

**PRUSIK ASIAN SMALLER COMPANIES FUND PLC**

(An open-ended investment company with variable capital incorporated with limited liability and established as a UCITS under the laws of Ireland)

**Condensed Semi-Annual Report and Unaudited Financial Statements  
For the Financial Period Ended 30 June 2017**

**TABLE OF CONTENTS**

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	<b>Page</b>
GENERAL INFORMATION	2
INVESTMENT MANAGER'S REPORT	4
SCHEDULE OF INVESTMENTS	7
BALANCE SHEET	9
PROFIT AND LOSS ACCOUNT	11
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES	12
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	13
NOTES TO THE FINANCIAL STATEMENTS	18
STATEMENT OF SIGNIFICANT CHANGES IN THE COMPOSITION OF PORTFOLIO	26
MANAGEMENT AND ADMINISTRATION	28
APPENDIX 1 – REPORT ON REMUNERATION	29

**GENERAL INFORMATION**

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Prusik Asian Smaller Companies Fund plc (the “Company”) is a public limited liability investment company with variable capital, incorporated on 11 January 2008 in Ireland pursuant to Part 24 of the Companies Act 2014 and authorized by the Central Bank of Ireland (the “Central Bank”) under the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015, as amended (S.I. No. 420 of 2015) (the “Central Bank UCITS Regulations”).

Except where the context otherwise requires, defined terms shall bear the meaning given to them in the Prospectus of the Company.

The Company, with the prior approval of the Central Bank, may create additional Share Classes as the Directors may deem appropriate.

The Company commenced trading on 8 February 2008. There are six share classes available to investors in the Company:

- Class A Dollar Non-Distributing Class (first issued on 8 February 2008)
- Class B Dollar Distributing Class (first issued on 8 February 2008)
- Class C Sterling Distributing Class (first issued on 25 April 2008)
- Class D Singapore Dollar Distributing Class (first issued on 22 December 2009)
- Class E Singapore Dollar Distributing Class (first issued on 21 September 2011)
- Class U Sterling (Unhedged) Distributing Class (first issued on 1 July 2013)

Brown Brothers Harriman Fund Administration Services (Ireland) Limited (the “Administrator”) determines the Net Asset Value (“NAV”) per Share of each Class of the Company every Friday of each calendar month (“Dealing Day”) provided that Dealing Day is a business day, or if such day is not a business day, on the following business day. The valuation point is 11.00 am (Irish time) on each Dealing Day.

The most recent Prospectus of the Company is dated 25 May 2017.

**Investment Objective**

The investment objective of the Company is to engineer capital growth primarily by investing in companies operating in the Asian and Australasian region.

In pursuit of its investment objective the Company invests in emerging companies operating in Asia including Australia, New Zealand, Hong Kong, Taiwan, South Korea, China, India, Sri Lanka, Pakistan, Thailand, Indonesia, Malaysia, Singapore and the Philippines and generally seeks to invest, on average, in companies which have a price to book value ratio and a price/earnings ratio below the level then prevailing in the market of that sector. The Company pursues its investment objective primarily by taking short and long positions in publicly traded common stocks and other equity securities of Asian issuers and Australasian issuers. In addition, the Company’s investments are likely to include situations where an event has triggered a change in the market’s perception of the future outlook for a specific company or industry. The Policy will also enable the Company to invest in equity securities of issuers in Recognised Markets outside of Asia and Australasia and in debt and other fixed-income securities of Asian and Australasian and other issuers in Recognised Markets.

The Company has the ability to hold up to 100% of the NAV in cash for any period of time Prusik Investment Management LLP (the “Investment Manager”) deems this prudent. The Company limits its investment in other Collective Investment Schemes to a maximum of 10% of its NAV.

The Company may invest in American depositary receipts and global depositary receipts and other equity related securities and instruments, which may be over-the-counter (“OTC”) or listed, including convertible bonds, depositary receipts and warrants as well as other securities such as bonds and preference shares issued by corporate and governmental issuers (and which may be fixed or floating, and of both investment grade (BB- or higher) or non-investment grade).

**GENERAL INFORMATION (CONTINUED)**

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**Investment Objective (continued)**

The Company may invest in both short and long term Asian and foreign debt securities (such as fixed and/or floating rate bonds and notes) of corporate issuers and government entities. The debt and other fixed income securities in which the Company may invest will be of investment grade.

The Company may, however, invest on a very limited basis in debt and fixed income securities which are not required to satisfy any minimum rating standard. Such securities may include instruments that are considered to be of poor standing and which have predominantly speculative characteristics with respect to capacity to pay interest and repay principal.

The Company may also invest in certain securities and markets, using forms of indirect investment including, but not limited to Real Estate Investment Trusts ("REITS"), where such investment represents a more practical, efficient or less costly way of gaining exposure to the relevant security or market.

The Company may also invest in currency forwards such as non-deliverable forwards ("NDF") in order to manage currency exposure.

Pending investment of the proceeds of a placing or offer of Shares or where market or other factors so warrant, the Company's assets may be invested in money market instruments, including but not limited to certificates of deposit, floating rate notes and fixed or variable rate commercial paper listed or traded on Recognised Markets and in cash deposits.

The annual report and audited financial statements and unaudited half-yearly financial statements are available to the public at the registered office of the Company and are sent to shareholders.

## INVESTMENT MANAGER'S REPORT

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### Prusik Asian Smaller Companies Fund half year report June 2017

Over the half year to June 2017 the Prusik Asian Smaller Companies Fund rose 15.8% versus the M2APJ index which rose 19.9%. Below is a detailed review of the main contributors to performance in each quarter. Over the second quarter, we moved significantly towards being fully invested solely in the demographic growth markets. These are the countries which have youthful populations and include India, Vietnam, Indonesia, the Philippines, Sri Lanka and Pakistan. This has meant a little bit more turnover than normal and has taken us to a much higher weighting in India. It is also worth noting that the demographic growth markets, whilst offering some of the best growth opportunities in Asia and comprising a combined population of over 2 billion people, in total make up just 14.5% of the M2APJ index! Specifically, India has a 10.1% weighting in the index, followed by 2.8% for Indonesia, 1.4% for the Philippines, 17bps for Pakistan and zero weighting for Vietnam and Sri Lanka as both Vietnam and Sri Lanka are still classified as Frontier Markets. So, although we are still measuring the performance of the fund relative to M2APJ index, we are currently and will continue to be invested very differently to the index.

### Overview and Outlook

Despite very strong stock market performance in Asia year to date, the price to earnings ratio for the index has barely changed as the attendant increase in earnings expectations has more than kept up. We are, therefore, now in what feels like a strong upcycle for demand growth in Asia and we are also seeing some anecdotal evidence that capex is beginning to pick up. There is also rising interest in equities appearing in some countries from domestic investors, notably Vietnam, India and, to an extent China, which is helping to propel regional share prices as well. However, with the price to earnings valuation of the market barely changed we remain a long way off having to evaluate whether or not we have reached peak valuations. We would also add that so far, no case can be made for rising inflation, tight employment, rising wages, shortages or bubble-like behavior. As such, in the absence of any shocks and surprises from the global and political stages, we believe we can afford to be optimistic about Asia for the remainder of 2017.

At the end of 2nd Quarter, the fund is trading on 12.4x P/E, which represents a 14.4% discount to the index spot multiple of 14.5x P/E, whilst the fund's ROE at 23.0% is nearly double that of the index.

### 1st Quarter

#### Outperforming Themes in 1Q17

##### **Local Brands: 25.3% Average Weighting in 1Q17**

- Our local brands were a very positive contributor, generating a 14.5% return.
- This was led by Philippine convenience store, **Philippines 7-11**, and Indian coffee brand/wholesaler, **CCL Products**.
- Indian home appliance brands, **Crompton Greaves** and **Bajaj Electricals**, were added to the fund and did well.

##### **Communication Tech: 7.8% Average Weighting in 1Q17**

- Our communication tech theme saw strong returns of 18.3% in 1Q17.
- All holdings generated positive returns, led by China smartphone casing company, **Tongda**.
- Singapore sensor maker, **Innovalues**, was delisted post the acquisition process by private equity firm, Northstar, being completed.

##### **Leisure & Tourism: 5.6% Average Weighting in 1Q17**

- Our leisure and tourism theme saw a 18.4% return in 1Q17.
- Long term holding in the Indian cinema sector, **PVR**, responded well to good results.

##### **Vietnam: 22.4% Average Weighting in 1Q17**

- The Vietnam theme returned 13.3% and was the second biggest contributor to NAV.
- Property construction company, **Hoa Binh**, saw stellar returns on strong orders and index inclusion.

INVESTMENT MANAGER'S REPORT (CONTINUED)

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Underperforming Themes in 1Q17

**Financialisation: 7.6% Average Weighting in 2016**

- Our financialisation theme saw a return of 5.2% in 1Q17, lower than the index.
- Exposures to Indonesian banks (**Danamon + Negara**), plus Indian micro finance (**Mahindra & Mahindra Financial Services**) were added in the quarter.
- **Danamon** saw very strong returns in the quarter; Shariah insurance company, **Takaful**, was flat.

**Ecommerce: 0.3% Average Weighting in 1Q17**

- A final tranche of Taiwan's Ebay, **PCHome Online**, was sold in the quarter.
- The holding size was negligible, as was the positive return.
- The fund currently has no exposure to this theme.

**Infrastructure: 15.1% Average Weighting in 1Q17**

- Our infrastructure theme returned 9.1% in 1Q17, less than the index.
- 4 out of 7 holdings in the theme saw weak to muted returns, including our Pakistan + Philippine cement stocks and our Hainan Island (China) airport operator.
- Strong returns were seen in **IRB** Infrastructure, our Indian toll roads operator and **Huaku**, our Taiwanese property company.

**2nd Quarter**

Outperforming Themes in 2Q17

**Local Brands: 38.2% average weighting in 2Q17**

- Our local brands theme returned 9.6%. On an absolute basis, it contributed 185bps to NAV.
- Vietnamese mobile and consumer electronics giant, **Mobile World**, was a key contributor.
- Sri Lankan personal care + healthcare company, **Hemas**, re-rated post strong results.
- Indian mall player, **Phoenix Mills**, and fashion brand play, **Aditya Birla**, were added post our trip.
- Indonesian DIY retailer, **Ace Hardware**, and dairy brand, **Ultrajaya**, were also bought for the fund.
- Philippines casual dining operator, **Max's Group**, was sold as its execution problems continue.

**Clean Energy: 3.7% average weighting in 2Q17**

- Our clean energy returned 41.7%. On an absolute basis, it contributed 146bps to NAV.
- This was a single stock theme comprising **Woory Industrial**, a key aircon system supplier for Tesla.
- As mentioned, **Woory Industrial** has now been sold as the stock reached its valuation target.

**Communication Technology: 10.9% average weighting in 2Q17**

- Our communication technology theme returned 12.1% in 2Q17.
- Vietnam software and telecom company, **FPT**, led the way.
- We added to the theme via a new holding in Indonesian tower company, **Protelindo**.
- China smartphone casing maker, **Tongda**, sold due to insider selling and valuation target reached.

**INVESTMENT MANAGER'S REPORT (CONTINUED)**

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**Underperforming Themes in 2Q17**

**Infrastructure: 21.1% average weighting in 2Q17**

- Our infrastructure theme returned 2.0%, which was less than the index.
- Our infrastructure exposure in Vietnam – **REE, PC1, Hoa Sen** – all saw good returns.
- Weaker areas included infrastructure exposure in Pakistan as MSCI change led to outflows.
- Indian broadband infrastructure company, **D-Link**, detracted post weak results; now sold.
- Taiwan property developer, **Huaku**, was sold as it hit our valuation target. Strong profits booked.
- Indian PVC pipes brand, **Finolex**, now partnered with Buffet-owned, Lubrizol, was recently bought.

**Leisure & Tourism: 6.2% average weighting in 2Q17**

- Our leisure and tourism theme returned 0.7%, which was less than the index.
- Indian cinema operator, **PVR**, saw muted returns as GST did not boost margins as expected.
- Korean cinema operator, **CJ CGV**, was sold as its Turkish acquisition continues to hurt profits.

**Financialisation: 12.4% average weighting in 2Q17**

- Our financialisation theme returned 6.9%, which was roughly in-line with the index.
- Indonesian banks, Indian non-bank financials and Vietnam brokers performed strongly.
- Pakistan's **Habib Bank** fell as the MSCI upgrade led to outflows. Long term we remain positive.
- A new position in the Indian mortgage finance company, **Repcor**, was added post our trip.

SCHEDULE OF INVESTMENTS

Country	Holding	Security Description	Cost USD	Value USD	% of Net Assets
<b>Common Stock (31 December 2016: 84.94%)</b>					
<b>India (31 December 2016: 5.11%)</b>					
	450,000	Aditya Birla Fashion & Retail Ltd.	1,302,972	1,197,935	2.34%
	215,000	Bajaj Electricals Ltd.	1,009,326	1,087,177	2.13%
	240,000	CCL Products India Ltd.	995,923	1,098,728	2.15%
	330,000	Crompton Greaves Consumer Electricals Ltd.	944,887	1,168,593	2.29%
	160,000	Finolex Industries Ltd.	1,492,115	1,496,022	2.93%
	300,000	IRB Infrastructure Developers Ltd.	955,371	971,431	1.90%
	130,000	LIC Housing Finance Ltd.	1,490,711	1,495,651	2.93%
	220,000	Phoenix Mills Ltd.	1,567,772	1,552,171	3.04%
	80,000	PVR Ltd.	458,449	1,741,833	3.41%
	102,000	Repco Home Finance Ltd.	1,428,746	1,310,893	2.56%
			<u>11,646,272</u>	<u>13,120,434</u>	<u>25.68%</u>
<b>Indonesia (31 December 2016: 0.00%)</b>					
	16,000,000	Ace Hardware Indonesia Tbk PT	1,302,783	1,272,557	2.49%
	4,500,000	Bank Danamon Indonesia Tbk PT	1,402,240	1,730,444	3.39%
	7,300,000	Bank Tabungan Negara Persero Tbk PT	1,275,015	1,424,123	2.79%
	3,333,300	Sarana Menara Nusantara Tbk PT	1,010,658	947,905	1.85%
	2,689,200	Ultrajaya Milk Industry & Trading Co. Tbk PT	1,026,747	1,013,936	1.98%
			<u>6,017,443</u>	<u>6,388,965</u>	<u>12.50%</u>
<b>Pakistan (31 December 2016: 0.00%)</b>					
	550,000	Habib Bank Ltd.	1,609,763	1,411,131	2.76%
			<u>1,609,763</u>	<u>1,411,131</u>	<u>2.76%</u>
<b>Philippines (31 December 2016: 11.25%)</b>					
	589,825	Philippine Seven Corp.	590,098	2,115,702	4.14%
			<u>590,098</u>	<u>2,115,702</u>	<u>4.14%</u>
<b>South Korea (31 December 2016: 3.11%)</b>					
	73,000	Woory Industrial Co. Ltd.	1,353,718	2,465,979	4.82%
			<u>1,353,718</u>	<u>2,465,979</u>	<u>4.82%</u>
<b>Sri Lanka (31 December 2016: 5.44%)</b>					
	2,000,000	Hemas Holdings plc	1,461,220	2,005,212	3.92%
	2,840,000	Melstacorp plc	1,091,496	1,276,612	2.50%
			<u>2,552,716</u>	<u>3,281,824</u>	<u>6.42%</u>
<b>Taiwan (31 December 2016: 12.82%)</b>					
	115,000	Advanced Ceramic X Corp.	967,070	1,398,751	2.74%
			<u>967,070</u>	<u>1,398,751</u>	<u>2.74%</u>
<b>Vietnam (31 December 2016: 22.94%)</b>					
	176,213	Coteccons Construction JSC	587,222	1,678,330	3.28%
	1,520,875	FPT Corp.	1,739,231	3,134,618	6.13%
	535,000	Ho Chi Minh City Securities Corp.	958,776	1,049,712	2.05%
	770,000	Hoa Sen Group	946,555	1,097,532	2.15%
	664,800	Mobile World Investment Corp.	1,544,598	3,009,455	5.89%
	741,000	Power Construction JSC No.1	1,011,253	1,173,551	2.30%
	265,460	Quang Ngai Sugar JSC	936,855	991,490	1.94%
	650,000	Refrigeration Electrical Engineering Corp.	857,368	1,055,167	2.06%
			<u>8,581,858</u>	<u>13,189,855</u>	<u>25.80%</u>
<b>Total Common Stock</b>			<b>33,318,938</b>	<b>43,372,641</b>	<b>84.86%</b>



**SCHEDULE OF INVESTMENTS (CONTINUED)**

Country	Holding	Security Description	Cost USD	Value USD	% of Net Assets
<b>Warrant (31 December 2016: 7.70%)</b>					
<b>Pakistan (31 December 2016: 7.70%)</b>					
	580,000	DG Khan Cement Co. Ltd. 25/10/2021	970,366	1,178,311	2.31%
	67,000	Indus Motor Co. Ltd. 25/10/2021	985,167	1,150,269	2.25%
			1,955,533	2,328,580	4.56%
<b>Switzerland (31 December 2016: 0.00%)</b>					
	1,880,000	Credit Suisse AG/Nassau 29/03/2022	1,681,336	1,999,153	3.91%
			1,681,336	1,999,153	3.91%
<b>Total Warrants</b>			<b>3,636,869</b>	<b>4,327,733</b>	<b>8.47%</b>
<b>Total Fair Value of Investments</b>			<b>36,955,807</b>	<b>47,700,374</b>	<b>93.33%</b>

**Forward Foreign Currency Contracts (31 December 2016: (0.19%))**

Currency Bought	Amount Bought	Currency Sold	Amount Sold	Maturity Date	Counterparty	Unrealised Gain/(Loss)	% of Net Assets
SGD	1,323,573	USD	(955,690)	28/07/2017	Brown Brothers Harriman	6,357	0.01%
GBP	3,833,361	USD	(4,892,556)	28/07/2017	Brown Brothers Harriman	90,915	0.18%
<b>Total unrealised gains on Forward Foreign Currency Contracts</b>						<b>97,272</b>	<b>0.19%</b>
<b>Total Financial Assets at Fair Value through Profit or Loss</b>						<b>47,797,646</b>	<b>93.52%</b>
USD	620	SGD	(859)	28/07/2017	Brown Brothers Harriman	(4)	0.00%
USD	82,824	GBP	(64,880)	28/07/2017	Brown Brothers Harriman	(1,521)	0.00%
<b>Total unrealised losses on Forward Foreign Currency Contracts</b>						<b>(1,525)</b>	<b>0.00%</b>
<b>Total Financial Liabilities at Fair Value through Profit or Loss</b>						<b>(1,525)</b>	<b>0.00%</b>

	Value USD	% of Net Assets
Cash	3,696,708	7.23%
Other Net Liabilities	(381,808)	(0.75%)
<b>Net Assets Attributable to Holders of Redeemable Participating Shares</b>	<b>51,111,021</b>	<b>100.00%</b>

**BALANCE SHEET**

	Notes	As at 30 June 2017 USD	As at 31 December 2016 USD
<b>Assets</b>			
Financial assets, at cost		36,955,807	34,126,960
Financial assets at fair value through profit or loss			
- Transferable securities		43,372,641	38,255,896
- Warrants		4,327,733	3,470,413
- Financial derivative instruments		97,272	6,563
Cash		3,696,708	3,048,554
Receivable for investments sold		–	1,001,384
Dividends receivable		46,001	–
Subscriptions receivable		–	14,447
<b>Total assets</b>		<b>51,540,355</b>	<b>45,797,257</b>
<b>Liabilities</b>			
Financial liabilities at fair value through profit or loss			
- Financial derivative instruments		1,525	89,571
Redemptions payable		–	454,322
Investment management fees	2	60,235	54,440
Administration fees	3	14,424	24,646
Depositary fees	4	15,447	17,825
Directors' fees	5	7,207	7,275
Audit fees		10,105	8,529
Performance fees	2	223,866	18,994
Professional fees		95,779	80,274
Other liabilities		746	397
<b>Total liabilities</b>		<b>429,334</b>	<b>756,273</b>
<b>Net Assets Attributable to Holders of Redeemable Participating Shares</b>		<b>51,111,021</b>	<b>45,040,984</b>

The accompanying notes form an integral part of the financial statements.

**BALANCE SHEET (CONTINUED)**

	Notes	As at 30 June 2017	As at 31 December 2016	As at 31 December 2015
<b>Class A Dollar Non-Distributing Class</b>				
Net Assets		USD 29,122,058	USD 25,663,567	USD 28,569,944
Outstanding Redeemable Participating Shares	1	168,627	172,074	205,235
Net Asset Value per Share		USD 172.70	USD 149.14	USD 139.21
<b>Class B Dollar Distributing Class</b>				
Net Assets		USD 11,570,223	USD 10,114,140	USD 8,722,088
Outstanding Redeemable Participating Shares	1	68,114	68,416	62,614
Net Asset Value per Share		USD 169.87	USD 147.83	USD 139.30
<b>Class C Sterling Distributing Class</b>				
Net Assets		GBP 3,846,314	GBP 3,352,051	GBP 3,143,814
Outstanding Redeemable Participating Shares	1	43,266	43,001	42,841
Net Asset Value per Share		GBP 88.90	GBP 77.95	GBP 73.38
<b>Class D Singapore Dollar Distributing Class</b>				
Net Assets		SGD 1,367,340	SGD 1,793,969	SGD 6,569,786
Outstanding Redeemable Participating Shares	1	5,844	8,771	34,072
Net Asset Value per Share		SGD 233.97	SGD 204.52	SGD 192.82
<b>Class E Singapore Dollar Distributing Class</b>				
Net Assets		SGD 2,296,172	SGD 2,055,364	SGD 1,816,263
Outstanding Redeemable Participating Shares	1	14,070	14,070	13,820
Net Asset Value per Share		SGD 163.20	SGD 146.08	SGD 131.43
<b>Class U Sterling Unhedged Distributing Class</b>				
Net Assets		GBP 2,125,113	GBP 2,011,511	GBP 1,500,534
Outstanding Redeemable Participating Shares	1	18,098	18,591	17,480
Net Asset Value per Share		GBP 117.42	GBP 108.20	GBP 85.84

The accompanying notes form an integral part of the financial statements.

**PROFIT AND LOSS ACCOUNT**

	Notes	For the period ended 30 June 2017 USD	For the period ended 30 June 2016 USD
<b>Investment income</b>			
Dividend income		352,622	464,007
Interest income		3,078	1,150
Miscellaneous income		10,322	37,943
Net realised gain/(loss) on financial assets and liabilities at fair value through profit or loss		4,599,164	(2,222,356)
Movement in net unrealised gain on financial assets and liabilities at fair value through profit or loss		3,334,224	5,448,134
<b>Total income</b>		<b>8,299,410</b>	<b>3,728,878</b>
<b>Expenses</b>			
Investment management fees	2	351,697	320,013
Administration fees	3	47,282	47,692
Depositary fees	4	31,860	27,354
Directors' fees	5	16,582	20,040
Audit fees		9,807	11,440
Professional fees		51,668	61,090
Performance fees	2	240,130	9,549
Transaction costs		218,335	73,034
Other expenses		643	212
<b>Total expenses</b>		<b>968,004</b>	<b>570,424</b>
<b>Net income before finance costs</b>		<b>7,331,406</b>	<b>3,158,454</b>
<b>Finance costs</b>			
Distributions paid		(146,162)	–
Pakistan capital gain tax		(4,662)	–
<b>Total finance costs</b>		<b>(150,824)</b>	–
Withholding tax on dividends		(28,110)	(15,859)
<b>Change in Net Assets Attributable to Holders of Redeemable Participating Shares from Operations</b>		<b>7,152,472</b>	<b>3,142,595</b>

Gains and losses arise solely from continuing operations. There were no recognised gains or losses other than those reflected above and therefore, no statement of total recognised gains and losses has been presented.

The accompanying notes form an integral part of the financial statements.

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES**

	Notes	For the period ended 30 June 2017 USD	For the period ended 30 June 2016 USD
Change in Net Assets Attributable to Holders of Redeemable Participating Shares from Operations		7,152,472	3,142,595
<b>Capital Share Transactions of Redeemable Participating Shares</b>			
Proceeds from issuance of Redeemable Participating Shares	1	370,123	2,309,849
Payments on redemption of Redeemable Participating Shares	1	(1,452,558)	(9,437,540)
Net decrease from Capital Share Transactions of Redeemable Participating Shares		(1,082,435)	(7,127,691)
Change in Net Assets Attributable to Holders of Redeemable Participating Shares		6,070,037	(3,985,096)
Net Assets Attributable to Holders of Redeemable Participating Shares at the beginning of the period		45,040,984	50,108,211
<b>Net Assets Attributable to Holders of Redeemable Participating Shares at the end of the period</b>		<b>51,111,021</b>	<b>46,123,115</b>

The accompanying notes form an integral part of the financial statements.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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The significant accounting policies and estimation techniques adopted by the Company are as follows:

### **Basis of Preparation of Financial Statements**

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Act 2014 and the Central Bank (Supervision and Enforcement) Act 2013 (section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 (S.I. No. 420 of 2015), as amended (the “Central Bank UCITS Regulations”). The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention, as modified by the reduction of financial assets and financial liabilities at fair value through profit or loss, and they comply with accounting standards issued by the Financial Reporting Council (“FRC”), as promulgated by the Institute of Chartered Accountants in Ireland. Financial statements are prepared on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

#### *FRS 102*

The financial reporting standard applicable in the UK and Republic of Ireland (“FRS 102”) is effective for accounting periods beginning on or after 1 January 2015 and replaces the accounting standards under which the financial statements of the Company were previously prepared.

The information required to be included in the Statement of Total Recognised Gains and Losses and a Reconciliation of Movements in Shareholders Funds, is, in the opinion of the Directors contained in the Profit and Loss account and the Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares on pages 11 and 12, respectively.

The Company has availed of the exemption available to open-ended investment funds under FRS 102 not to prepare a cash flow statement.

### **Financial Assets and Financial Liabilities at Fair Value through Profit or Loss**

#### *(i) Classification*

The Company has chosen to apply the recognition and measurement provisions of International Accounting Standard 39: ‘Financial Instruments: Recognition and Measurement’ (“IAS 39”), (as adopted for use in the European Union) and the disclosure and presentation requirement of FRS 102 to account for all the financial instruments. The Company has designated all of its investments into financial assets or financial liabilities at fair value through profit or loss.

#### *Financial assets and financial liabilities held for trading*

These include equities and forward foreign currency contracts held by the Company. These instruments are acquired or incurred principally for the purpose of generating a profit from short-term fluctuation in price. All the Company’s assets and liabilities are held for the purpose of being traded or are expected to be realised within one year.

#### *Financial instruments designated as at fair value through profit or loss upon initial recognition*

These include Financial Assets or Financial Liabilities that are not held for trading. These financial instruments are designated on the basis that their fair value can be reliably measured and their performance has been evaluated on a fair value basis in accordance with the risk management and/or investment strategy as set out in the Company’s Prospectus. There were no such financial instruments designated as at fair value through profit or loss upon initial recognition held by the Company at the period end.

#### *(ii) Recognition*

All regular purchases and sales of financial instruments are recognised on the trade date, subject to receipt before agreed cut-off time, which is the date that the Company commits to purchase or sell an asset. Regular way purchase or sales of financial instruments that require delivery of assets within the period generally established by regulation or convention in the market place.

Gains and losses arising from changes in the fair value of the financial assets or financial liabilities at fair value through profit or loss are included in the Profit and Loss Account in the period in which they arise. Dividends are credited to the Profit and Loss Account on the dates on which the relevant securities are listed as “ex-dividend”.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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**Financial Assets and Financial Liabilities at Fair Value through Profit or Loss (continued)**

*(iii) Derecognition*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar assets) is derecognised where:

- The rights to receive cash flows from the assets have expired; or
- The Company has transferred its rights to receive cash flows from the assets or has assumed an obligation to pay the received cash flows in full without material delay to a third party under “pass through” arrangements; or
- Either (a) the Company has transferred substantially all the risks and rewards of the assets, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company’s continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

The Company derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expired.

*(iv) Initial Measurement*

Financial instruments categorised at fair value through profit or loss are measured initially at fair value, with transaction costs for such instruments being recognised directly in the Profit and Loss Account.

Financial liabilities, other than those classified as at fair value through profit and loss are recognised initially at fair value plus transaction costs that are directly attributable to their acquisition or issue.

Components of hybrid financial instruments are measured in accordance with the above policies based on their classification.

*(v) Subsequent Measurement*

After initial measurement, the Company measures financial instruments classified as financial assets at fair value through profit or loss at their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction. The value of any security which is not quoted, listed or dealt in on a Recognised Exchange or which is so quoted, listed or dealt but for which no such quotation or value is available or the available quotation or value is not representative of the fair market value shall be the probable realisation value as estimated with care and good faith by the Directors or by a competent person, firm or corporation appointed for such purpose by the Depositary.

*Cash and other Liquid Assets*

Cash comprises current deposits with banks. Cash and other liquid assets will be valued at their face value with accrued interest on interest bearing accounts as at the close of business on each valuation date.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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**Financial Assets and Financial Liabilities at Fair Value through Profit or Loss (continued)**

*Derivative Instruments*

Derivative instruments traded on a regulated market shall be valued at the settlement price as determined by the market. If the settlement price is not available, the value shall be the probable realisation value estimated with care and in good faith by (i) the Directors or the Investment Manager or (ii) a competent person, firm or corporation selected by the Directors and approved for the purpose by the Depositary or (iii) any other means provided that the value is approved by a competent person (such competent person having been approved for the purpose by the Depositary). Derivative contracts which are not traded on a regulated market including without limitation swap contracts will be valued on the basis of a quotation provided daily by the relevant counterparty and verified or approved at least weekly by a party independent of the counterparty, including the Investment Manager, or another independent party which is approved for such purpose by the Depositary. Apart from forward foreign currency contracts as at 30 June 2017 and 31 December 2016 the Company did not hold any derivative instruments.

*Forward Foreign Currency Contracts*

Forward foreign currency contracts shall be valued in the same manner as derivatives contracts which are not traded in a regulated market or by reference to the price at the Valuation Point at which new forward contract of the same size and maturity could be undertaken. The forward foreign currency contracts held by the Company as at 30 June 2017 are included in the Schedule of Investments.

Forward foreign exchange contracts represent obligations to purchase or sell foreign currency on a specified future date at a price fixed at the time the contracts are entered into. The values of the forward foreign exchange contracts are adjusted daily based on the applicable exchange rate of the underlying currency. Changes in the value of these contracts are recorded as unrealised appreciation or depreciation until the contract settlement date. When the forward contract is closed, the sub-fund records a realised gain or loss equal to the difference between the value at the time the contract was opened and the value at the time it was closed.

The unrealised appreciation/(depreciation) on forward foreign exchange contracts is disclosed in the Balance Sheet under "Financial assets at fair value through profit or loss – Financial derivative instruments". Realised gains/(losses) and change in unrealised appreciation/depreciation resulting there from are included in the Profit and Loss Account respectively under "Net realised gain/(loss) on financial assets and liabilities at fair value through profit or loss" and "Movement in net unrealised gain/(loss) on financial assets and liabilities at fair value through profit or loss".

*Collective Investment Schemes and Real Estate Investment Trusts*

Units in collective investment schemes shall be valued at the latest available net asset value per unit or bid price as published by the relevant collective investment scheme or, if traded on a Recognised Exchange, in accordance with listed securities above. As at 30 June 2017 and 31 December 2016 the Company did not hold any collective investment schemes units.

*Warrants*

The Company may invest in warrants. Warrants which are fully paid up and have a zero strike price exhibit the identical risk and return characteristics as in the case where the Company had acquired the underlying equity directly. Such warrants are valued at the last traded price for the underlying equity quoted on the stock exchange or principal market on which it is listed. The warrants held by the Company as at 30 June 2017 are included in the Schedule of Investments.

**Distributions Payable to Holders of Redeemable Participating Shares**

The Company received Reporting Fund Status from HMRC with effect from 1st January 2010 (the Company previously had been registered as having distributor status for the year ended 31 December 2009). The Directors, at their discretion, can propose to distribute any of the net investment income of the Class B Dollar Distributing Class, the Class C Sterling Distributing Class, the Class D Singapore Dollar Distributing Class, the Class E Singapore Dollar Distributing Class and the Class U Sterling (Unhedged) Distributing Class of the Company. In the event that a dividend is paid it will be paid out of the net investment income and/or net realised and unrealised capital gains (i.e. realised and unrealised gains net of realised and unrealised losses) of the Company.



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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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**Financial Assets and Financial Liabilities at Fair Value through Profit or Loss (continued)**

**Distributions Payable to Holders of Redeemable Participating Shares (continued)**

It is currently anticipated that, if there is net income to distribute, a dividend will be declared in April of each year, and will be paid within two months of declaration. However, the Directors may at their discretion determine the frequency at which a dividend is paid. Shareholders will be notified of any change in the frequency of the payment of dividends. Distributions to holders of redeemable participating shares are recorded in the Profit and Loss Account as finance costs when paid. Distributions paid or payable during the period ended 30 June 2017 were USD 146,162 (USDNil: 30 June 2016).

The following table summarises the distributions paid by the Company during the period ended 30 June 2017:

Share Class	Ex-Date	Distribution per Share USD
Class B Dollar Distributing Class	3 January 2017	1.1762
Class C Sterling Distributing Class	3 January 2017	0.8204
Class D Singapore Dollar Distributing Class	3 January 2017	1.1919
Class U Sterling (Unhedged) Distributing Class	3 January 2017	1.0735

As at 30 June 2016 no distributions were paid or payable from the Company.

**Foreign Exchange Translation**

*Functional and Presentation Currency*

Items included in the Company's financial statements are measured using the currency in which Shareholder transactions take place (the "functional currency") which is US Dollars ("USD"). The Company's reporting currency is also USD.

*Transactions and Balances*

Assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at the exchange rates ruling at the balance sheet date. Transactions in currencies other than the functional currency are translated into the functional currency at the exchange rates ruling at the dates of the transactions. Gains and losses on foreign exchange transactions are recognised in the Profit and Loss Account in determining the result for the year.

**Investment Transactions and Investment Income**

Investment transactions are accounted for as at the date purchased or sold. Gains and losses arising from changes in the fair value of the Financial Assets at fair value through profit or loss are included in the Profit and Loss account in the year in which they arise.

**Interest Income and Interest Expenses**

Interest income and interest expenses are recognised on an accruals basis in line with the contractual terms. Interest is accrued on a daily basis.

**Dividend Income**

Dividends are credited to the Profit and Loss Account on the dates on which the relevant securities are listed as "ex-dividend". Income is shown gross of any non-recoverable withholding taxes and net of any tax credits. Withholding tax is shown as a finance cost in the Profit and Loss Account.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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**Financial Assets and Financial Liabilities at Fair Value through Profit or Loss (continued)**

**Transaction Costs**

Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs. Transaction costs are recognised in the Profit and Loss Account as an expense.

**Expenses**

Expenses are recognised in the Profit and Loss Account on an accruals basis.

NOTES TO THE FINANCIAL STATEMENTS

**1. Share Capital**

*Authorised*

The authorised capital of the Company is Euro (“EUR”) 300,000 divided into 300,000 non-participating Shares of no par value and 500 billion Redeemable Participating Shares of no par value.

*Non-Participating Shares*

There are currently 300,000 redeemable non-participating Shares authorised, with two in issue. The non-participating Shares do not form part of the NAV of the Company and are thus disclosed in the financial statements by way of this note only. In the opinion of the Directors, this disclosure reflects the nature of the Company’s business as an investment fund.

*Redeemable Participating Shares*

The net assets attributable to holders of Redeemable Participating Shares are at all times equal to the NAV of the Company. Redeemable Participating Shares are redeemable at the Shareholder’s option and are classified as Financial Liabilities under FRS 102 “Financial Instruments: Disclosure and Presentation” (“FRS 102”) as they can be redeemed at the option of the Shareholder. Net Assets Attributable to Holders of Redeemable Participating Shares represent a liability in the Balance Sheet, carried at the redemption amount that would be payable at the balance sheet date if a Shareholder exercised the right to redeem. Consequently the differences adjust the carrying amount of Net Assets Attributable to Holders of Redeemable Participating Shares and are recognised in the Profit and Loss Account.

The movement in the number of redeemable participating shares for the period ended 30 June 2017 is as follows:

	<b>Class A Dollar Non-Distributing Class Shares</b>	<b>Class B Dollar Distributing Class Shares</b>	<b>Class C Sterling Distributing Class Shares</b>
At the beginning of the period	172,074	68,416	43,001
Redeemable Participating Shares issued	895	499	334
Redeemable Participating Shares redeemed	(4,342)	(801)	(69)
At the end of the period	168,627	68,114	43,266

	<b>Class D Singapore Dollar Distributing Class Shares</b>	<b>Class E Singapore Dollar Distributing Class Shares</b>	<b>Class U Sterling Unhedged Distributing Class Shares</b>
At the beginning of the period	8,771	14,070	18,591
Redeemable Participating Shares issued	3	–	742
Redeemable Participating Shares redeemed	(2,930)	–	(1,235)
At the end of the period	5,844	14,070	18,098

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Share Capital (continued)

*Redeemable Participating Shares (continued)*

The movement in the number of redeemable participating shares for the period ended 30 June 2016 is as follows:

	<b>Class A Dollar Non-Distributing Class Shares</b>	<b>Class B Dollar Distributing Class Shares</b>	<b>Class C Sterling Distributing Class Shares</b>
At the beginning of the period	205,235	62,614	42,841
Redeemable Participating Shares issued	–	15,705	–
Redeemable Participating Shares redeemed	(31,562)	(11,401)	(237)
At the end of the period	173,673	66,918	42,604
	<b>Class D Singapore Dollar Distributing Class Shares</b>	<b>Class E Singapore Dollar Distributing Class Shares</b>	<b>Class U Sterling Unhedged Distributing Class Shares</b>
At the beginning of the period	34,072	13,820	17,480
Redeemable Participating Shares issued	–	–	927
Redeemable Participating Shares redeemed	(24,990)	–	(1,938)
At the end of the period	9,082	13,820	16,469

Application for redemption of Redeemable Participating Shares may be submitted prior to 5.00pm Irish time two calendar days before any Dealing Day (the “dealing deadline”) or such other time as the Board of Directors may determine, provided that the dealing deadline is no later than the valuation point for the Company. Shares will be issued at the NAV per Share based on last traded prices.

Holders of the Distributing Class are entitled to receive all dividends declared and paid by the Company. Upon winding up, the holders are entitled to a return of capital based on the NAV per Share of the Company.

2. Investment Management Fees

The Company has entered into an Investment Management Agreement with Prusik Investment Management LLP (the “Investment Manager”) pursuant to which the Investment Manager manages the Company’s investments on a discretionary basis.

The Investment Manager receives from the Company a fee of 1.5% per annum of the NAV of the Company together with Value Added Tax (“VAT”), if any, on such fee for all share classes, with the exception of the Class E Singapore Dollar Distributing Class which does not charge a management fee. Fees payable to the Investment Manager shall be accrued at each Valuation Point and shall be payable monthly in arrears. The Company shall bear the cost of any VAT applicable to any fees or other amounts payable to or by such nominee in the performance of their respective duties.

The Investment Manager earned a fee of USD 351,697 during the period ended 30 June 2017 (USD 320,013: 30 June 2016), of which USD 60,235 is outstanding at the period end (USD 54,440: 31 December 2016).

*Performance fee and equalisation*

In relation to Classes A, B, C, D and U the Investment Manager also receives a Performance Fee out of the assets of the Company. The Performance Fee is calculated in respect of each twelve month period ending on 31 December respectively in each year (a “Calculation Period”) for Classes A, B, C, D and quarterly for Class U. For each Calculation Period, the Performance Fee in respect of each Share will be equal to 10% of the appreciation in the Net Asset Value per Share during that Calculation Period above the base Net Asset Value per Share. The base Net Asset Value per Share is the greater of the Net Asset Value per Share at the time of issue of that Share and the highest Net Asset Value per Share achieved as at the end of any previous Calculation Period (if any) during which such Share was in issue.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**2. Investment Management Fees (continued)**

*Performance fee and equalization (continued)*

In the case of Classes A, B, C and D there is a further calculation, which is intended to ensure the performance fee for these classes is based on the performance of each individual shareholding, and the result of this calculation is that certain shareholders may benefit from a credit against future performance fees referred to as an equalisation credit. Other shareholders may be required to pay additional amounts of performance fee if they have subscribed for shares at a time when the Net Asset Value per Share of the relevant class is less than that when a performance fee was last paid for that class. The Investment Manager will not charge the Holders of Participating Shares of the Company a performance fee if the Net Asset Value does not appreciate by more than 6% per annum for classes A, B, C and D or 1.5% per quarter for class U.

For further details on the Performance Fee calculations and Equalisation Credits please refer to the Prospectus. The Investment Manager may, at its sole discretion, agree with any Shareholder, to rebate, return and or remit any part of the Management and Performance Fee which are paid or payable to the Investment Manager. Details of the Performance fees and Equalisation fees charged to the Company and payable at the end of the year are included in the Profit and Loss Account and Balance Sheet, respectively. The class E Singapore Dollar Distributing Class will not be charged a Performance Fee.

A Performance Fee of USD 240,130 was earned during the period ended 30 June 2017 (USD 9,549: 30 June 2016), which includes USD Nil due to the issuance of redeemable participating shares in exchange for cancellation of performance fee equalisation credits (USD Nil: 30 June 2016). The performance fee outstanding at the period end was USD 223,866 (USD 18,994: 31 December 2016).

**3. Administration Fees**

The Company pays Brown Brothers Harriman Fund Administration Services (Ireland) Limited (the “Administrator”) an annual fee of 0.04% of the NAV of the Company if the NAV is less than USD 200,000,000, 0.03% of any increment greater than USD 200,000,000 and less than USD 400,000,000, and 0.02% of any increment greater than USD 400,000,000 (plus VAT, if any), subject to a minimum monthly charge of USD 4,000 per month. Additional Classes in excess of two Classes shall be charged at USD 250 per month. The Administrator is also entitled to receive registration fees and transaction and reporting charges at normal commercial rates which shall accrue daily and be paid monthly in arrears.

The Administrator is also entitled to be repaid out of the assets of the Company all of its reasonable out-of-pocket expenses incurred on behalf of the Company which shall include legal fees, couriers’ fees and telecommunication costs and expenses together with VAT, if any, thereon.

The Administrator earned a fee of USD 47,282 during the period ended 30 June 2017 (USD 47,692: 30 June 2016), of which USD 14,424 is outstanding at the period end (USD 24,646: 31 December 2016).

**4. Depositary Fees**

Until 25 May 2017, the Company paid Brown Brothers Harriman Trustee Services (Ireland) Limited (the “Depositary”) a depositary fee of 0.02% of the NAV per annum. The depositary fees were payable monthly in arrears, subject to a minimum charge of USD 36,000. From 25 May 2017, the Company pays a depositary fee of 0.023% of the NAV per annum of the Company. The Company shall also pay the fees and reasonable transaction charges (charged at normal commercial rates) of any sub-depositary appointed by the Depositary. The Depositary fees are payable monthly in arrears, subject to a minimum charge of USD 18,000 per annum.

The Depositary shall also be entitled to be repaid all of its disbursements out of the assets of the Company, including legal fees, couriers’ fees and telecommunication costs and expenses and the fees, transaction charges and expenses of any sub-depositary appointed by it which shall be at normal commercial rates together with VAT, if any, thereon.

The Depositary earned a fee of USD 31,860 during the period ended 30 June 2017 (USD 27,354: 30 June 2016), of which USD 15,447 is outstanding at the period end (USD 17,825: 31 December 2016).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**5. Directors' Fees**

The Directors of the Company are entitled to a fee in remuneration for their services of EUR 15,000 each (plus VAT, if any) per annum. In addition, the Directors are entitled to special remuneration if called upon to perform any special or extra services to the Company. All Directors are entitled to reimbursement by the Company of expenses properly incurred in connection with the business of the Company or the discharge of their duties. Heather Manners and Tony Morris have waived their entitlement to Directors fees (as disclosed in Note 6).

The Directors earned fees of USD 16,582 during the period ended 30 June 2017 (USD 20,040: 30 June 2016), of which USD 7,207 is outstanding at the period end (USD 7,275: 31 December 2016).

**6. Related Parties**

*Directors*

Heather Manners, a Director of the Company, is Chief Investment Officer of the Investment Manager and has not been paid a fee for the periods ended 30 June 2017 and 30 June 2016.

Tony Morris, Alternate Director for Heather Manners, is also a partner and is Chief Operating Officer and Head of Trading of the Investment Manager. As an Alternate Director, he is not entitled to receive a director's fee from the Company.

The following Directors and related parties held Shares in the Company as at 30 June 2017:

<b>Related Party</b>	<b>Shares held</b>	<b>Share Class</b>
Heather Manners	5,280	Class E Singapore Dollar Distributing Class
Prusik Investment LLP	83	Class E Singapore Dollar Distributing Class
Thomas Naughton (Partner of the Investment Manager)	2,731	Class E Singapore Dollar Distributing Class
Tony Morris	2,750	Class E Singapore Dollar Distributing Class
Tony Morris (Spouse)	287	Class E Singapore Dollar Distributing Class
Richard Hayes	2,753	Class E Singapore Dollar Distributing Class
Amirah Rani (employee of the Investment Manager)	126	Class E Singapore Dollar Distributing Class

The following Directors and related parties held Shares in the Company as at 31 December 2016:

<b>Related Party</b>	<b>Shares held</b>	<b>Share Class</b>
Heather Manners	5,280	Class E Singapore Dollar Distributing Class
Prusik Investment LLP	83	Class E Singapore Dollar Distributing Class
Thomas Naughton (Partner of the Investment Manager)	2,731	Class E Singapore Dollar Distributing Class
Tony Morris	2,750	Class E Singapore Dollar Distributing Class
Tony Morris (Spouse)	287	Class E Singapore Dollar Distributing Class
Richard Hayes	2,753	Class E Singapore Dollar Distributing Class
Han Leng Chow (employee of the Investment Manager)	59	Class E Singapore Dollar Distributing Class
Amirah Rani (employee of the Investment Manager)	126	Class E Singapore Dollar Distributing Class

**7. Taxation**

The Company qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997 (as amended). It is not chargeable to Irish tax on its income and gains.

Tax may arise on the happening of a chargeable event. A chargeable event includes any distribution payments to Shareholders or any encashment, redemption or transfer of Shares. No tax will arise on the Company in respect of chargeable events in respect of:

- a Shareholder who is not Irish resident and not ordinarily resident in Ireland at the time of the chargeable event, provided the necessary signed statutory declarations are held by the Company; and
- certain exempted Irish tax investors who have provided the Company with the necessary signed statutory declarations.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**7. Taxation (continued)**

The holding of Shares at the end of a Relevant Period will, in respect of Irish Resident investors, also constitute a chargeable event. To the extent that any tax issues arise on such a chargeable event, such tax will be allowed as a credit against any tax payable on the subsequent encashment, redemption, cancellation or transfer of the relevant Shares.

A Relevant Period is defined as a period of eight years beginning with the acquisition of a Share by a Shareholder and each subsequent period of eight years beginning immediately after the preceding relevant period.

Dividend income and interest received by the Company may be subject to non-recoverable withholding tax in the countries of origin.

**8. Soft Commission Agreements**

During the periods ended 30 June 2017 and 30 June 2016, the Investment Manager entered into soft commission arrangements with brokers/dealers in respect of which certain services used to support the investment decision process were received. The Investment Manager does not make direct payment for these services but does transact an agreed amount of business with the brokers on behalf of the Company and commission is paid on these transactions.

The Investment Manager considers these arrangements are to the benefit of the Company and has satisfied itself that it obtains best execution on behalf of the Company and the brokerage rates are not in excess of the customary institutional full service brokerage rates.

These arrangements do not affect the Investment Manager's obligation to obtain best execution on investment transactions undertaken for the Company.

**9. Efficient Portfolio Management**

During the period ended 30 June 2017, the Company did not hold any instruments for the purposes of efficient portfolio management (31 December 2016: None).

**10. Exchange Rates**

The following exchange rates have been used to translate assets and liabilities in currencies other than USD:

	<b>30 June 2017</b>	<b>31 December 2016</b>
Australian Dollar	1.3011	1.3833
British Pound Sterling	0.7698	0.8129
Euro	0.8765	0.9483
Hong Kong Dollar	7.8052	7.7540
Indian Rupee	64.6675	67.8700
Indonesia Rupiah	13,327.5000	–
Malaysian Ringgit	4.2927	4.4860
Pakistan Rupee	104.8450	–
Philippine Peso	50.4600	49.7125
Singapore Dollar	1.3763	1.4441
South Korean Won	1,144.1500	1,207.8000
Sri Lankan Rupee	153.5000	149.6250
Taiwan Dollar	30.4200	32.2290
Vietnamese Dong	22,731.0000	22,771.0000

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**11. Financial Risk Management**

**Fair Value Estimation**

FRS 102 Section 11.27 on “Fair Value: Disclosure” requires disclosure relating to the fair value hierarchy in which fair value measurements are categorised for assets and liabilities. The disclosures are based on a three level fair value hierarchy for the inputs used in valuation techniques to measure fair value. In March 2016 amendments were made to paragraphs 34.22 and 34.42 of this FRS, revising the disclosure requirements for financial institutions and retirement benefit plans. An entity shall apply these amendments for accounting periods beginning on or after 1 January 2017.

The fair value hierarchy has the following levels:

- (i) Level 1: Investments, whose values are based on quoted market prices in active markets, and therefore are classified within Level 1, include active listed equities. Quoted prices for these instruments are not adjusted.
- (ii) Level 2: Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.
- (iii) Level 3: Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently. Pricing inputs are unobservable for the investment and includes situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgement or estimation. As observable prices are not available for these securities, the Company would use valuation techniques to derive fair value.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the financial asset or liability.

The determination of what constitutes “observable” requires significant judgement by the Directors in consultation with the Investment Manager. The Directors consider observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

When fair values of listed equity as well as publicly traded derivatives at the reporting date are based on quoted market prices or binding dealer price quotations (bid price for long position and ask price of short positions), without any deduction for transaction cost, the instruments are included within level 1 of the hierarchy.

The fair values of forward currency exchange contracts are calculated by reference to the current exchange rates for contract with similar maturity risk profile.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following table provides an analysis within the fair value hierarchy of the Company’s financial assets and liabilities measured at fair value at 30 June 2017 and 31 December 2016:



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. Financial Risk Management (continued)

Fair Value Estimation (continued)

As at 30 June 2017

Financial Assets at Fair Value Through Profit or Loss

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Common Stock	43,372,641	–	–	43,372,641
Warrants	–	4,327,733	–	4,327,733
Forward Foreign Currency Contracts	–	97,272	–	97,272
<b>Total Assets</b>	<b>43,372,641</b>	<b>4,425,005</b>	<b>–</b>	<b>47,797,646</b>

Financial Liabilities at Fair Value Through Profit or Loss

Forward Foreign Currency Contracts	–	(1,525)	–	(1,525)
<b>Total Liabilities</b>	<b>–</b>	<b>(1,525)</b>	<b>–</b>	<b>(1,525)</b>

As at 31 December 2016

Financial Assets at Fair Value Through Profit or Loss

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Common Stock	38,255,896	–	–	38,255,896
Warrants	–	3,470,413	–	3,470,413
Forward Foreign Currency Contracts	–	6,563	–	6,563
<b>Total Assets</b>	<b>38,255,896</b>	<b>3,476,976</b>	<b>–</b>	<b>41,732,872</b>

Financial Liabilities at Fair Value Through Profit or Loss

Forward Foreign Currency Contracts	–	(89,571)	–	(89,571)
<b>Total Liabilities</b>	<b>–</b>	<b>(89,571)</b>	<b>–</b>	<b>(89,571)</b>

12. Portfolio Analysis

As at 30 June 2017

	Market Value USD	% of Total Assets
Transferable securities admitted to an official exchange listing	43,372,641	84.15%
Other securities	4,327,733	8.40%
Financial derivative instruments (Forward Foreign Currency Contracts)	95,747	0.19%
<b>Net financial assets at fair value through profit or loss</b>	<b>47,796,121</b>	<b>92.74%</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**12. Portfolio Analysis (continued)**

<b>As at 31 December 2016</b>	<b>Market Value USD</b>	<b>% of Total Assets</b>
Transferable securities admitted to an official exchange listing	38,255,896	83.53
Other securities	3,470,413	7.58
Financial derivative instruments (Forward Foreign Currency Contracts)	(83,008)	(0.18)
<b>Net financial assets at fair value through profit or loss</b>	<b>41,643,301</b>	<b>90.93</b>

**13. Comparatives**

The comparative figures are for the period ended 30 June 2016 for the Profit and Loss Account and the Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares, and as at 31 December 2016 for the Balance Sheet.

**14. Significant Events during the Period**

The Company's Prospectus has been updated on 25 May 2017. Effective from 25 May 2017, the depositary fee changed from 0.02% to 0.023% of the NAV of the Fund, and the minimum charge payable monthly in arrears changed from USD 36,000 to USD 18,000 per Fund per annum. There were no other significant updates in the Prospectus.

There were no other events during the period that had a material effect on the financial statements.

**15. Events since the Period End**

There were no events after the period end that had a material effect on the financial statements.

**16. Approval of Financial Statements**

The unaudited financial statements were approved by the Directors on 25 August 2017.

**STATEMENT OF SIGNIFICANT CHANGES IN THE COMPOSITION OF PORTFOLIO**

In accordance with the Central Bank (Supervision and Enforcement) Act 2013 (section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 (S.I. No. 420 of 2015) (the “Central Bank UCITS Regulations”) a statement of changes in the composition of the portfolio during the reporting period is provided to ensure that Shareholders can identify changes in the investments held by the Company. These statements present the aggregate purchases and sales of transferable securities exceeding 1% of the total value of purchases and sales for the period. At a minimum the largest 20 purchases and 20 sales must be given.

**Total Purchases for the period ended 30 June 2017**

<b>Security Description</b>	<b>Acquisitions Nominal</b>	<b>Cost USD</b>
Habib Bank Ltd.	550,000	1,606,077
Phoenix Mills Ltd.	220,000	1,562,846
Finolex Industries Ltd.	160,000	1,487,207
LIC Housing Finance Ltd.	130,000	1,485,660
Repcos Home Finance Ltd.	102,000	1,424,472
Bank Danamon Indonesia Tbk PT	4,500,000	1,398,739
CJ CGV Co. Ltd.	21,000	1,383,181
Ace Hardware Indonesia Tbk PT	16,000,000	1,299,366
Aditya Birla Fashion & Retail Ltd.	450,000	1,299,075
Bank Tabungan Negara Persero Tbk PT	7,300,000	1,271,822
Mahindra & Mahindra Fin Secs.	250,000	1,192,314
Ultrajaya Milk Industry & Trading Co. Tbk PT	2,689,200	1,024,145
Power Construction JSC No.1	570,000	1,009,234
Bajaj Electricals Ltd.	215,000	1,006,006
Best World International Ltd.	720,000	1,003,378
Sarana Menara Nusantara Tbk PT	3,333,300	1,000,315
CCL Products India Ltd.	240,000	992,661
Advanced Ceramic X Corp.	115,000	965,139
Ho Chi Minh City Securities Corp.	535,000	956,863
IRB Infrastructure Developers Ltd.	300,000	952,229
Crompton Greaves Consumer Electricals Ltd.	330,000	941,793
Cosmecca Korea Co. Ltd.	16,000	939,790
Quang Ngai Sugar JSC	204,200	934,985
Refrigeration Electrical Engineering Corp.	650,000	855,657

STATEMENT OF SIGNIFICANT CHANGES IN THE COMPOSITION OF PORTFOLIO (CONTINUED)

Major Sales for the period ended 30 June 2017

Security Description	Disposals Nominal	Proceeds USD
Syarikat Takaful Malaysia Bhd.	2,200,000	1,993,973
Philippine Seven Corp.	600,000	1,970,913
Li Ning Co. Ltd.	3,100,000	1,904,113
Wistron NeWeb Corp.	618,000	1,795,560
Huaku Development Co. Ltd.	765,000	1,731,337
Taiwan Paiho Ltd.	560,000	1,700,003
Hoa Binh Construction & Real Estate Corp.	730,000	1,497,739
CJ CGV Co. Ltd.	21,000	1,476,381
Mobile World Investment Corp.	177,600	1,384,504
Max's Group, Inc.	3,500,000	1,367,858
Mahindra & Mahindra Fin Secs.	250,000	1,363,378
Best Pacific International Holdings Ltd.	1,778,000	1,317,368
HNA Infrastructure Co. Ltd.	1,322,000	1,243,843
Best World International Ltd.	720,000	1,182,475
Tongda Group Holdings Ltd.	3,600,000	1,111,323
Karex Bhd	2,025,000	1,089,946
PChome Online, Inc.	117,104	1,021,637
Cosmecca Korea Co. Ltd.	16,000	939,899
Dong Hai JSC of Bentre	556,000	883,754
D-Link India Ltd.	548,000	854,721
Bizlink Holding, Inc.	123,797	694,562
7-Eleven Malaysia Holdings Bhd.	1,389,000	446,097

**MANAGEMENT AND ADMINISTRATION**

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**BOARD OF DIRECTORS**

David Hammond\* (Irish)  
Heather Manners (British)  
Tony Morris (British) (Alternate Director)  
Richard Hayes\* (Irish)  
\*Independent of the Investment Manager

**COMPANY NAME AND REGISTERED OFFICE**

Prusik Asian Smaller Companies Fund plc  
33 Sir John Rogerson's Quay  
Dublin 2  
Ireland

**INVESTMENT MANAGER  
AND DISTRIBUTOR**

Prusik Investment Management LLP  
6th Floor Moss House  
15-16 Brook's Mews  
London, W1K 4DS  
United Kingdom

**ADMINISTRATOR**

Brown Brothers Harriman Fund Administration  
Services (Ireland) Limited  
30 Herbert Street  
Dublin 2  
Ireland

**INDEPENDENT AUDITOR**

Ernst & Young  
Harcourt Centre  
Harcourt Street  
Dublin 2  
Ireland

**DEPOSITARY**

Brown Brothers Harriman Trustee  
Services (Ireland) Limited  
30 Herbert Street  
Dublin 2  
Ireland

**COMPANY SECRETARY**

Tudor Trust Limited  
33 Sir John Rogerson's Quay  
Dublin 2  
Ireland

**LEGAL ADVISERS IRELAND**

Dillon Eustace  
33 Sir John Rogerson's Quay  
Dublin 2  
Ireland

**LEGAL ADVISERS UNITED KINGDOM**

Simmons & Simmons  
One Ropemaker Street  
London EC2Y 9SS  
United Kingdom

**Appendix 1 – Report on Remuneration**

The European Union Directive 2014/91/EU (known as the “UCITS V Directive”) came into effect on 21 March 2016. The Company operates a remuneration policy in accordance with applicable UCITS requirements and the principles outlined in the ESMA guidelines on sound remuneration policies under the UCITS Directive (the “Remuneration Guidelines”) and which is set out in the Company’s Remuneration Policy dated 18 March 2016 which can be found at [www.prusikim.co.uk](http://www.prusikim.co.uk) and is referred to in the current Prospectus.

The Company’s remuneration policy applies to certain identified staff of the Company and of its delegates whose professional activities have a material impact on the risk profile of the Company. As at 30 June 2017, the Company did not have any employees and the Company’s remuneration policy applies only to members of the Company’s management body (i.e. the board of directors) and certain members of the staff of the Investment Manager, which also employs an equivalent remuneration policy under corresponding regulations that apply to the Investment Manager. The directors not affiliated with the Investment Manager receive a fixed annual fee which is in line with the fees paid by other Irish funds and compensates these directors for their tasks, expertise and responsibilities. Directors that are employees of the Investment Manager (or an affiliate) are not paid any fees for their services as directors.

Quantitative remuneration disclosures as required by paragraphs (a) and (b) of Regulation 89(3A) of the UCITS Regulations will be included in the financial statements for the year ending 31 December 2017. The disclosures required by paragraphs (c) and (d) of Regulation 24(B) of the UCITS Regulations will also be made at this time following the first annual review of the remuneration policy.

The remuneration policy was amended to take account of the issue of the Remuneration Guidelines in October 2016, and in particular the requirements in relation to delegated management functions, but no other material changes have been made to the remuneration policy since its adoption.