

PRUSIK ASIA FUND PLC

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

Annual Report and Audited Financial Statements For the Financial Year Ended 31 December 2018

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GENERAL INFORMATION

Prusik Asia Fund plc (the “Company”) is a public limited liability investment company with variable capital, incorporated on 7 September 2005 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 7 October 2005. There are six share classes available to investors in the Company:

- Class A Dollar Non-Distributing Class (first issued on 7 October 2005)
- Class B Dollar Distributing Class (first issued on 7 October 2005)
- Class C Sterling Distributing Class (first issued on 14 July 2006)
- 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 daily (“Dealing Day”). The valuation point is 11.00 am (Irish time) on each Dealing Day.

The most recent Prospectus of the Company is dated 29 May 2018.

Investment Objective

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

In pursuit of its investment objective the Company invests in companies operating in Asia including Australia, New Zealand, Hong Kong, Taiwan, South Korea, China, India, Sri Lanka, Pakistan, Thailand, Indonesia, Malaysia, Singapore, Vietnam and the Philippines and generally seeks to invest, on average, in companies which have a price to book value ratio and price/earnings ratio below the level then prevailing in the market of that sector. The Company pursues its investment objective primarily by taking long positions in publicly traded common stocks and other equity securities of Asian issuers.

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 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 (rated BB- or higher by Standard & Poor’s/ Moody’s) or non-investment grade.

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 principally be of investment grade.

GENERAL INFORMATION (CONTINUED)

Investment Objective (continued)

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, where such investment represents a more practical, efficient or less costly way of gaining exposure to the relevant security or market.

The Company may utilise techniques for efficient portfolio management and/or to protect against exchange risks, subject to the conditions and within the limits laid down by the Central Bank. These techniques and instruments include but are not limited to futures, options, forward foreign exchange contracts, total return and exchange rate swap contracts, stock lending and repurchase and reverse repurchase agreements.

The Company may also invest in currency forwards such as non-deliverable forwards 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.

DIRECTORS' REPORT

The Directors have pleasure in submitting their annual report together with the audited financial statements for Prusik Asia Fund plc (the "Company" or the "Fund") for the financial year ended 31 December 2018.

Directors' Responsibility Statement

Under the Central Bank UCITS Regulations, the Directors are required to entrust the assets of the Company to the Depositary for safe-keeping. In carrying out this duty, the Company has appointed as depositary of the Company's assets Brown Brothers Harriman Trustee Services (Ireland) Limited (the "Depositary").

Irish company law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the assets, liabilities and financial position of the Company and of the profit or loss of the Company for that year. Under that law, the Directors have elected to prepare the financial statements in accordance with Generally Accepted Accounting Practice in Ireland, comprising applicable law and the accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company, and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland, and comply with the Irish Companies Act 2014 (the "Companies Act") and 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"). They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

Accounting Records

The measures taken by the Directors to secure compliance with the Company's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records are kept at the offices of Brown Brothers Harriman Fund Administration Services (Ireland) Limited (the "Administrator"), at 30 Herbert Street, Dublin 2, Ireland.

Directors' Compliance Statement

It is the policy of the Company to comply with its relevant obligations (as defined in the Companies Act 2014). As required by Section 225(2) of the Companies Act 2014, the Directors acknowledge that they are responsible for securing the Company's compliance with the relevant obligations. The Directors have drawn up a compliance policy statement as defined in Section 225(3)(a) of the Companies Act 2014 which refers to the arrangements and structures that are in place and which are, in the Directors' opinion, designed to secure material compliance with the Company's relevant obligations. In discharging their responsibilities under Section 225, the Directors relied upon, among other things, the services provided, advice and representations from third parties whom the Directors believe have the requisite knowledge and experience in order to secure material compliance with the Company's relevant obligations.

Statement of Relevant Audit Information

The Directors in office at the date of this report have each confirmed that:

- as far as the Directors are aware, there is no relevant audit information of which the Company's statutory auditors are unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information.

DIRECTORS' REPORT (CONTINUED)

Directors

The names of the persons who were Directors at any time during the year to 31 December 2018 are set out below.

Heather Manners
David Hammond
Richard Hayes (Chairman)
Tony Morris (Alternate Director)

Directors' and Secretary's Interests

The following Directors and their Family members held Shares in the Company as at 31 December 2018:

Heather Manners	11,966	Class E Singapore Dollar Distributing Class
David Hammond (Family members)	835	Class A Dollar Non-Distributing Class
Richard Hayes	1,262	Class E Singapore Dollar Distributing Class
Tony Morris	3,000	Class E Singapore Dollar Distributing Class
Tony Morris (Family member)	98	Class U Sterling Unhedged Distributing Class

Other than those disclosed above, none of the Directors, the Secretary, nor their families hold or held any beneficial interests in the Company at 31 December 2018 or during the year.

Audit Committee

The Board of Directors decided it was not necessary to constitute an audit committee given the frequency of the meetings of the Board of Directors throughout the year and given the size of the Board of Directors and the nature, scale and complexity of the Company and its activities.

Connected Parties

In accordance with the Central Bank UCITS Regulations, any transaction carried out with the Company by the Investment Manager, the Depositary and/or associated or group companies of these entities ("connected parties") must be carried out as if negotiated at arm's length. Such transactions must be in the best interest of the shareholders of the Company.

The Board of Directors of the Company is satisfied that (i) there are arrangements (evidenced by written procedures) in place to ensure that the obligations set out above are applied to all transactions with connected parties; and (ii) transactions with connected parties entered into during the year complied with these obligations.

Results, Activities and Future Developments

A review of the principal activities is included in the Investment Manager's Report.

Details of the assets, liabilities and financial position of the Company and results for the year ended 31 December 2018 are set out on pages 18 to 20. The Net Assets Attributable to Holders of Redeemable Participating Shares as at 31 December 2018 was US Dollar ("USD") 121,529,786 (USD 107,213,042: 31 December 2017). The Company will continue to pursue its objectives as set out in detail in the Prospectus.

Dividend and Distributions

The Directors have discretion from time to time to declare such distributions as may appear to them to be justified out of the net income accruing to the Company in respect of each class of Shares of the Company. The Company has been granted reporting fund status by Her Majesty's Revenue and Customs ("HMRC"). There were no distributions paid during the year ended 31 December 2018 (USD Nil: 31 December 2017).

DIRECTORS' REPORT (CONTINUED)

Risk Management

The risks defined by Financial Reporting Standard FRS 102 "Financial Instruments: Disclosures" ("FRS 102"), arising from the Company's financial instruments are market risk (including market price risk, currency risk and interest rate risk), credit risk and liquidity risk. Details of these risks and how they are monitored, and where possible, managed by the Company, are set out in Note 13 "Financial Risk Management" on pages 32 to 37.

Brexit

The possible effects of Brexit on the Company and the Investment Manager are subject to ongoing and continual consideration and reaction. Communications from the parties' UK and Irish lawyers are being monitored to ensure all issues are covered, while taking account of the Memoranda of Understanding entered into between the UK and Irish regulators which have been noted. The Company's representatives monitor the situation closely taking action as necessary. As the majority of investors in the Company are domiciled in the UK it is not anticipated that Brexit will have a material impact on the marketing activities of the Fund's UK-based distributor. Similarly, as the focus of the Company's investment activity is centred on Asia ex-Japan with the base currency of the Fund being USD, it is not envisaged that Brexit will impact the Fund to any significant degree.

Independent Auditors

The independent auditors, Ernst & Young Chartered Accountants, have indicated their willingness to continue in office in accordance with section 383(2) of the Companies Act 2014.

Events during the Year

The Company's Prospectus has been updated on 29 May 2018 to cover for MiFID II (Markets in Financial Instruments Directive) and GDPR (General Data Protection Regulation). There were no other significant updates in the Prospectus.

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

Events since the Year End

There were no events since the year end that had a material effect on the financial statements.

Corporate Governance Statement

The Company is subject to and complies with Irish statute comprising the Companies Act as applicable to investment funds and the Central Bank UCITS Regulations. The Board of Directors (the "Board") voluntarily adopted the Corporate Governance Code for Irish Domiciled Collective Investment Schemes as published by Irish Funds (the "IF Code") which came into effect on 1 January 2012. The Board has assessed the measures included in the IF Code as being consistent with its corporate governance practices and procedures for the financial year and there are no exceptions to be noted. Each of the service providers engaged by the Company is subject to their own corporate governance requirements.

Financial Reporting Process - Description of Main Features

The Board is responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. These include appointing the Administrator to maintain the books and records. The Administrator is authorised and regulated by the Central Bank and must comply with the rules imposed by the Central Bank. The Administrator is also contractually obliged to prepare, for review and approval by the Board, the annual report, including financial statements intended to give a true and fair view, and the half yearly financial statements.

DIRECTORS' REPORT (CONTINUED)

Corporate Governance Statement (continued)

Financial Reporting Process - Description of Main Features (continued)

The Board evaluates and discusses significant accounting and reporting issues as the need arises. From time to time the Board may also examine and evaluate the Administrator's financial accounting and reporting routines while the Administrator has the responsibility in respect of monitoring the internal controls in relation to the financial reporting process.

Risk Assessment

The Board is responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and ensuring the processes are in place for the timely identification of internal and external matters with a potential effect on financial reporting. The Board relies on the Administrator to identify changes in accounting rules and recommendations and to ensure that these changes are accurately reflected in the Company's financial statements.

Control Activities

The Administrator maintains control structures to manage the risks over financial reporting. These control structures include appropriate division of responsibilities and specific control activities aimed at detecting or preventing the risk of significant deficiencies in financial reporting for every significant account in the financial statements and the related notes in the Company's annual report. Examples of control activities exercised by the Administrator include analytical review procedures, reconciliations and automated controls over IT systems.

Information and Communication

The Company's policies and the Board's consideration of areas of relevance for financial reporting on an annual basis are updated and communicated via appropriate channels, such as e-mail, correspondence and meetings to ensure that all financial reporting information requirements are met in a complete and accurate manner.

Monitoring

The Board receives regular presentations and reviews reports from the Depositary, Investment Manager and Administrator. The Board relies on the Administrator's process to ensure that appropriate measures are taken to consider and address any shortcomings identified and measures recommended by the Auditors.

Capital Structure

No person has any special rights of control over the Company's share capital. There are no restrictions on voting rights.

Powers of the Directors

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, Irish statute comprising the Companies Act 2014 as applicable to investment funds and the Central Bank UCITS Regulations. The Articles of Association themselves may be amended by special resolution of the Shareholders.

Shareholder Meetings

The Annual General Meeting of the Company will usually be held in Ireland, normally within six months of the end of each financial year. Notice convening the Annual General Meeting in each year at which the audited financial statements of the Company will be presented (together with the Directors' and Independent Auditors' Reports of the Company) will be sent to Shareholders at their registered addresses not less than 21 clear days before the date fixed for the meeting. Other general meetings may be convened from time to time by the Directors in such manner as provided by Irish law.

Each of the Shares entitles the holder to attend and vote at meetings of the Company represented by those Shares. Matters may be determined by a meeting of Shareholders on a show of hands unless a poll is requested by any Shareholder having the right to vote at the meeting or unless the chairman of the meeting requests a poll. Each Shareholder has one vote on a show of hands. Each Share gives the holder one vote in relation to any matters relating to the Company which are submitted to Shareholders for a vote by poll.

DIRECTORS' REPORT (CONTINUED)

Corporate Governance Statement (continued)

Shareholder Meetings (continued)

No class of shares confers on the holder thereof any preferential or pre-emptive rights or any rights to participate in the profits and dividends of any other share class or any voting rights in relation to matters relating solely to any other share class.

Any resolution to alter the class rights of the Shares requires the approval of three quarters of the holders of the Shares represented or present and voting at a general meeting of the class. The quorum for any general meeting of the class convened to consider any alteration to the class rights of the Shares shall be such number of Shareholders being two or more persons whose holdings comprise one third of the Shares.

Each of the Shares other than Subscriber Shares entitles the Shareholder to participate equally on a pro-rata basis in the dividends and net assets of the Fund in respect of which the Shares have been issued, save in the case of dividends declared prior to becoming a Shareholder.

Subscriber Shares entitle the Shareholders holding them to attend and vote at all general meetings of the Company but do not entitle the holders to participate in the dividends or net assets of the Company.

Composition and Operation of Board and Committees

There are currently three Directors and one alternate Director, all of whom are Non-Executive Directors and two of whom are independent of the Investment Manager as required by the Irish Stock Exchange Listing Rules for investment funds. The Directors may be removed by the shareholders by ordinary resolution in accordance with the procedures established under the Companies Act 2014. The Board meets at least quarterly. There are no sub-committees of the Board.

On behalf of the Board of Directors



Richard Hayes
Director
10 April 2019



David Hammond
Director

INVESTMENT MANAGER'S REPORT

Prusik Asia Fund Full Year Report 2018

Overview

In 2018 we saw the M2APJ Asia ex-Japan index fall 8.4%, while the Prusik Asia Fund fell 9.4%. This is, *prima facie*, a little disappointing but it should be noted that most of the decline came in the final quarter of 2018. In the fourth quarter of 2018 we were not positioned in the most defensive sectors owing to the fact that both our thematic work and stock valuations suggested that we were at or near cycle valuation lows and as a result there was and is likely considerable upside for Asia ex-Japan, most probably in relative terms globally, but also, very possibly, in absolute terms. Hence, we are positioned for what we believe is a better decade ahead for our region, most likely starting in 2019.

The past year began well with the Fund outperforming in the first quarter by quite a considerable margin. As the year progressed a number of factors came to the fore, which we believe are temporary, but which have created a more challenging environment and contributed to overall more negative relative returns since the second quarter. Firstly, a re-emergence of US dollar strength created huge weakness in Emerging Markets and our exposure to Vietnam suffered accordingly during the middle part of the year, despite excellent domestic fundamentals. Secondly, the US-China trade war has taken its toll on Chinese and Hong Kong equities and, on top of this, domestic sentiment in China deteriorated to near record levels, depressed further by declining domestic growth expectations and rising uncertainty around how the government will respond. Latterly, the abrupt interruption of the rally in oil sapped our relative return in this theme in the final quarter. In addition, during the middle of the year we had two stocks, **ZTE** and **Beijing Capital International Airport**, which were both driven down by events and which thus contributed negatively to performance.

On the positive side, we did sidestep some major pitfalls this year, most notably the extreme weakness in the internet stocks, which we sold in early second quarter. In their place we bought some Chinese construction stocks, where we found exceptional low valuations, rising margins and improving order books which, combined, we expect will lead to 20% per annum earnings growth in the coming few years. These have proved to be strong relative performers since purchase.

From a thematic perspective our local brands were amongst the best performers this year, especially Australian wine producer, **Treasury Wines**, and Korean sports fashion brand, **Fila Korea**. Overall healthcare was also a strong performer, especially Chinese industry leader, **AK Medical**, which makes artificial joints. Our most notable stocks also included Vietnamese property giant, **VinGroup**, and China pharmaceutical, **Yichang HEC**, which were both leading positive contributors.

Quarterly Performance Quarterly

In 1Q18 the Fund outperformed the MXAPJ index by 5.1% as we saw positive contributions from our Vietnam, China/Hong Kong and South Korea exposures. Vietnam and South Korea in particular were very strong, returning over 20% for the Fund in the quarter. Singapore, Indonesia and Malaysia were weak, although these 3 countries combined accounted for just 10.1% of the portfolio during the quarter. Thematically, our healthcare, Vietnam and local brands themes saw the highest returns and were notably strong on days when the markets were weaker, which we believe gave the Fund the diversity needed to come through a tricky quarter, with relatively little performance given back. On stronger days, our leisure and tourism, artificial intelligence/virtual reality, financialisation and internet themes also delivered good returns, contributing to overall returns ahead of the index. We would add to this that our mid and smaller sized companies also gave us non-index returns this quarter, as they escaped some of the heavier selling from passive funds, which we saw during the weaker days of the quarter.

In 2Q18 the M2APJ index rose 2.6%, whilst the Prusik Asia Fund fell 1.1%. While the Fund's relative return was disappointing, this was on account of a number of specific reasons. At the country level, the quarter saw our holdings in India, Pakistan and Vietnam perform poorly in tandem with Emerging Markets weakness. Pakistan and Vietnam are not index constituents and so their negative returns weighed heavily on our relative performance in the quarter. We revisited the rationale for this exposure, including doing significant new work on the macro economic and political risks now building in Pakistan. As a result, we exited all our Pakistan holdings, preferring to wait until after the upcoming general election has passed to see how the all-important Belt and Road Initiative (BRI) relationship with China settles down under a new government.

INVESTMENT MANAGER'S REPORT (CONTINUED)

Prusik Asia Fund Full Year Report 2018 (continued)

Quarterly Performance Quarterly (continued)

Secondly, our long-held Vietnamese jewellery chain, **Phu Nhuan Jewelry**, which is growing profits at a 38% cagr and which we know well and had already visited in February, fell nearly 40% from mid-May for no reason other than local sentiment turning bearish. We would highlight that the weakness in the Vietnam market in the second quarter occurred against a backdrop of the economy growing by 7.1% in 1H18 (an 8-year high) and exports increasing by 16% over the same period, creating the highest trade surplus for seven years.

Thirdly, we had two stock specific events, both of which were slightly unpredictable and government related, but which contributed a combined 1.2% detractor from NAV in June. **ZTE**, the beleaguered 5G equipment maker that found itself at the centre of the unfolding trade row between US and China, saw its shares suspended and then finally relisted in June. We had a very small weighting here but the decline post the re-listing was severe. In June, **Beijing Capital International Airport** was told by the Ministry of Finance that it will no longer receive its share of the Airport Construction Fee, despite a recent announcement that this fee would be paid to 2020, resulting in a fall in the share price of over 25%. We have since exited both positions after some recovery was seen.

In 3Q18, the MXAPJ index declined by 0.2%, whilst the Fund declined by 1.1%. We saw double-digit positive returns from our exposures in Taiwan and South Korea. India was a drag on performance in the third quarter with currency weakness being a key contributor here. China/Hong Kong also detracted from performance due to the US-China trade war. Our financialisation theme was also negatively impacted in the quarter. India saw a short-term credit freeze in September in reaction to IL&FS, a large-scale infrastructure operator and financier in India, defaulting on one of its bonds with no pre-warning from the credit agencies and despite having a AAA rating. This caused concerns that the 'Non-Bank Financial Companies' (NBFCs) in India, including one of our positions, mortgage finance company, **Indiabulls Housing Finance**, which rely on short-term funding could face problems with refinancing, compressed margins or slower growth, or even a combination of all three.

We did, however, see a very solid double-digit return in our infrastructure/logistics/property theme, driven by the Chinese construction stocks that we added in the second and third quarter. At the stock level, fashion brand **Fila Korea** had a stellar quarter, returning 34.1%. We were also pleased to see the previous correction in **Phu Nhuan Jewelry** reverse during the period. Similarly, **Beijing Capital Airport**, which had sold-off in response to the cancellation of its Airport Construction Fee saw a recovery in the quarter with a return of 19.7%. We have since exited this position.

In 4Q18, the MXAPJ index fell 6.7%, whilst the Fund fell 8.5%. The major markets followed emerging markets, dipping sharply as sentiment worsened over the trade war, weighing on China and growth stocks alike. Technology stocks were notably amongst the poorer performers. The major negative impact on the portfolio, however, was in fact oil, but we also saw especially poor returns in the China healthcare sector, after what had been a strong year. Conversely, we saw ASEAN begin to recover from the lows seen in the previous quarter, especially as signs grew that the worst of the recent US dollar strength might be behind us. Brighter areas included our local brands again, including **Fila Korea** and also the Philippines did well, as did our newly purchased Macau casino, **Melco**.

Outlook

In terms of our outlook for 2019, we would note that valuations for Asia ex-Japan are currently sending out a very encouraging message with Asia ex-Japan's trailing P/B ratio now at 1.45x versus a mean of 1.78x since 1995. Put another way, at the current P/E of 11x forward earnings, Asia ex-Japan is within 10% of typical recessionary troughs. If the Fed begins to ease and China's current easing is supplemented by further policy action, both of which are likely in our view, and we see some kind of resolution to the trade issues between China and the US, it is very possible that we will see Asia ex-Japan begin to outperform other world markets in 2019.

Prusik Asia Fund plc

REPORT OF THE DEPOSITARY TO THE SHAREHOLDERS

We have enquired into the conduct of Prusik Asia Fund plc (the "Company") for the year ended 31 December 2018, in our capacity as Depositary to the Company.

This report including the opinion has been prepared for and solely for the Shareholders in the Company as a body, in accordance with Part 5 of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended, ("the UCITS Regulations"), and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

Responsibilities of the Depositary

Our duties and responsibilities are outlined in Part 5 of the UCITS Regulations. One of those duties is to enquire into the conduct of the Company in each annual accounting period and report thereon to the shareholders.

Our report shall state whether, in our opinion, the Company has been managed in that period in accordance with the provisions of the Company's Memorandum and Articles of Association and the UCITS Regulations. It is the overall responsibility of the Company to comply with these provisions. If the Company has not so complied, we as Depositary must state why this is the case and outline the steps which we have taken to rectify the situation.

Basis of Depositary Opinion

The Depositary conducts such reviews as it, in its reasonable opinion, considers necessary in order to comply with its duties as outlined in Part 5 of the UCITS Regulations and to ensure that, in all material respects, the Company has been managed:

- (i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of the constitutional documentation and the appropriate regulations; and
- (ii) otherwise in accordance with the provisions of the Memorandum & Articles of Association and the UCITS regulations.

Opinion

In our opinion, the Company has been managed during the year, in all material respects:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the Memorandum & Articles of Association, the UCITS Regulations and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 ("the Central Bank UCITS Regulations"); and
- (ii) otherwise in accordance with the provisions of the Memorandum & Articles of Association, the UCITS Regulations and the Central Bank UCITS Regulations.



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

10 April 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRUSIK ASIA FUND PLC

Opinion

We have audited the financial statements of Prusik Asia Fund plc ('the Company') for the year ended 31 December 2018, which comprise the Schedule of Investments, Balance Sheet, Profit and Loss Account, Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares and notes to the financial statements, including the summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is Irish Law and Accounting Standards including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Irish Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with Irish Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014, the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011, and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters, in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRUSIK ASIA FUND PLC

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- in our opinion, the information given in the directors' report is consistent with the financial statements; and
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRUSIK ASIA FUND PLC

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf.

This description forms part of our auditor's report.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Gareth Harman
for and on behalf of
Ernst & Young Chartered Accountants and Statutory Audit Firm

Dublin

17 April 2019

SCHEDULE OF INVESTMENTS

Country	Holding	Security Description	Cost USD	Value USD	% of Net Assets
Common Stock (31 December 2017: 79.67%)					
Australia (31 December 2017: 3.88%)					
	152,000	BHP Group Ltd.	3,861,464	3,670,688	3.02%
	27,749	Macquarie Group Ltd.	1,759,057	2,127,032	1.75%
	255,000	Newcrest Mining Ltd.	3,727,321	3,921,874	3.23%
	100,000	Woodside Petroleum Ltd.	2,433,807	2,209,626	1.82%
			11,781,649	11,929,220	9.82%
China (31 December 2017: 28.95%)					
	5,456,000	AK Medical Holdings Ltd.	1,463,093	3,030,240	2.49%
	2,180,000	Beijing Capital International Airport Co. Ltd.	2,277,754	2,312,975	1.90%
	4,155,000	China Communications Construction Co. Ltd.	4,465,734	3,925,692	3.23%
	3,524,000	China Railway Construction Corp. Ltd.	3,833,685	4,886,289	4.02%
	8,000,000	China Xinhua Education Group Ltd.	3,358,274	1,971,337	1.62%
	1,810,000	CITIC Securities Co. Ltd.	4,286,885	3,119,793	2.57%
	2,230,000	CNOOC Ltd.	3,305,214	3,445,115	2.84%
	2,480,000	CRRC Corp. Ltd.	2,477,345	2,419,126	1.99%
	3,570,000	Li Ning Co. Ltd.	4,171,786	3,828,785	3.15%
	5,400,000	PetroChina Co. Ltd.	3,763,924	3,364,551	2.77%
	475,000	Ping An Healthcare and Technology Co. Ltd.	3,351,707	1,673,849	1.38%
	94,000	Tencent Holdings Ltd.	3,757,714	3,768,521	3.10%
			40,513,115	37,746,273	31.06%
Hong Kong (31 December 2017: 8.08%)					
	320,000	AIA Group Ltd.	1,822,659	2,655,687	2.19%
	1,740,000	Beijing Tong Ren Tang Chinese Medicine Co. Ltd.	2,937,622	2,736,991	2.25%
	4,300,000	China State Construction International Holdings Ltd.	3,852,732	3,414,855	2.81%
	1,094,000	Chow Sang Sang Holdings International Ltd.	2,196,787	1,620,275	1.33%
	1,071,000	Essex Bio-technology Ltd.	887,456	611,238	0.50%
	1,450,000	Haier Electronics Group Co. Ltd.	3,031,105	3,565,642	2.93%
	2,285,000	Melco International Development Ltd.	4,391,355	4,656,210	3.83%
	370,000	Swire Pacific Ltd.	4,292,190	3,906,796	3.21%
	2,000,000	Xinyi Glass Holdings Ltd.	3,250,518	2,211,370	1.82%
			26,662,424	25,379,064	20.87%
India (31 December 2017: 6.62%)					
	416,000	Infosys Ltd.	4,231,776	3,930,296	3.23%
			4,231,776	3,930,296	3.23%
Philippines (31 December 2017: 0.00%)					
	26,500,000	Metro Pacific Investments Corp.	2,687,641	2,338,309	1.92%
			2,687,641	2,338,309	1.92%
Singapore (31 December 2017: 0.00%)					
	171,000	DBS Group Holdings Ltd.	3,718,718	2,973,749	2.45%
	1,900,000	Sembcorp Marine Ltd.	3,710,691	2,147,917	1.77%
			7,429,409	5,121,666	4.22%

SCHEDULE OF INVESTMENTS (CONTINUED)

Country	Holding	Security Description	Cost USD	Value USD	% of Net Assets
Common Stock (31 December 2017: 79.67%) (continued)					
South Korea (31 December 2017: 5.24%)					
	24,200	Com2uSCorp.	2,851,244	2,797,813	2.30%
	68,500	Fila Korea Ltd.	1,071,817	3,284,415	2.70%
	41,000	Hyundai Heavy Industries Co. Ltd.	4,715,356	4,721,724	3.89%
			8,638,417	10,803,952	8.89%
Taiwan (31 December 2017: 6.71%)					
	450,000	Taiwan Semiconductor Manufacturing Co. Ltd.	3,690,999	3,301,396	2.72%
			3,690,999	3,301,396	2.72%
United Kingdom (31 December 2017: 0.00%)					
	59,000	Rio Tinto Ltd.	3,636,223	3,266,274	2.69%
			3,636,223	3,266,274	2.69%
Vietnam (31 December 2017: 10.71%)					
	915,000	Phu Nhuan Jewelry JSC	740,775	3,676,568	3.03%
	754,993	Vietnam Dairy Products JSC	2,903,452	3,905,978	3.21%
	188,000	Yeah1 Group Corp.	2,483,444	1,904,721	1.57%
			6,127,671	9,487,267	7.81%
Total Common Stock			115,399,324	113,303,717	93.23%
Total Fair Value of Investments			115,399,324	113,303,717	93.23%

Forward Foreign Currency Contracts (31 December 2017: 0.02%)

Currency Bought	Amount Bought	Currency Sold	Amount Sold	Maturity Date	Counterparty	Unrealised Gain/(Loss) USD	% of Net Assets
SGD	1,065	USD	(776)	25/01/2019	Brown Brothers Harriman	6	0.00%
GBP	19,852	USD	(25,126)	02/01/2019	Brown Brothers Harriman	167	0.00%
SGD	749,592	USD	(546,458)	25/01/2019	Brown Brothers Harriman	4,076	0.01%
GBP	637,773	USD	(801,187)	25/01/2019	Brown Brothers Harriman	12,336	0.01%
Total unrealised gains on Forward Foreign Currency Contracts						16,585	0.02%
Total Financial Assets at Fair Value through Profit or Loss						113,320,302	93.25%
USD	49	GBP	(38)	02/01/2019	Brown Brothers Harriman	0	0.00%
USD	4,344	GBP	(3,432)	02/01/2019	Brown Brothers Harriman	(29)	0.00%
USD	18,059	SGD	(24,739)	25/01/2019	Brown Brothers Harriman	(111)	0.00%
USD	26,408	GBP	(20,836)	25/01/2019	Brown Brothers Harriman	(169)	0.00%
USD	14,315	GBP	(11,389)	25/01/2019	Brown Brothers Harriman	(212)	0.00%
Total unrealised losses on Forward Foreign Currency Contracts						(521)	0.00%
Total Financial Liabilities at Fair Value through Profit or Loss						(521)	0.00%

SCHEDULE OF INVESTMENTS (CONTINUED)

	Value USD	% of Net Assets
Cash	8,132,903	6.69%
Other Net Assets	77,102	0.06%
Net Assets Attributable to Holders of Redeemable Participating Shares	121,529,786	100.00%

BALANCE SHEET

	Notes	As at 31 December 2018 USD	As at 31 December 2017 USD
Assets			
Financial assets, at cost		115,399,324	69,955,842
Financial assets at fair value through profit or loss			
- Transferable securities		113,303,717	85,421,809
- Warrants		–	13,163,172
- Financial derivative instruments		16,585	17,857
Cash	8	8,132,903	9,086,871
Receivable for investments sold		176,922	–
Dividends receivable		90,496	110,083
Subscriptions receivable		19,650	88,576
Other assets		2,655	27
Total assets		121,742,928	107,888,395
Liabilities			
Financial liabilities at fair value through profit or loss			
- Financial derivative instruments		521	89
Bank overdraft		–	7,413
Redemptions payable		25,244	18,490
Investment management fees	2	107,328	81,859
Administration fees	3	15,275	16,119
Depositary fees	4	21,880	17,047
Directors' fees	5	–	11,463
Audit fees	6	6,316	21,354
Performance fees	2	178	284,571
Research fees	10	4,831	–
Professional fees		31,503	91,554
Other liabilities		66	125,394
Total liabilities		213,142	675,353
Net Assets Attributable to Holders of Redeemable Participating Shares		121,529,786	107,213,042

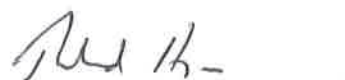
The accompanying notes form an integral part of these financial statements.

Prusik Asia Fund plc

BALANCE SHEET (CONTINUED)

		As at	As at	As at
	Notes	31 December 2018	31 December 2017	31 December 2016
Class A Dollar Non-Distributing Class				
Net Assets		USD 9,510,095	USD 6,408,625	USD 4,621,466
Outstanding Redeemable Participating Shares	1	40,618	23,399	24,603
Net Asset Value per Share		USD 234.13	USD 273.88	USD 187.84
Class B Dollar Distributing Class				
Net Assets		USD 1,337,197	USD 1,240,692	USD 871,774
Outstanding Redeemable Participating Shares	1	5,708	4,528	4,638
Net Asset Value per Share		USD 234.27	USD 274.06	USD 187.96
Class C Sterling Distributing Class				
Net Assets		GBP 600,397	GBP 720,986	GBP 553,306
Outstanding Redeemable Participating Shares	1	4,830	4,848	5,338
Net Asset Value per Share		GBP 124.31	GBP 148.72	GBP 103.65
Class D Singapore Dollar Distributing Class				
Net Assets		SGD 719,276	SGD 942,489	SGD 720,531
Outstanding Redeemable Participating Shares	1	2,249	2,490	2,750
Net Asset Value per Share		SGD 319.82	SGD 378.51	SGD 262.01
Class E Singapore Dollar Distributing Class				
Net Assets		SGD 4,807,831	SGD 5,417,683	SGD 3,801,301
Outstanding Redeemable Participating Shares	1	24,116	24,037	23,904
Net Asset Value per Share		SGD 199.36	SGD 225.39	SGD 159.02
Class U Sterling Unhedged Distributing Class				
Net Assets		GBP 83,086,253	GBP 69,518,428	GBP 39,761,764
Outstanding Redeemable Participating Shares	1	498,622	376,994	298,159
Net Asset Value per Share		GBP 166.63	GBP 184.40	GBP 133.36

For and on behalf of the Board of Directors of Prusik Asia Fund plc



Richard Hayes
Director
10 April 2019



David Hammond
Director

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

PROFIT AND LOSS ACCOUNT

		For the year ended	For the year ended
	Notes	31 December 2018	31 December 2017
		USD	USD
Investment income			
Dividend income		2,753,650	1,515,989
Interest income		71,739	14,613
Miscellaneous income		18,867	14,480
Net realised gain on financial assets and liabilities at fair value through profit or loss		9,530,657	7,534,620
Movement in net unrealised (loss)/gain on financial assets and liabilities at fair value through profit or loss		(30,597,272)	25,676,489
Total (loss)/income		(18,222,359)	34,756,191
Expenses			
Investment management fees	2	1,262,401	809,968
Administration fees	3	119,733	102,005
Depositary fees	4	93,326	75,744
Directors' fees	5	27,108	25,016
Audit fees	6	21,145	21,057
Professional fees		54,040	117,407
Performance fees	2	704,499	290,385
Research fees	10	57,969	–
Transaction costs		431,215	271,298
Other expenses		14,539	5,208
Total expenses		2,785,975	1,718,088
Net (expense)/income before finance costs		(21,008,334)	33,038,103
Finance costs			
Overdraft interest		(1,327)	(783)
Total finance costs		(1,327)	(783)
Withholding tax on dividends		(152,131)	(108,388)
Change in Net Assets Attributable to Holders of Redeemable Participating Shares from Operations		(21,161,792)	32,928,932

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 these financial statements.

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

		For the year ended Notes 31 December 2018	For the year ended 31 December 2017
		USD	USD
Change in Net Assets Attributable to Holders of Redeemable Participating Shares from Operations		(21,161,792)	32,928,932
Capital Share Transactions of Redeemable Participating Shares			
Proceeds from issuance of Redeemable Participating Shares	1	52,091,146	22,620,144
Payments on redemption of Redeemable Participating Shares	1	(16,612,610)	(6,553,182)
Issuance of Redeemable Participating Shares in exchange for cancellation of performance fee equalization credits	2	–	1,204
Net increase from Capital Share Transactions of Redeemable Participating Shares		<u>35,478,536</u>	<u>16,068,166</u>
Change in Net Assets Attributable to Holders of Redeemable Participating Shares		14,316,744	48,997,098
Net Assets Attributable to Holders of Redeemable Participating Shares at the beginning of the year		107,213,042	58,215,944
Net Assets Attributable to Holders of Redeemable Participating Shares at the end of the year		<u>121,529,786</u>	<u>107,213,042</u>

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 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 20 and 21, 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, warrants 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 year 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 purchases or sales are purchases or sales of financial instruments that require delivery of assets within the year 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 year 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)

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 by the Directors and approved 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.

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 contracts of the same size and maturity could be undertaken. The forward foreign currency contracts held by the Company as at 31 December 2018, 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Forward Foreign Currency Contracts (continued)

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

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 31 December 2018 and 31 December 2017 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. As at 31 December 2018 and 31 December 2017 the Company did not hold any warrants.

Distributions Payable to Holders of Redeemable Participating Shares

The Company received Reporting Fund Status from HMRC with effect from 1st January 2010 (the Company had previously 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. 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. As at 31 December 2018 and 31 December 2017 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 custody transaction charges, 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.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Subscriptions Receivable & Redemptions Payable

Subscriptions receivable represents amounts for transactions contracted for but not yet paid for by the end of the year. These amounts are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition. The carrying amount approximates to their fair value.

Shareholders may redeem their Shares on and with effect from any Dealing Day at the Net Asset Value per Share calculated on or with respect to the relevant Dealing Day by serving a Redemption Notice on the Administrator. No redemption payment will be made until the original subscription application form and all documentation required by or on behalf of the Company has been received from the investor and the anti-money laundering procedures have been completed.

NOTES TO THE FINANCIAL STATEMENTS

1. Share Capital*Authorised*

The authorised capital of the Company is Euro ("EUR") 300,000 divided into 300,000 redeemable non-participating Shares of EUR1 each 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 redeemable 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 year ended 31 December 2018 is as follows:

	Class A Dollar Non-Distributing Class Shares	Class B Dollar Distributing Class Shares	Class C Sterling Distributing Class Shares
At the beginning of the year	23,399	4,528	4,848
Redeemable Participating Shares issued	19,928	1,220	155
Redeemable Participating Shares redeemed	(2,709)	(40)	(173)
At the end of the year	40,618	5,708	4,830

	Class D Singapore Dollar Distributing Class Shares	Class E Singapore Dollar Distributing Class Shares	Class U Sterling Unhedged Distributing Class Shares
At the beginning of the year	2,490	24,037	376,994
Redeemable Participating Shares issued	–	79	187,406
Redeemable Participating Shares redeemed	(241)	–	(65,778)
At the end of the year	2,249	24,116	498,622

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 year ended 31 December 2017 is as follows:

	Class A Dollar Non-Distributing Class Shares	Class B Dollar Distributing Class Shares	Class C Sterling Distributing Class Shares
At the beginning of the year	24,603	4,638	5,338
Redeemable Participating Shares issued	–	46	1
Redeemable Participating Shares redeemed	(1,204)	(156)	(491)
At the end of the year	23,399	4,528	4,848

	Class D Singapore Dollar Distributing Class Shares	Class E Singapore Dollar Distributing Class Shares	Class U Sterling Unhedged Distributing Class Shares
At the beginning of the year	2,750	23,904	298,159
Redeemable Participating Shares issued	–	133	110,260
Redeemable Participating Shares redeemed	(260)	–	(31,425)
At the end of the year	2,490	24,037	376,994

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. 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. Class E Singapore Dollar Distributing Shares shall not be charged an Investment Management Fee. The Investment Management Fee payable in respect of the Class U Sterling (Unhedged) Distributing Class shall be subject to a maximum fee of 1% per annum of the NAV of the Company together with VAT, if any on such fee.

The Investment Manager earned a fee of USD 1,262,401 during the year ended 31 December 2018 (USD 809,968: 31 December 2017), of which USD 107,328 is outstanding at the year end (USD 81,859: 31 December 2017).

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 and D and quarterly for Class U.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Investment Management Fees (continued)

Performance fee and equalisation (continued)

For each Calculation Period, the Performance Fee in respect of each Share for Classes A, B, C and D 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.

The Performance Fee in respect of each Class U Sterling (Unhedged) Distributing Share ("Class U Share") will be equal to 10% of the Net Percentage Outperformance (as defined below) by the Class U Sterling (Unhedged) Distributing Shares of the performance of the MSCI AC Asia Pacific ex-Japan Gross Return USD Index ("M2APJ") (the "Index Performance") during that Calculation Period multiplied by the Net Asset Value per Share of the Class U Shares as at the beginning of the Calculation Period. The net percentage outperformance in respect of Calculation Periods where Class U Performance is greater than Index Performance is the arithmetic difference between Index Performance expressed in GBP and Class U Performance, expressed as a percentage (the "Net Percentage Outperformance").

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. In respect of class U, the performance fee is calculated based on the performance of the share classes as a whole, and not that of any individual shareholding. 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 all classes.

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 Fees 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 704,499 was earned during the year ended 31 December 2018 (USD 290,385: 31 December 2017), which includes USD Nil due to the issuance of redeemable participating shares in exchange for cancellation of performance fee equalisation credits (USD 1,204: 31 December 2017). The performance fee outstanding at the end of the year was USD 178 (USD 284,571: 31 December 2017), which includes USD 39 of an additional performance fee (USD Nil: 31 December 2017).

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 charge of USD 4,000. 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 119,733 during the year ended 31 December 2018 (USD 102,005: 31 December 2017), of which USD 15,275 is outstanding at the year end (USD 16,119: 31 December 2017).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Depositary Fees

The Company paid Brown Brothers Harriman Trustee Services (Ireland) Limited (the “Depositary”) 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 banks and other eligible institutions (the “sub-custodians”) 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-custodian appointed by it which shall be at normal commercial rates together with VAT, if any, thereon.

The Depositary earned a fee of USD 93,326 during the year ended 31 December 2018 (USD 75,744: 31 December 2017), of which USD 21,880 is outstanding at the year end (USD 17,047: 31 December 2017).

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 7).

The Directors earned fees of USD 27,108 during the year ended 31 December 2018 (USD 25,016: 31 December 2017), of which USD Nil is outstanding at the year end (USD 11,463: 31 December 2017).

6. Auditors Remuneration

Audit fees charged to the Profit and Loss Account for the year ended 31 December 2018 amounted to USD 21,145 (USD 21,057: 31 December 2017) of which USD 6,316 is outstanding at the year end (USD 21,354: 31 December 2017). This represents remuneration for work carried out for the Company for statutory audit of financial statements. There were no other fees paid to statutory auditor other than the audit fee.

Remuneration for work carried out for the Company by its statutory audit firm for the years ended 31 December 2018 and 31 December 2017 was as follows:

	Year ended 31 December 2018	Year ended 31 December 2017
	USD	USD
Statutory audit fees	21,145	21,057

7. Related Parties*Directors*

Heather Manners, a Director of the Company, is Chief Investment Officer of the Investment Manager and has not been paid a director’s fee for the years ended 31 December 2018 and 31 December 2017.

Tony Morris, Alternate Director for Heather Manners, is also a partner and is Chief Operating Officer and Head of Trading of the Investment Manager and has not been paid a director’s fee for the years ended 31 December 2018 and 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Related Parties (continued)

The following Directors and related parties held Shares in the Company as at 31 December 2018:

Related Party	Shares held	Share Class
David Hammond (Family members)	835	Class A Dollar Non-Distributing Class
Heather Manners	11,966	Class E Singapore Dollar Distributing Class
Thomas Naughton (Partner of the Investment Manager)	7,458	Class E Singapore Dollar Distributing Class
Tony Morris	3,000	Class E Singapore Dollar Distributing Class
Tony Morris (Family member)	98	Class U Sterling Unhedged Distributing Class
Richard Hayes	1,262	Class E Singapore Dollar Distributing Class
Prusik Investment Management LLP	79	Class E Singapore Dollar Distributing Class
Amirah Rani (employee of the Investment Manager)	218	Class E Singapore Dollar Distributing Class

The following Directors and related parties held Shares in the Company as at 31 December 2017:

Related Party	Shares held	Share Class
David Hammond (Family members)	835	Class A Dollar Non-Distributing Class
Heather Manners	11,966	Class E Singapore Dollar Distributing Class
Thomas Naughton (Partner of the Investment Manager)	7,458	Class E Singapore Dollar Distributing Class
Tony Morris	3,000	Class E Singapore Dollar Distributing Class
Tony Morris (Family member)	98	Class U Sterling Unhedged Distributing Class
Richard Hayes	1,262	Class E Singapore Dollar Distributing Class
Prusik Investment Management Singapore PTE Ltd	133	Class E Singapore Dollar Distributing Class
Amirah Rani (employee of Prusik)	85	Class E Singapore Dollar Distributing Class

8. Cash

Cash balances were held with the following institutions:

	31 December 2018	31 December 2017
	USD	USD
Brown Brothers Harriman & Co.*	9,468**	6,136,824**
HSBC Bank Plc, Hong Kong	149,412	23,930
JP Morgan Chase Bank	—	2,918,704
Standard Chartered Bank, Singapore	7,974,023	—
	<u>8,132,903</u>	<u>9,079,458</u>

*As of 31 December 2018 the amount was net of bank overdraft of USD Nil (USD 7,413; 31 December 2017).

**The figure has been adjusted to account for balances in the name of the Company.

Cash balances are held with banks and other eligible institutions on overnight deposits as part of the Depositary Agreement. The Depositary performs oversight in respect of their appointment and conducts an annual due diligence review.

According to the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) Investor Money Regulations 2015 for the Fund Service Providers, the Company's cash presented on the Balance Sheet may be adjusted to account for balances on segregated collection accounts held in the name of the Company. As at 31 December 2018 the amount of the Company account included in Cash and Other liabilities was USD 28 (USD Nil; 31 December 2017).

9. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. 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.

10. Soft Commission Agreements/Payment for Research

During the year ended 31 December 2017, the Investment Manager entered into arrangements with brokers/dealers in respect of which certain research services used to support the investment decision process were received and paid for with part of the commissions paid by the Company on its investment transactions.

During the year ended 31 December 2018, the Investment Manager did not make direct payment for these services but does maintain and control a research payment account funded by the specific charge to the Company. The amount charged to the Fund was USD 57,969, of which USD 4,831 is outstanding at the year end.

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.

11. Efficient Portfolio Management

During the year ended 31 December 2018, the Company did not hold any instruments for the purposes of efficient portfolio management (31 December 2017: None).

12. Exchange Rates

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

	31 December 2018	31 December 2017
Australian Dollar	1.4174	1.2790
British Pound Sterling	0.7849	0.7409
Euro	0.8734	0.8346
Hong Kong Dollar	7.8323	7.8168
Indian Rupee	69.8150	63.8275
Indonesian Rupiah	—	13,567.5000
Malaysian Ringgit	4.1325	4.0470
Philippine Peso	52.5850	—
Singapore Dollar	1.3623	1.3358
South Korean Won	1,115.8000	1,070.5500
Taiwan Dollar	30.7370	29.7585
Thailand Baht	—	32.5900
Vietnamese Dong	23,195.0000	22,709.0000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Financial Risk Management

In pursuing its investment objective, the Company is exposed to a variety of financial risks as defined in FRS 102 including: market risk (including market price risk, currency risk and interest rate risk), credit risk and liquidity risk, that could result in a reduction in the Company's NAV. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Prospectus provides further details on the treatment of risk factors affecting the Company.

The Company uses the "commitment approach" to calculate the derivatives exposure of the Company, if any, in accordance with the requirements of the Central Bank.

The commitment approach is based on calculating derivatives exposure by adding together the current values of the underlying assets on which the derivatives are based (delta-adjusted in the case of options and warrants), the total of which should not exceed 100% of the Company's NAV.

The Directors' approach to the management of the above risks is as follows:

a) Market Risk

This risk comprises of three main types of risk: market price risk, currency risk and interest risk.

(i) Market Price Risk

Market price risk is defined in FRS 102 as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

The following sensitivity analysis assumes a change in the market price of investments while holding all other variables constant. In practice this is unlikely to occur, and changes in some of the variables may be correlated. In addition, as the sensitivity analysis uses historical data as a basis for determining future events, it does not encompass all possible scenarios, particularly those that are of an extreme nature. The Investment Manager deems the percentage used applicable for the Company analysis.

A 5% increase or decrease in the market price of investments at 31 December 2018, with all other variables held constant, would have increased or decreased the Net Assets Attributable to Holders of Redeemable Participating Shares of the Company by approximately 5% or USD 5,665,989 (USD 4,930,137: 31 December 2017).

The Company's concentration of equity price risk by geographical distribution can be seen in the Schedule of Investments on pages 15 to 17.

(ii) Currency Risk

Currency risk is defined in FRS 102 as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The net asset values per share of the Company are computed in USD whereas the investments of the Company may be acquired, valued and disposed of in other currencies. The USD value of the investments of the Company designated in another currency may rise and fall due to exchange rate fluctuations in respect of the relevant currency.

In accordance with the Company's policy, the Investment Manager monitors the Company's currency position on a daily basis and the Board of Directors rely upon the Investment Manager to keep it informed of any material event.

The tables overleaf set out the Company's total exposure to foreign currency at the year end, including sensitivity analysis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Financial Risk Management (continued)

a) Market Risk (continued)

(ii) Currency Risk (continued)

As at 31 December 2018

	Cash	Non- Cash	Total USD	Effect on Net Assets of 5% Change in Foreign Exchange Rate (stated in USD)
Australian Dollar	298	15,195,494	15,195,792	759,790
British Pound Sterling	13	787,695	787,708	39,385
Euro	3	—	3	—
Hong Kong Dollar	149,500	63,302,568	63,452,068	3,172,603
Indian Rupee	—	3,930,296	3,930,296	196,515
New Taiwan Dollar	362	3,301,396	3,301,758	165,088
Philippine Peso	—	2,338,310	2,338,310	116,916
Singapore Dollar	8	5,654,814	5,654,822	282,741
South Korean Won	5	10,830,030	10,830,035	541,502
Vietnamese Dong	—	9,551,375	9,551,375	477,569

As at 31 December 2017

	Cash	Non- Cash	Total USD	Effect on Net Assets of 5% Change in Foreign Exchange Rate (stated in USD)
Australian Dollar	91	4,162,108	4,162,199	208,110
British Pound Sterling	1,091	1,006,174	1,007,265	50,363
Euro	4	—	4	—
Hong Kong Dollar	23,932	34,652,348	34,676,280	1,733,814
Indian Rupee	—	7,099,322	7,099,322	354,966
Indonesian Rupiah	—	4,631,657	4,631,657	231,583
Malaysian Ringgit	—	3,975,785	3,975,785	198,789
Singapore Dollar	74	685,328	685,402	34,270
South Korean Won	5	5,670,494	5,670,499	283,525
Taiwan Dollar	374	7,192,594	7,192,968	359,648
Thailand Baht	—	1,548,635	1,548,635	77,432
Vietnamese Dong	6,141,094	11,537,717	17,678,811	883,941

(iii) Interest Rate Risk

Interest rate risk is defined in FRS 102 as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in relevant interest rates.

The value of investments in interest rate bearing securities may be subject to price volatility due to changes in interest rates. An increase in interest rates will generally reduce the value of debt securities that are issued and outstanding, while a decline in interest rates will generally increase the value of debt securities that are issued and outstanding.

The majority of the assets and liabilities of the Company are invested in non-interest bearing securities. As a result, the Company is not subject to significant amounts of risk due to fluctuation in the prevailing levels of market interest rates.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Financial Risk Management (continued)**b) Credit Risk**

Credit risk is the risk that a counterparty or an issuer will be unable to pay amounts in full when due. There can be no assurance that the issuers of securities or other instruments in which the Company may invest will not be subject to credit difficulties, leading to either the downgrading of such securities or instruments, or to the loss of some or all of the sums invested in such securities or instruments or payments due on such securities or investments. The Company may also be exposed to a credit risk in relation to the counterparties with whom they transact or place margin or collateral in respect of transactions in financial derivative instruments and may bear the risk of counterparty default.

The maximum exposure to credit risk of cash balances held at 31 December 2018 and 31 December 2017 are detailed on the Balance Sheet.

When the Company invests in a security or other instruments which is guaranteed by a bank or another type of financial institution there can be no assurance that such guarantor will not itself be subject to credit difficulties, which may lead to the downgrading of such securities or instruments, or to the loss of some or all of the sums invested in such securities or instruments, or payments due on such securities or instruments.

All transactions in listed securities are settled or paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The Company's assets are held on a fiduciary basis by the Depositary. These assets are held in segregated accounts on the books and records of the Depositary. Depending on the requirement of the jurisdictions in which the investments of the Company are listed, the Depositary may use the service of one or more sub-custodians.

The credit ratings are outlined below for the following institutions:

	Moody's 31 December 2018	Moody's 31 December 2017
Brown Brothers Harriman & Co.	F1*	F1*
Citibank	—	A1
HSBC, Hong Kong	Aa3	Aa3
JP Morgan Chase Bank, New York	—	A3
Standard Chartered Bank, Singapore	A1	—

*Fitch rating.

For cash accounts, funds deposited are liabilities of the banks, creating a debtor-creditor relationship between the bank and the Company. Cash accounts opened on the books of Brown Brothers Harriman & Co. are obligations of Brown Brothers Harriman & Co. while cash accounts opened by Brown Brothers Harriman & Co. with other banks as agent of the Company are obligations of the banks concerned.

Accordingly, while Brown Brothers Harriman & Co. is responsible for exercising reasonable care in the administration of agency cash accounts, it is not liable for their repayment in the event the bank with which the cash is held, by reason of its bankruptcy, insolvency or otherwise, fails to make repayment.

The Company invests in equity securities and has limited or no exposure to credit risk on its investments. However the Company has exposure to credit risk on any cash balances and forward foreign exchange positions held for share class currency hedging purposes. The notional amount as at 31 December 2018 was USD 1,453,308 (USD 1,657,047: 31 December 2017).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Financial Risk Management (continued)

c) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company is exposed to daily cash redemptions of Redeemable Participating Shares. It therefore invests the majority of its assets in investments that are traded in an active market and can be readily disposed of. The Company's listed securities are considered readily realisable as they are listed on a stock exchange or dealt in on another regulated market. Some of the Recognised Exchanges in which the Company may invest may be less well regulated than those in developed markets and may prove to be illiquid, insufficiently liquid or highly volatile from time to time. This may affect the price at which the Company may liquidate positions to meet redemption requests or other funding requirements.

In addition, the Company's policy is to maintain sufficient cash to meet normal operating requirements and expected redemption requests. The Company has the ability to borrow in the short term to ensure settlement of potential daily cash redemptions of redeemable participating shares. No such borrowings have arisen during the years ending 31 December 2018 and 31 December 2017.

In accordance with the Company's policy, the Investment Manager monitors the Fund's liquidity position on a daily basis and the Board of Directors reviews it on a quarterly basis.

The tables overleaf analyse the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the tables overleaf are the contractual undiscounted cash flows. Detailed analyses of the Company's assets are not shown as they are considered liquid based on the fact that they could be converted to cash in less than one month at close to their carrying value.

31 December 2018

	Less than or equal to 1 month USD	More than 1 month USD	Total USD
Redemptions payable	25,244	–	25,244
Other Payables	–	187,377	187,377
Redeemable Participating Shares	121,529,786	–	121,529,786
Total	121,555,030	187,377	121,742,407
<i>Forward foreign currency exchange contracts</i>			
Payables	63,696	–	63,696
Receivables	(63,175)	–	(63,175)
Net	521	–	521
Total	121,555,551	187,377	121,742,928

31 December 2017

	Less than or equal to 1 month USD	More than 1 month USD	Total USD
Bank overdraft	7,413	–	7,413
Redemptions payable	18,490	–	18,490
Other Payables	–	649,361	649,361
Redeemable Participating Shares	107,213,042	–	107,213,042
Total	107,238,945	649,361	107,888,306
<i>Forward foreign currency exchange contracts</i>			
Payables	9,149	–	9,149
Receivables	(9,060)	–	(9,060)
Net	89	–	89
Total	107,239,034	649,361	107,888,395

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Financial Risk Management (continued)

d) 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. The Fund has applied these amendments for the current accounting period.

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 judgment or estimation. As observable prices are not available for these securities, the Company would use valuation techniques to derive fair value.

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 warrants are calculated by reference to quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs.

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 31 December 2018 and 31 December 2017:

As at 31 December 2018

Financial Assets at Fair Value Through Profit or Loss

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Common Stock	113,303,717	–	–	113,303,717
Forward foreign currency contracts	–	16,585	–	16,585
Total Financial Assets at Fair Value Through Profit or Loss	113,303,717	16,585	–	113,320,302

Financial Liabilities at Fair Value Through Profit or Loss

Forward foreign currency contracts	–	(521)	–	(521)
Total Financial Liabilities at Fair Value Through Profit or Loss	–	(521)	–	(521)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Financial Risk Management (continued)

d) Fair Value Estimation (continued)

As at 31 December 2017

Financial Assets at Fair Value Through Profit or Loss

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Common Stock	85,421,809	–	–	85,421,809
Warrants	–	13,163,172	–	13,163,172
Forward foreign currency contracts	–	17,857	–	17,857
Total Financial Assets at Fair Value Through Profit or Loss	85,421,809	13,181,029	–	98,602,838

Financial Liabilities at Fair Value Through Profit or Loss

Forward foreign currency contracts	–	(89)	–	(89)
Total Financial Liabilities at Fair Value Through Profit or Loss	–	(89)	–	(89)

There were no transfers between levels for the investments held at 31 December 2018 and 31 December 2017.

The Fund held no Level 3 investments as at the year ending 31 December 2018 (Nil: 31 December 2017).

e) Capital Management

As a result of the ability to issue, repurchase and resell shares, the capital of the Company can vary depending on the demand for redemptions and subscriptions to the Company. The Company is not subject to externally imposed capital requirements and has no restrictions on the issue, repurchase or resale of redeemable shares.

f) Offsetting

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or revalue the assets and settle the liability simultaneously. As of 31 December 2018 and 31 December 2017 there were no Financial assets and liabilities that were offset in the Statement of Financial Position.

14. Portfolio Analysis

As at 31 December 2018

	Market Value USD	% of Total Assets
Transferable securities admitted to an official exchange listing	113,303,717	93.07
Financial derivative instruments (Forward Foreign Currency Contracts)	16,064	0.01
Net financial assets at fair value through profit or loss	113,319,781	93.08

As at 31 December 2017

	Market Value USD	% of Total Assets
Transferable securities admitted to an official exchange listing	85,421,809	79.17
Other securities	13,163,172	12.20
Financial derivative instruments (Forward Foreign Currency Contracts)	17,768	0.02
Net financial assets at fair value through profit or loss	98,602,749	91.39

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Comparatives

The comparative figures are for the year ended 31 December 2017 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 2017 for the Balance Sheet.

16. Significant Events during the Year

The Company's Prospectus has been updated on 29 May 2018 to take account of the implementation of the recent revisions to the Markets in Financial Instruments Directive ("MiFID II") and the General Data Protection Regulation. There were no other significant updates in the Prospectus.

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

17. Events since the Year End

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

18. Approval of Financial Statements

The audited financial statements were approved by the Directors on 10 April 2019.

STATEMENT OF SIGNIFICANT CHANGES IN THE COMPOSITION OF PORTFOLIO

In accordance with 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.

Major Purchases for the year ended 31 December 2018

Security Description	Acquisitions Nominal	Cost USD
Hyundai Heavy Industries Co. Ltd.	41,000	4,712,058
China Communications Construction Co. Ltd.	4,155,000	4,457,812
Melco International Development Ltd.	2,285,000	4,383,566
Swire Pacific Class A Ltd.	370,000	4,284,576
Infosys Ltd.	208,000	4,224,062
Li Ning Co. Ltd.	3,570,000	4,164,386
BHP Billiton Ltd.	152,000	3,859,514
China State Construction International Holdings Ltd.	4,300,000	3,845,898
China Railway Construction Corp. Ltd.	3,524,000	3,826,884
Tencent Holdings Ltd.	94,000	3,751,048
Newcrest Mining Ltd.	255,000	3,724,714
Zhejiang Expressway CO-H	3,650,000	3,723,448
DBS Group Holdings Ltd.	171,000	3,714,632
Sembcorp Marine Ltd.	1,900,000	3,707,444
JD.COM INC-ADR	75,000	3,667,598
Rio Tinto Ltd.	59,000	3,633,870
HDBank	1,831,550	3,540,638
Kingdee International SFTWR	3,000,000	3,358,486
Sun Pharmaceutical Indus	400,000	3,352,562
Ping An Healthcare & Technology Co. Ltd.	475,000	3,346,764
Taiwan Semiconductor Manufacturing Co. Ltd.	385,000	3,344,964
China Xinhua Education Group Ltd.	8,000,000	3,324,771
Interglobe Aviation Ltd.	150,000	3,321,383
CNOOC Ltd.	2,230,000	3,299,351
Xinyi Glass Holdings Ltd.	2,000,000	3,244,752
Beijing Tong Ren Tang Chinese Medicine Co. Ltd.	1,844,000	3,108,830
Fila Korea Ltd.	37,000	2,985,754
Memtech International Ltd.	2,100,000	2,862,941
Metro Pacific Investments Corp.	26,500,000	2,684,687
China Railway Group Ltd.	3,250,000	2,593,781
Chow Sang Sang Holdings International Ltd.	1,300,000	2,592,154
CRRC Corp. Ltd.	2,480,000	2,472,951

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

Major Purchases for the year ended 31 December 2018 (continued)

Security Description	Acquisitions Nominal	Cost USD
CITIC Securities Co. Ltd.	1,030,000	2,470,478
Yeah1 Group Corp.	188,000	2,458,856
Woodside Petroleum Ltd.	100,000	2,432,105
Essex Bio-Technology Ltd.	2,900,000	2,330,548
Bank Mandiri Persero Tbk PT	2,500,000	1,573,962

Major Sales for the year ended 31 December 2018

Security Description	Disposals Nominal	Proceeds USD
Vingroup JSC	1,019,812	5,694,654
YiChang HEC ChangJiang Pharmaceutical Co. Ltd.	830,000	4,661,296
Ping An Insurance Group Co. of China Ltd.	428,000	4,659,804
Fila Korea Ltd.	116,500	4,253,053
China Taiping Insurance Holdings Co. Ltd.	780,000	3,322,067
Samsung Electronics Co. Ltd.	1,400	3,118,286
Alibaba Group Holding Ltd.	18,000	3,052,202
China Railway Group Ltd.	3,250,000	3,014,054
JD.COM INC-ADR	75,000	2,937,203
Tencent Holdings Ltd.	59,400	2,918,509
Zhejiang Expressway CO-H	3,650,000	2,871,502
HDBank	1,831,550	2,814,526
Sun Pharmaceutical Indus	400,000	2,799,939
Bank Mandiri Persero Tbk PT	5,900,000	2,733,658
Kingdee International SFTWR	3,000,000	2,589,580
SINA Corp./China	25,000	2,449,378
Win Semiconductors Corp.	260,000	2,326,084
Sunway Construction Group Bhd	4,000,000	2,190,604
Hon Hai Precision Industry Co. Ltd.	704,000	2,174,173
Treasury Wine Estates Ltd.	165,000	2,159,219
Hua Hong Semiconductor Ltd.	1,050,000	2,078,116
Bank Negara Indonesia Persero Tbk PT	3,600,000	2,076,480
Interglobe Aviation Ltd.	150,000	1,973,643
Taiwan Semiconductor Manufacturing Co. Ltd.	255,000	1,915,131
Godrej Properties Ltd.	240,000	1,719,433
ICICI Prudential Life Insurance Co. Ltd.	300,000	1,615,149
Memtech International Ltd.	2,100,000	1,514,826

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

Major Sales for the year ended 31 December 2018 (continued)

Security Description	Disposals Nominal	Proceeds USD
Huatai Securities Co. Ltd.	790,000	1,449,874
Siam Cement Pcl	103,000	1,367,017
Indiabulls Housing Finance Ltd.	144,000	1,302,968
Econpile Holdings Bhd	5,000,000	1,249,858
Essex Bio-technology Ltd.	1,829,000	1,202,601

MANAGEMENT AND ADMINISTRATION

BOARD OF DIRECTORS

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

INVESTMENT MANAGER

AND DISTRIBUTOR

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

INDEPENDENT AUDITOR

Ernst & Young
Harcourt Centre
Harcourt Street
Dublin 2
Ireland

COMPANY SECRETARY

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

GOVERNANCE SERVICE PROVIDERS

Bridge Consulting
Ferry House
48/53 Mount Street Lower
Dublin 2
D02PT98

COMPANY NAME AND REGISTERED OFFICE

Prusik Asia Fund plc
33 Sir John Rogerson's Quay
Dublin 2
Ireland

ADMINISTRATOR

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

DEPOSITARY

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

The Company has established a remuneration policy in accordance with the requirements of the UCITS Regulations which transpose Directive 2009/65/EC, as amended into Irish law (the “UCITS Directive”) to the extent that is appropriate to its size, internal organisation and the nature, scope and complexity of its activities.

This remuneration policy has been adopted by the Directors who review the policy annually.

It is the Company’s policy to maintain remuneration arrangements that (i) are consistent with and promote sound and effective risk management, (ii) do not encourage risk-taking that is inconsistent with the risk profile of the Company, (iii) do not impair compliance with the Company’s duty to act in the best interests of its shareholders and (iv) are consistent with the principles outlined in the remuneration policy. The Company’s remuneration policy is designed to ensure that any relevant conflicts of interest can be managed appropriately at all times.

Persons subject to the Policy

The Company shall apply the provisions of this policy for its ‘Identified Staff’ being “those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls within the remuneration bracket of senior management and risk takers, whose professional activities have a material impact on the risk profiles of the management companies or of the UCITS that they manage”.

The Company has determined that the following persons would fall within the definition of “Identified Staff”:

- Members of the Board of Directors; and
- Designated Persons responsible for the monitoring of each management function of the Company.

Remuneration of Identified Staff

The independent members of the Board of Directors of the Fund receive an annual maximum fixed fee as set out in the Prospectus and do not receive performance-based remuneration therefore avoiding a potential conflict of interest. The fee of a Board member is set at a level that is on par with the rest of the market and reflects the qualifications and contribution required in view of the Company’s complexity, the extent of the responsibilities and the number of board meetings. No pension contributions are payable on Board members’ fees.

Fees regarding the carrying out of the Designated Person roles are paid by the Company to Bridge Consulting Limited for the amount totalling €10,000. As is the case for Directors, this fee is an annual fixed fee and does not include a variable performance based component therefore avoiding a potential conflict of interest. Directors’ fees are disclosed in Note 5.

Investment Manager

The aggregate quantitative remuneration paid to its staff by the Investment Manager for the year ended 31 December 2018 was £851,000 apportioned as to £397,000 and £454,000 as to fixed and variable remuneration respectively.

The tables below present aggregated information on the remuneration of all staff employed on 31 December 2018, and performing activities for the Company during the year 2018, including all identified staff selected on the basis of the above policy.

The following quantities data relates to the Investment Manager for the year ended 31 December 2018:

Number of employees	5
Fixed remuneration of Investment Manager	£ 397,000
Variable remuneration	£ 454,000
Aggregate of Fixed and Variable remuneration	€40,000 and £ 851,000