Month	10.62	10.37	10.17
3 Month	-9.37	-9.37	-9.86
Year to Date	-2.21	-2.07	-5.00
Since Launch†	-2.21	-2.07	-5.00

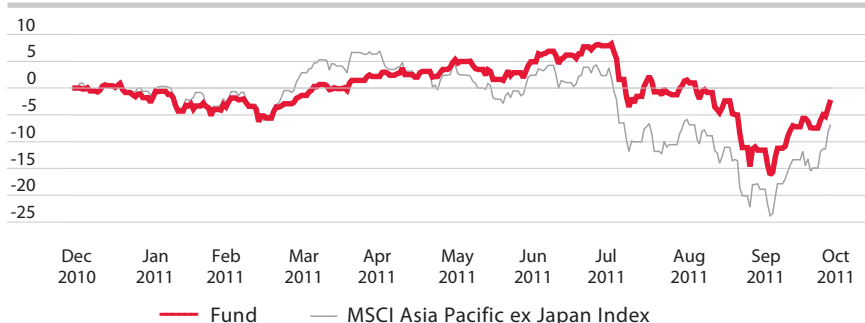
Source: Bloomberg.

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

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 fund rose by 10.62% compared to a market rise of 14.83%. The biggest three contributors to returns were **Anhui Expressway** (China toll road), **Texwinca** (China textiles and retail) and **IOOF** (Australian wealth management). The biggest detractors were **Ratchaburi Electric** (Thai Power producer), **Hite Jinro** (Korean beverage company), **CPN Retail Growth Fund** (Thai shopping malls).

During the month, visits were made to China, Hong Kong, Singapore and Korea. It is clear that businesses exposed to the US and Europe are seeing weaker demand however, the impact on domestically focused businesses is less clear. Although there is a degree of nervousness that the events in Europe will derail growth in the region, current business conditions remain relatively robust. Intra-regional tourism remains very firm (particularly outward bound Chinese), retail spending is resilient and the banking system remains very liquid and able to withstand the current turmoil. We visited several of our holdings and did come back with the view that we are not seeing any significant deterioration in business conditions yet. Of course if the conditions in Europe continue to get worse then this may change but, for now, the companies seem to be performing well.

There were no significant changes to the portfolio but we have added a position in **Hite Jinro** following a visit to the company. Hite Jinro is the dominant beer and Soju (rice wine) producer in Korea. Trading at 11x earnings and with a dividend yield of 5.5% it is one of the cheapest companies in the sector globally. Although they have suffered from market-share losses and a margin squeeze in the last two years, we believe that the market is now overly pessimistic on the company and, as a result, it is trading at a steep discount to intrinsic value. It would not be difficult for the company to double earnings (and dividends) over the next three years merely by maintaining their current market-share level and increasing margins back to the historical average.

All data as at 31.10.11. Source: Prusik Investment Management LLP, unless otherwise stated.

Prusik Asian Equity Income Fund



Top 5 Holdings (%)

Texwinca Holdings Ltd	4.3
KT&G Corp	4.2
Anhui Expressway	4.1
IOOF Holdings Ltd	3.7
Jiangsu Expressway	3.6
Total Number of Holdings	35

Portfolio Financial Ratios

Price/Book Value	2.6x
Price/Earnings Ratio	11.9x
Predicted Price/Earnings Ratio	12.0x
Return on Equity (%)	21.1
Historic Dividend Yield (%)	5.2
Predicted Dividend Yield (%)	5.7

Thematic Breakdown (%)

Asian Consumer	33.1	
Core Infrastructure	25.8	
Quality Financials	12.5	
Retail Shopping Malls	10.7	
Real Estate Services	6.1	
Asian Export Brand	5.3	
Cash	4.1	
Niche Tech	2.5	

Geographical Breakdown (%)

Hong Kong/China	30.0	
Singapore	13.2	
Thailand	10.4	
Malaysia	9.6	
Korea	9.4	
Australia	9.3	
Taiwan	5.4	
Cash	4.1	
Philippines	3.6	
New Zealand	2.8	
India	2.2	

All data as at 31.10.11. Source: Prusik Investment Management LLP, unless otherwise stated.

Management Fees

Annual Management Fee
1.0% p.a. Paid monthly in arrears
Performance Fee
Class 1: None

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	100.59
B USD Unhedged Distributing	B4QVD94	IE00B4QVD949	97.79
C GBP Hedged Distributing	B4Q6DB1	IE00B4Q6DB12	97.93
D SGD Hedged Distributing	B4NFJT1	IE00B4NFJT16	95.00

^{*}Class 1 will remain open to investors until the fund reaches USD50m. It will then soft close (to new investors) remaining open for current investors until the fund is USD100m. A new share class (Class 2) will be launched when Class 1 is approximately USD50m. This will carry a 1% AMC with a 10% performance fee, relative to the index.

Dividend Dates

Ex. Dividend: Interim 1 January, Final 1 July
Distribution: Interim end February, Final 31 August

This document is issued Prusik Investment Management LLP and is for private circulation and information purposes only. Prusik Investment Management LLP is authorised and regulated by the Financial Services Authority in the United Kingdom. Prusik is also registered with the Securities and Exchanges Commission in the United States of America under the Investment Advisors Act of 1940, as amended. The information contained in this document is strictly confidential and does not constitute investment advice, nor an offer or solicitation to buy or sell any securities and or derivatives or to make any investment decision and may not be reproduced, distributed or published by any recipient for any purpose without the prior written consent of Prusik Investment Management LLP.

The value of investments and any income generated may go down as well as up and is not guaranteed. You may not get back the amount originally invested. Past performance is not a guide to, or indicative of, future results. Changes in exchange rates may have an adverse effect on the value, price, or income of investments.

The information and opinions contained in this document are for background purposes only, and do not purport to be full or complete. Please refer to the fund prospectus for more detail. The information given is not exhaustive and does not constitute legal or tax advice. Prospective investors and investors alike should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding, switching or disposing of shares under the laws of the jurisdictions in which they may be subject to tax. No representation, warranty, or undertaking, express or limited, is given as to the accuracy or completeness of the information or opinions contained in this document by any of Prusik Investment Management LLP, its partners or employees and no liability is accepted by such persons for the accuracy or completeness of any such information or opinions. As such, no reliance may be placed for any purpose on the information and opinions contained in this document.