

19 November 2009

## Aberdeen New Thai Investment Trust

12 Months Ending	Total Share Price Return* (%)	Total NAV Return* (%)	Total Return Benchmark* (%)
09/11/06	+38.9	+25.3	+14.9
09/11/07	+4.5	+8.2	+20.3
09/11/08	(33.6)	(24.3)	(28.6)
09/11/09	+49.1	+46.0	+59.7

Note: \*12 month rolling discrete performance.

### Investment summary: Strong absolute returns, a relatively good yield and solid reserves

Thai equity markets have put in a very strong performance during the last year. Aberdeen New Thai (ANW) has added value, in absolute terms, returning 46.0% and 49.1% in terms of NAV and price total return respectively, although there has been moderate underperformance against the benchmark. The political environment is fractious but stable and the macroeconomy has made steady improvements. ANW has a 10-year record of dividend growth, the yield compares favourably to its peers and its interims indicate revenue reserves equal to 3.9 times last year's dividend.

### Investment strategy – Quality 'SET' listed companies

In line with Aberdeen Group's investment philosophy, the fund manager takes a long-term, buy-and-hold view with the trust's holdings. The investment process is a two-step, bottom-up strategy, which looks first at 'quality' and then at valuation. Management only invests in companies when it has met management and undertaken its own research. This results not only in low fund turnover but also helps to insulate the fund from swings from broader political and economic shocks. At present the fund's asset allocation has a small defensive tilt.

### Political and economic outlook

The last year has seen a steady improvement in the macroeconomic climate with a positive impact on Thai equities, with the SET gaining 59.7%. Despite frequent protests, and a significant gulf between the different political factions, the political environment has been "relatively" stable. The manager does not expect an election before the second half of 2010, although, more recently, ongoing disputes with Cambodia have brought consumer confidence down from its seven-month high in September, and have caused some discomfort in equity markets.

### Valuation

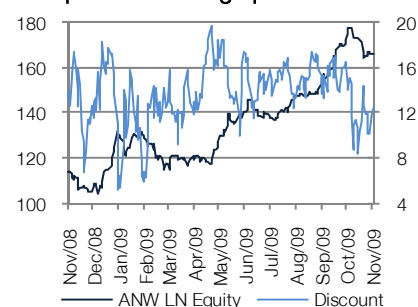
While the discount, currently at 14.1%, is substantially below its five-year peak of 23% in October 2008, it remains above its longer-term averages of 8.6% and 7.5% over three- and five-year time horizons respectively. As such, we believe that the current discount potentially offers value.

Price	166.0p
Market Cap	£30.0m
AUM	£37.0m
NAV	193.29p*
Discount to NAV	14.1%*
NAV	198.61**
Discount to NAV	16.4%**
Yield	2.1%

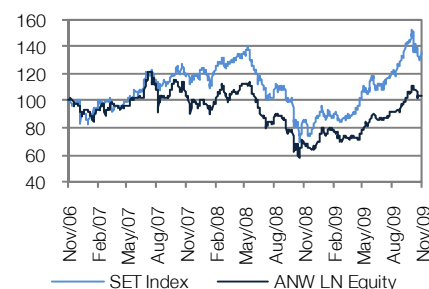
\* Adjusted for debt at market value, excluding income, as at 18 November 2009.

\*\* Adjusted for debt at market value, including income, as at 18 November 2009.

#### Share price/discount graph



#### 3-year cumulative performance graph



#### Share details

Code	ANW
Listing	FULL
AIC Sector	Country Spec: Asia Pacific
Shares in issue	18.1m

#### Price

52 week	High	Low
Price	178.0p	104.5p
NAV	209.79p	115.08p

#### Analyst

Matthew Read 020 3077 5700  
mread@edisoninvestmentresearch.co.uk

## Exhibit 1: Trust at a glance

Investment objective and fund background				Developments last quarter																																																														
The investment objective of the company is to provide shareholders with long-term, above average capital growth through investment in Thailand. Its assets are invested in a diversified portfolio of securities (substantially in the form of equities or equity related securities such as convertible securities and warrants) in companies spread across a range of industries which are quoted on the Stock Exchange of Thailand ('SET').				30 October 2009: Half yearly report released. 3 November 2009: Proposed bonus issue of subscription shares announced. 5 November 2009: Interim report released.																																																														
Forthcoming		Capital structure		Fund details																																																														
AGM	July 2010	Total expense ratio	1.83%	Group	AAM Asia Limited																																																													
Preliminary	April 2010	Gearing	6%	Manager	Asian Equities Team																																																													
Year end	28 February	Annual mgmt fee	1.0%	Address	One Bow Churchyard, London EC4M 9HH																																																													
Dividend paid	July	Performance fee	None																																																															
Launch date	December 1989	Trust life	Indefinite	Phone	0500 000 040																																																													
Wind-up date	See pg 7	Loan facilities	See pg 7	Website	www.newthai-trust.co.uk																																																													
Dividend policy and history				Share buyback policy and history																																																														
One dividend annually, paid in June, using income from underlying investments. Level may vary accordingly.				Renewed annually, the trust has authority to allot up to 5% and purchase up to 14.99% of issued share capital.																																																														
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Source: Aberdeen New Thai/Edison Investment Research

## Exhibit 2: Top five overweights

Siam Makro		Code: MAKRO TB	Market Cap: THB19,980.0m
	Div Yield (trailing 12 m'ths)	6.61%	
	Foreign Ownership Limit	49%	
	SET Industry/Sector	Services/Commerce	
	Website	www.siammakro.co.th	
	Siam Makro operates wholesale cash and carry trade centres throughout Thailand. It has 29 stores and sells a range of food and non-food items. Performance has lagged that of the rest of the portfolio, but the manager believes Makro has a strong management team, with a proven ability to steadily grow the business, a strong balance sheet and offers a good yield.		
Hana Microelectronics		Code: HANA TB	Market Cap: THB15,446.8m
	Div Yield (trailing 12 m'ths)	6.45%	
	Foreign Ownership Limit	100%	
	SET Industry/Sector	Technology/Electronic Components	
	Website	www.hanagroup.com	
	Established in 1978, and listed on the SET in 1993, Hana Group is an independent electronic manufacturing service provider with production facilities in Thailand and China. In common with many companies in the region, first half earnings were weak but recovered in Q3. The manager believes Q4 earnings will be good and that Hana offers good long-term growth opportunities.		
Thai Reinsurance		Code: THRE TB	Market Cap: THB5,996.1m
	Div Yield (trailing 12 m'ths)	7.13%	
	Foreign Ownership Limit	25%	
	SET Industry/Sector	Financials/Insurance	
	Website	www.thaire.co.th	
	Thailand's only reinsurer, Thai Re provides life & non-life reinsurance services to insurance companies both in Thailand and overseas. The manager believes Thai Re offers prospects for organic growth, will benefit from industry consolidation, has a strong and well managed investment portfolio, has a strong balance sheet and offers a good yield.		
Bangkok Insurance		Code: BKI TB	Market Cap: THB12,015.9m
	Div Yield (trailing 12 m'ths)	5.06%	
	Foreign Ownership Limit	25%	
	SET Industry/Sector	Financials/Insurance	
	Website	www.bangkokinsurance.com	
	ANW's holding in Bangkok Insurance (BKI) reflects the manager's view that the insurance sector is currently neglected by the market as a whole. The manager expects industry consolidation and that BKI will be a net beneficiary. The manager believes BKI offers good growth prospects, has a strong portfolio that is well managed, has a solid balance sheet and offers a good yield.		
Kasikornbank		Code: KBANK TB	Market Cap: THB476,795.5m
	Div Yield (trailing 12 m'ths)	2.41%	
	Foreign Ownership Limit	48.98%	
	SET Industry/Sector	Financials/Banking	
	Website	www.kasikornbank.com	
	Kasikornbank is Thailand's fourth largest bank by total assets. It provides retail, wholesale and investment banking services and has Thailand's largest branch network (over 930). Kasikornbank is one of two large bank holdings in the portfolio. The manager believes both have weathered the financial crisis well and that their valuations are now coming back strongly.		

Source: Aberdeen New Thai/Stock Exchange of Thailand/Datastream/Edison Investment Research

## Fund profile

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Launched in December 1989, and managed by Aberdeen's Asian Equities Team, ANW is the only UK-registered investment trust to focus exclusively on Thai equities. While oversight is provided from Singapore, day to day management of the portfolio is undertaken by the Bangkok office, through which ANW has successfully navigated the economic and political turbulence of the region for nearly 20 years. During the last five years ANW has outperformed its index, the sterling adjusted Stock Exchange of Thailand, or SET Index, by 3.7% in terms of NAV total return.

## The fund manager: Asian Equities Team

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### Manager's view – represented by Adithep Vanabriksha

In common with other Asian markets, Thai equities have seen a very strong run up during the last six months, coming from what the manager considers to be quite distressed levels to more normalised levels. The manager considers that earnings in the first half were quite weak but has seen decent improvements in Q3 and expects similar for Q4, although the manager also believes that many companies still remain cautious on prospects for the forthcoming year. The manager has seen improvements at the macro level. Exports in September were only down 8% year-on-year compared with previous double-digit declines. Consumer confidence rose, month-on-month, for seven months until September and the manager believes the recent dip is related to changes in the political climate. The manager considers that the last 10-11 months have been a relatively stable period in Thai politics, despite the obvious differences between the political factions. However, the increasing tension between Thailand and Cambodia has clearly unsettled equity markets. Despite this the manager believes that the political situation is already factored into prices and does not expect any major changes soon. Ousted prime minister Thaksin Shinawatra's image has suffered, and new elections are not expected before the second half of 2010, as the current government will want constitutional amendments approved and enacted before calling an election.

## Asset allocation

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### Overview

ANW has 32 equity investments, the majority of which are large cap stocks listed on the SET. The top 10 holdings account for 55.5% of the portfolio, cash and fixed interest account for 1.8% of the portfolio, with the remaining 22 equity investments accounting for 42.7% of the portfolio. As displayed in Exhibit 3, there are significant deviations in asset allocation from the benchmark index, reflecting not only the actively managed nature of the trust but also the underlying investment philosophy of the manager. As Exhibit 1 shows, apart from the 1.8% of the portfolio held as cash and fixed income investments, the remaining 98.2% of the portfolio (or 100% of the equity portfolio) is fully invested in Thailand and, as such, the portfolio will be sensitive to the movements in Thailand's economic and political climate.

### Underweights

The biggest underweight, energy, can be explained by management's decision not to hold PTT due to a range of ongoing concerns including corporate governance issues and the threat of renationalisation. This decision assisted ANW's performance during the financial year ending February 2009. However, more recently, this has hurt performance, with the dramatic increase in the oil price. The trust remains underweight banks, property development and transportation.

## Overweights

With the exceptions of water and healthcare, which are relatively defensive positions, ANW's overweight allocations are in areas that will benefit from a continuing uplift in domestic economic activity.

## Sectoral allocation

Exhibit 3: Sector allocations as at 31 October 2009

	Trust Weight (%)	Benchmark Weight (%)	Trust Active Weight (%)	Trust Weight/Benchmark Weight
Insurance	11.0	1.0	+10.0	11.0
Electrical products & computers	8.5	1.1	+7.4	7.7
Retail	10.0	3.6	+6.4	2.8
Printing & publishing banks	5.9	0.1	+5.8	59.0
Finance & securities	5.5	1.1	+4.4	5.0
Auto components	4.4	0.5	+3.9	8.8
Building & furnishing materials	10.3	7.2	+3.1	1.4
Water	1.9	0.0	+1.9	N/A
Packaging	2.1	0.3	+1.8	7.0
Healthcare	1.8	0.1	+1.7	18.0
Food & beverages	4.2	2.6	+1.6	1.6
Professional services	1.0	0.0	+1.0	N/A
Transportation	1.2	3.0	-1.8	0.4
Property development	3.8	6.3	-2.5	0.6
Banks	14.9	20.0	-5.1	0.7
Energy	11.7	32.5	-20.8	0.4
Other	0.0	20.6	-20.6	0.0
Cash	1.8	0.0	+1.8	N/A
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>	

Source: Aberdeen New Thai/Edison Investment Research

## Current portfolio positioning

As Exhibit 3 illustrates there are some significant sector bets within the portfolio. Overall the manager has given ANW a more defensive allocation than the benchmark, by predominantly underweighting cyclical and overweighting defensive sectors.

## Top holdings

Exhibit 4: 10 largest equity holdings as at 30 September 2009

Notes: SET one-year performance = +59.7%/

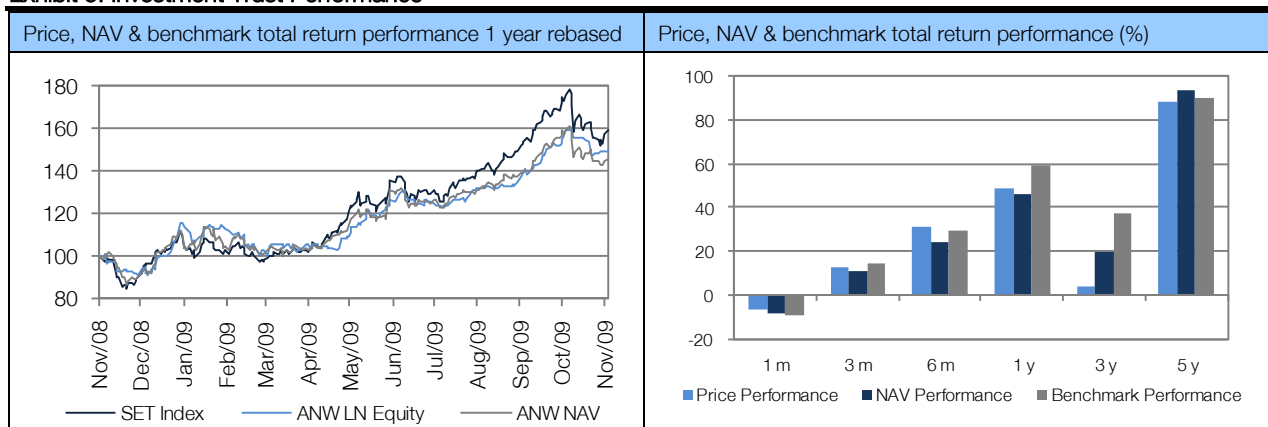
Holding	%	One Year total return price performance (%)	Performance relative to SET Index (%)
PTT Exploration & Production	7.6	+41.9	(17.8)
Kasikornbank	6.7	+52.5	(7.2)
Siam Cement	6.5	+93.3	+33.6
Siam Makro	6.5	+44.1	(15.6)
Hana Microelectronics	6.2	+89.8	+30.1
Thai Reinsurance	5.3	+3.6	(56.1)
Siam Commercial Bank	5.1	+40.0	(19.7)
Bangkok Insurance	4.3	+34.8	(24.9)
Siam City Cement	3.8	+97.0	+37.3
Big C Supercentre	3.5	+33.2	(26.5)
<b>Total</b>	<b>55.5</b>		

Source: Aberdeen New Thai/Datastream/Edison Investment Research

In common with financial market experience across Asia, and despite the ongoing political uncertainty, Thailand's SET Index has risen 59.7% in the last 12 months. As Exhibit 4 shows, three of ANW's top 10 holdings have outperformed the benchmark index during this period.

## Recent performance

Exhibit 5: Investment Trust Performance



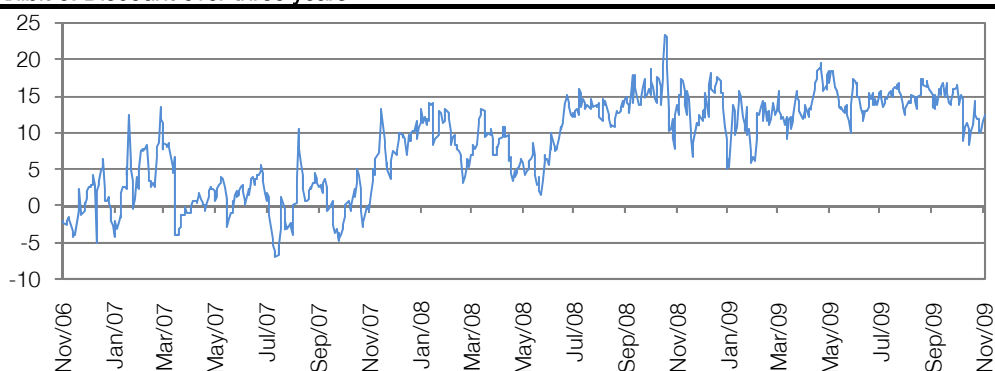
Source: Aberdeen New Thai/Datastream/Edison Investment Research

As Exhibit 5 illustrates, ANW has outperformed its benchmark in terms of NAV total return over one month and five years and, in terms of price total return, over one month and six months.

Underperformance over one and three years can be largely attributed to the manager's continued decision not to hold PTT, by far the largest company on the SET by market capitalisation. PTT's share price has benefitted substantially from the dramatic increase in the oil price, pulling the SET up with it. However, it should be noted that the manager takes a long-term view with the trust's holdings, so this decision has also, at times, assisted ANW's performance. Despite the decision not to hold PTT, ANW has added value, in absolute terms, for all time horizons three months and above for both price and NAV total return. Over the last 10 years, ANW has provided absolute total returns of 316.3% and 340.3% for NAV and price respectively.

## Discount

Exhibit 6: Discount over three years



Source: Edison Investment Research

ANW has the authority, renewed annually, to allot up to 5% or make market purchases of up to 14.99% of issued share capital, which provides the manager with a mechanism to influence the discount. However, it should be noted that despite this authority, the trust does not have an explicit discount maintenance policy, the fund's size naturally limits its ability to manage the discount through repurchases and that there has been no change in issued share capital since the trust repurchased 425k shares in August 2001. As Exhibit 6 illustrates, while the discount has widened during the last three years, over the last year volatility has decreased and, more recently, the discount has started to narrow. These movements arguably reflect the prevailing financial and political climates. The discount, currently at 14.1%, while lower than its five-year peak in October

2008 of 23%, is above its longer-term averages of 8.6% and 7.5% over three- and five-year time horizons, respectively. If it is assumed that the discount will revert back towards its longer-term averages, as 1) financial markets continue to settle, 2) the proposed expansionary stance of the Thai government overcomes the current legal challenges and gains credibility, and 3) political stability returns over the longer term, the current discount offers value.

## Capital structure

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ANW is a conventional investment trust having only one class of equity share in issue – 25p ords. However, on 3 November 2009, ANW released a prospectus detailing proposals to make a bonus issue of 3,619,084 subscription shares to existing holders. The prospectus also gave notice of a general meeting to be held on 30 November 2009 at which special resolutions will be put to shareholders to 1) approve the adoption of new articles of association – required to allow the subscription issue to proceed, and 2) approve the bonus issue of subscription shares.

Under the proposals, one subscription share will be issued for every five ordinary shares to holders on the register as at 30 November 2009. A subscription share will confer the right, but not the obligation, to subscribe for one ordinary share at any subscription date. Subscription dates will be the last business day of every calendar month between 31 January 2010 and 31 January 2013 inclusive. The subscription price will be the unaudited NAV as at the calculation date, currently expected to be 30 November 2009, plus a premium of 1%.

Assuming the scheme is approved, the board currently expects that the subscription price will be announced on 1 December 2009. The proposals are subject to the provision that the subscription shares are accepted on to the official list and admitted into the main market of the London Stock Exchange. As such, if the scheme proceeds, shareholders will receive additional securities that will be both listed and tradable. The board believes this will be a favourable method of increasing the funds available to the company, which will assist in growing the portfolio. The board also believes that, by spreading the trust's costs across a larger asset base, these measures will help to continue the fall in ANW's total expense ratio (TER) and that ultimately, with an increased number of ordinary shares, these measures will help to boost the liquidity of ANW's ordinary shares in the longer term.

ANW's existing and proposed articles of association permit the use of gearing and, accordingly, ANW has a bank loan that the AIC calculates as being equivalent to gearing of 6%.

The management fee, paid monthly in arrears, is 1.0% per annum of the net asset value of the company valued monthly. There is no performance fee and the management contract can be terminated at one year's notice.

The TER has fallen for at least five consecutive years. It was 1.83% for the year ending 28 February 2009 (1.87% for the year ending 28 February 2008), and while this is relatively high, it reflects the fact that ANW is a specialist trust, with costs spread over a relatively small asset base.

Although the life of the trust is indefinite, if during the 12 weeks preceding the company's financial year end (28 February) the ordinary shares trade at an average discount in excess of 15% to NAV, a special resolution is put to shareholders at the AGM to put the trust into voluntary liquidation.

## Dividend policy and record

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Assuming adequate profitability, a single dividend payment is made in July of each year, with payments being made from income received during the period. This affords capital a degree of

protection that is supplemented by the further requirement that income is not deemed available for distribution until it is actually received. A consequence is that the level of dividends may fluctuate. Since its first dividend payment in 1991, the trust has maintained or increased its dividend payment in all but two years – 1999 and 2004. In the latter instance this was largely caused by a change in the timing of a dividend payment from a significant underlying investment which was declared after the year end. Since 2000, following the major cut in dividends in 1999, the trust has increased its dividend by 1,358%. This is an average increase of 43% per year, or 34% per year annualised. Over the last five years the trust has increased its dividend by a total of 150%, which is an average yearly increase of 21.9% or 20.1% annualised. ANW's recently released interims indicate that, as at 31 August 2009, ANW had revenue reserves equal to 3.9 times the final dividend paid for the year ending 28 February 2009. As such, we expect that ANW will at least be able to maintain the dividend at 3.5p for the year ending 28 February 2010 while still retaining the capacity to smooth dividends, going forward, as necessary.

## Peer group comparison

As Exhibit 7 illustrates, the AIC sector 'Country Specialist: Asia Pacific' is a relatively small peer group. There are only seven constituents and while they all invest in Asia Pacific assets, the economic and political environments they operate in can vary quite markedly. Within this peer group ANW ranks fourth over a one-year period, fourth over a three-year period and third over a five-year period when considering share price total return.

Exhibit 7: Country Specialist: Asia Pacific sector, as at 12 November 2009

Company	Share price total return on £100			Volatility (five year)	Total Expense Ratio	Disc/ Prem	Gearing (100= no gearing)	Div yield
	One year	Three years	Five years					
Aberdeen New Thai	154.0	104.5	188.7	21.8	1.86	(11.7)	106	2.08
India Capital Growth	126.7	40.8	N/A	N/A	2.12	(23.0)	100	N/A
JPMorgan Chinese	163.4	169.8	244.3	31.1	1.51	(1.3)	103	1.08
JPMorgan Indian	161.4	124.7	273.1	38.6	1.60	(1.0)	100	N/A
New India	156.8	128.8	N/A	N/A	1.90	(9.2)	100	N/A
Origo Resource Partners	98.0	N/A	N/A	N/A	N/A	(55.4)	100	N/A
VinaCapital Vietnam Opps.	136.0	72.5	152.6	49.0	2.65	(35.4)	100	N/A
<b>Sector average</b>	<b>150.2</b>	<b>109.0</b>	<b>221.9</b>	<b>41.0</b>	<b>2.07</b>	<b>(15.2)</b>	<b>100</b>	<b>0.17</b>

Source: The Association of Investment Companies

## The board

All directors are non-executive and most are independent of the investment manager: Keith Falconer (independent non-exec chairman), Peter Bristowe (senior independent non-exec director and director of Edison Investment Research), James Robinson FCA (independent non-exec director), and Hugh Young (non-exec director).

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