

# PFS PRODIGY ASIA EMERGING MARKETS FUND

Annual short report 30 June 2011

## Directory

### Authorised Corporate Director & Registrar

Phoenix Fund Services (UK) Limited  
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### Customer Service Centre

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### Directors of the ACD

J. M. Rice (appointed 22 February 2011)  
R. Elliott (appointed 11 April 2011)  
S. A. King  
S. D. Mathieson

### Investment Advisers

Prodigy Capital Partners LLP  
54 Marshall Street, London  
W1F 9BH  
(Authorised and regulated by the Financial Services Authority)

### Fund Manager

David Robinson

### Depositary

BNY Mellon Trust & Depositary (UK) Ltd  
The Bank of New York Mellon Centre  
160 Queen Victoria Street  
London  
EC4V 4LA  
(Authorised and regulated by the Financial Services Authority)

### Auditor

Shipleys LLP  
Chartered Accountants & Statutory Auditors  
10 Orange Street, Haymarket, London WC2H 7DQ

## Investment Objective and Policy

### Investment Objective

The investment objective of the Fund is to achieve absolute positive returns annually in all market conditions with risk managed in such a way that portfolio losses should be contained.

The Fund seeks to achieve its investment objective by following the investment strategy. There can be no assurance that the investment objective of the Fund will be achieved.

### Investment Policy

The Fund's investment strategy is to invest in transferable securities mainly in Asian emerging markets. The Fund may invest in transferable securities that are listed in developed markets, such as for example the UK or USA or Australia, where the operations of the company are within Asian emerging markets, derivatives and forward transactions.

For the purposes of the above Investment Policy, "mainly" means that the Fund will normally seek to be invested as to at least 70% in Asian emerging market transferable securities.

The Fund seeks to reduce risk and volatility in the portfolio by:

- Spreading the investments across uncorrelated sector-related investment themes;
- Analysis of currency exposure and, where appropriate, use of currency hedges to reduce the potential for significant volatility in the Fund's Net Asset Value attributable to currency movements; and
- Applying a disciplined investment process including risk management policies and procedures, incorporating the use of hedging instruments, identification of low risk trade entry points and the application of stop losses.

## Investment Adviser's Report

for the year from 1 July 2010 to 30 June 2011

The PFS Prodigy Asian Emerging Markets Fund rebounded in the first half of the year from June 2010 as policy measures to address the European debt crisis brought relief to equity markets globally and the Federal Reserve in the United States acted to support asset markets through a second program of quantitative easing. The Fund remained cautiously positioned in the early months of the reporting period but exposure increased late in August 2010, capturing the full upside in the ensuing months.

Some Asian emerging markets started to come under pressure from November 2010, as investors began to worry about inflation pressures and policy responses, particularly in China and India. These pressures continued in 2011 particularly after April when stresses reappeared in the European monetary system and investors in the US equity market started to fret about slowing growth and gridlock in Washington over plans to address fiscal deficits.

Throughout the reporting period, the investment manager has remained committed to core positions in higher quality, cash flow generative businesses focused on emerging markets and Asia. These include some US and European listed multinationals which can maintain or enhance market leadership and profitability during turbulent economic conditions. On the periphery of the portfolio the investment manager invested in several higher risk, high conviction stocks. These include junior gold mining stocks Avocet Mining and Kingsrose Mining and Sino Prosper State Gold. These positions have outperformed the overall portfolio, justifying their inclusion despite the higher risks associated with them.

Looking ahead, the investment manager foresees a recovery in equity markets from an extreme sell-off in August 2011, although trading is likely to remain volatile. After an extended period of under-performance, emerging market stocks are likely to enter a period of significant out-performance as monetary policy tools deployed to deal with inflationary threats are relaxed or even reversed. This is especially the case in China, where key inflation components such as food prices are either stabilising or falling. As before, the approach will be to buy high quality stocks on weakness.

## Fund facts

### Net Asset Values

Share Class as at 30 June	Accumulation shares			
	Year	Net asset value £	No. of shares in issue	Net asset value £ per share
Class A	2010	2,238,490	236,525	9.46
	2011	159,789	13,322	11.99
Class I	2010	534,279	5,432	98.36
	2011	862,332	7,836	110.04

### Price history & distribution record

The table below shows the highest buying and lowest selling prices on a calendar year basis in pence per share since launch. Past performance is not necessarily a guide to the future performance.

Share Class as at 30 June	Accumulation shares			
	Year	Highest £	Lowest £	Net revenue per share
Class A	2009*	10.47	9.71	0.0000p
	2010	11.06	9.26	0.0000p
	2011	11.25	9.90	0.0000p
Class I	2010**	114.80	96.58	0.0000p
	2011	116.84	105.38	0.0000p

\*From launch on 24 August 2009

\*\* From launch on 16 February 2010

### Total Expense Ratio

Share Class	Expense Type	30 June 2011 %	30 June 2010 %
Class A	Investment Adviser's charge	1.50	1.50
	Other expenses	1.89	3.82
	<b>Total expense ratio</b>	<b>3.39</b>	<b>5.32</b>
Class I	Investment Adviser's charge	1.00	1.00
	Other expenses	2.24	2.05
	<b>Total expense ratio</b>	<b>3.24</b>	<b>3.05</b>

The total expense ratio is annualised based on the fees incurred during the accounting year.

### Risk Warning

An investment in an Open Ended Investment Company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the revenue from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

## PFS PRODIGY ASIA EMERGING MARKETS FUND

### Fund facts

continued

### Major Holdings

The top ten holdings at the end of the period are shown below:

<b>Holding</b>	<b>% of Fund as at 30.06.11</b>
iShares iBoxx \$ Inv Grade Corp Bond Fund ETF	12.75
Jardine Matheson Holdings	4.17
Toshiba	3.81
Cheung Kong	3.73
Want Want China	3.58
Samsung Electronics 144A GDR's	3.58
Raffles Medical	3.48
KasikornBank Public Co (NVDR)	3.38
Ocean Wilsons Holdings	3.32
Sino Prosper State Gold Resources	3.26

<b>Holding</b>	<b>% of Fund as at 30.06.10</b>
iShares JP Morgan USD Emerging Mkts Bond ETF	10.22
iShares iBoxx \$ Inv Grade Corp Bond Fund ETF	10.20
Bank Rakyat Indonesia	3.65
Raffles Medical	2.98
IOI Corporation Berhad	2.67
China Construction Bank 'H'	2.65
Perusahaan Gas Negara	2.63
KasikornBank Public Co (NVDR)	2.61
UltraShort MSCI Emerging Markets ProShares	2.58
Banpu Public	2.52

### Geographical spread of investments as at 30 June 2011

Australia	4.78%	-	Switzerland	4.63%	-
China	3.03%	(4.56%)	Thailand	10.69%	(5.13%)
Hong Kong	20.02%	(4.48%)	United Kingdom	8.73%	(5.07%)
Indonesia	-	(6.28%)	United States	21.25%	(26.54%)
Japan	3.81%	-	Futures	0.26%	(1.06%)
Malaysia	-	(2.67%)	Forwards	-	(0.07%)
Singapore	8.39%	(7.84%)	Options		(0.09%)

The figures in brackets show the geographical spread as at 30 June 2010.

## General information

### Buying and selling units

The dealing office of the Manager is open from 9.00 a.m. until 5.00 p.m. on each Dealing Day to receive requests for the purchase or redemption of Shares. Shares can be bought either by sending a completed application form to the Manager at PO Box 10530, Chelmsford, Essex CM1 9NR, or by telephoning the Manager on 0845 026 4288 Fax 0845 2802416. Requests to redeem Shares may be in writing to the Manager at PO Box 10530, Chelmsford, Essex CM1 9NR, or by telephone on 0845 026 4285 Fax 0845 2802416. Shares will be issued or redeemed at a price calculated by reference to the next Valuation Point following receipt of the application. A contract note giving details of the number and price of Shares bought or redeemed will be issued no later than the end of the business day following the later of receipt of the application to buy Shares and the Valuation Point by reference to which the price is determined.

### Report and accounts

This document is a short report of the PFS Prodigy Asia Emerging Markets Fund for the year ended 30 June 2011. The full Report and Accounts for the Fund is available free of charge upon written request to Phoenix Fund Services (UK) Limited, PO Box 10530, Chelmsford, Essex, CM2 9NR.

### Other information

The information in this report is designed to enable you to make an informed judgement on the activities of the Fund during the year it covers and the results of those activities at the end of the year.



Phoenix Fund Services (UK) Ltd.

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