

# New India Investment Trust PLC



## Investment objective

To achieve long-term capital appreciation by investing in companies which are incorporated in India or which derive significant revenue or profit from India, with dividend yield from the company being of secondary importance. This emphasis on long-term capital appreciation will be demonstrated by benchmarking the Company's net asset performance against the MSCI India Index (in sterling terms).

## Benchmark

MSCI India Index. Given that the managers do not adopt a benchmark approach, performance can vary widely from the benchmark.

## Cumulative performance (%)

	As at 31/07/10	1 month	3 months	6 months	YTD	1 year	3 years	5 years
Share Price	215.0p	(3.0)	(3.4)	12.2	10.9	32.4	50.8	86.1
Diluted NAV <sup>A</sup>	236.5p	(3.0)	(3.4)	16.2	13.0	34.6	46.3	114.1
Undiluted NAV <sup>A</sup>	271.7p	(3.3)	(3.7)	18.0	14.5	38.8	52.5	139.3
Warrant 2010 price	116.0p	(5.5)	(4.3)	31.8	27.5	95.0	80.5	229.1
MSCI India		(3.8)	(5.5)	11.6	6.5	29.3	34.1	159.3

## Discrete performance (%)

Year ending:	31/07/10	31/07/09	31/07/08	31/07/07	31/07/06
Share Price	32.4	29.3	(11.9)	29.0	(4.3)
Diluted NAV <sup>A</sup>	34.6	19.1	(8.8)	36.2	7.4
Undiluted NAV <sup>A</sup>	38.8	21.9	(9.9)	44.1	8.9
Warrant 2010 price	95.0	46.9	(37.0)	46.0	24.8
MSCI India	29.3	15.8	(10.5)	56.4	23.6

Total return; NAV to NAV, net income reinvested, GBP. Share price total return is on a mid-to-mid basis. Dividend calculations are to reinvest as at the ex-dividend date. NAV returns based on NAVs with debt valued at par. Source: Aberdeen Asset Managers Limited, Factset and Morningstar.

<sup>A</sup> Excluding current year revenue.

The final exercise date for New India warrants was 2 August 2010. On this date 12,115,997 warrants to subscribe for ordinary shares at 100p per share were exercised and the Company applied for the listing of 12,115,997 new ordinary shares of 25p each ranking pari passu with existing shares. Following the exercise and listing the Company's issued share capital will comprise 59,070,140 ordinary shares with voting rights.

**Past performance is not a guide to future performance. The value of shares may go down as well as up and an investor may not get back the amount invested.**

## Fund managers' report

### Market and economic review

Indian equities lagged the broader regional benchmark in July, as the larger-than-expected interest rate hike, which overshadowed upbeat economic data and corporate results, affected sentiment.

Headline inflation stayed in the double-digit region for a fifth month, with core inflation continuing to rise. The central bank hiked its key policy rate from 5.25% to 5.50% to address rising price pressures.

In politics, the opposition organised a one-day protest against the government's liberalisation of fuel prices. In other news, the authorities will conduct banking sector stress tests every six months, but we do not foresee any great issues.

*Fund managers' report continues overleaf*

**The risks outlined overleaf relating to gearing, warrants, emerging markets, small companies, single countries and exchange rate movements are particularly relevant to this trust but should be read in conjunction with all warnings and comments given.**

## Fifteen largest equity holdings

	%
HDFC	9.8
Infosys Technologies	9.4
ICICI Bank	8.3
Tata Consulting Services	6.7
Hero Honda	4.1
ABB India	3.7
GlaxoSmithKline India	3.6
Godrej Consumer Products	3.6
HDFC Bank	3.6
ITC	3.6
Bosch	3.4
Gujarat Gas	3.4
Hindustan Unilever	3.3
Mphasis	3.3
Container Corp. of India	3.2
<b>Total</b>	<b>73.0</b>
<b>Total investments</b>	<b>30</b>

## Sector allocation (%)

	Trust	Benchmark
Financials	21.6	26.4
Information Technology	21.0	17.1
Health Care	10.7	3.8
Consumer Staples	10.5	5.8
Materials	10.0	10.8
Utilities	8.1	5.7
Consumer Discretionary	7.5	5.0
Industrials	6.9	9.7
Telecommunication Services	2.9	0.8
Energy	0.0	14.9
Cash	0.8	n/a
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Source: Aberdeen Asset Managers Limited and Bloomberg. Benchmark may not add up to 100 due to rounding.

## Portfolio characteristics

### Three years to 31 July 2010 (£)

	Trust	Regional Index
<b>Annualised Statistics</b>		
Rate of return	13.5	10.3
Standard deviation	25.7	38.3
Tracking Error	15.8	-
Information Ratio	(0.1)	-
<b>Monthly Statistics</b>		
Max return	12.3	25.6
Min return	(14.7)	(21.1)
Average return	1.3	1.4
<b>Regression Statistics</b>		
Beta	0.6	1.0
Correlation to index	1.0	1.0

Source: Aberdeen Asset Managers Ltd, Russell/Mellon Analytical Services. Market Proxy: MSCI India, Risk Free Proxy: Sterling 3 months Interbank Rate

## Further information

**Private investors** 0500 00 00 40  
**Institutional investors** Kenneth Harper  
 +44 (0)131 528 4000  
**Website** [www.newindia-trust.co.uk](http://www.newindia-trust.co.uk)

Receive the factsheet of your choice by email as soon as they are available by registering at [www.investments.co.uk/ITemail](http://www.investments.co.uk/ITemail)

All sources (unless indicated): Aberdeen Asset Managers Limited 31 July 2010.

# New India Investment Trust PLC

## Fund managers' report – continued

### Portfolio review

There were no major changes to the portfolio in July.

The results of our holdings generally benefited from solid domestic demand in the quarter ended June. They included lenders HDFC and HDFC Bank and drugmaker GlaxoSmithKline India. Holdings in the consumer sector also enjoyed better topline but profits were pared from rising costs. Software company Infosys' profits were affected by salary hikes but we were encouraged by the recovery in IT spending, as well as the company's guidance for better earnings for the full year. In other news, Piramal Healthcare will sell its non-core diagnostics business and Tata Power will sell stakes worth US\$300 million in two units that own Indonesian coal mines.

### Outlook

While the global economy did not suffer a severe relapse, the recovery in the West remains fragile, with deep structural problems still unresolved. However, India's economy is likely to remain relatively unaffected, given that it is largely driven by domestic demand. Rising inflation remains a threat, however, and the central bank's aggressive interest rate hikes, which dented market sentiment, may prove prescient in the longer term. Although we maintain a cautious outlook, we are confident that our holdings, which are characterised by solid balance sheets, experienced management and sound business practices, will be able to meet whatever challenges lie around the corner.

## Key information

<b>Calendar</b>	
Year end	<b>31 March</b>
Accounts published	<b>July</b>
AGM	<b>September</b>
Dividend paid	<b>n/a</b>
<b>Launch date</b>	
Original trust	<b>February 1994</b>
Name change/reconstruction	<b>December 2004</b>
<b>Fund manager</b>	<b>Asian Equities Team</b>
<b>Total expense ratio</b>	<b>1.6%</b>
<b>Annual management fee<sup>B</sup></b>	<b>1.0%</b>
<sup>B</sup> The basic management fee is 1% of net assets per annum. There is also a performance fee that may become payable which could result in a maximum fee payable of 1.75% in any one year.	
<b>Premium/(Discount)<sup>C</sup></b>	<b>(9.1)%</b>
<sup>C</sup> Based on diluted NAV	
<b>Yield</b>	<b>–</b>
<b>Gearing</b>	<b>nil</b>
<b>Assets</b>	<b>£m</b>
Gross assets	<b>127.6</b>
Debt	<b>nil</b>
<b>Capital structure</b>	
Ordinary shares	<b>59,070,141</b>
<b>Allocation of expenses and interest</b>	
Capital	<b>0%</b>
Revenue	<b>100%</b>
<b>Trading details</b>	
Bloomberg/Epic/Reuters code	<b>NII</b>
Stockbroker	<b>WINS Investment Trusts</b>
Market makers	<b>ARBT, CANA, CAZR, CSCS, WINS</b>

## Important information

### Risk factors you should consider prior to investing:

- In common with most investment companies, investment trusts may borrow to finance further investment (gearing). The use of gearing is likely to lead to volatility in the Net Asset Value (NAV) meaning that a relatively small movement, down or up, in the value of a trust's assets will result in a magnified movement, in the same direction, of that NAV. The exercise of Warrants will result in a dilution of Shareholders' interests if the net asset value of the Ordinary Shares exceeds the exercise price payable on the exercise of a Warrant at the relevant time.
- Movements in exchange rates can impact on both the level of income received and the capital value of your investment. If the currency of your country of residence strengthens against the currency in which the underlying investments of the Trust are made, the value of your investment will reduce and vice versa.
- The Trust invests in emerging markets which tend to be more volatile than mature markets and the value of your investment could move sharply up or down. In some circumstances the underlying investments may become illiquid which may constrain the Investment Manager's ability to realise some or all of the portfolio. The registration and settlement arrangements in emerging markets may be less developed than in more mature markets so the operational risks of investing are higher. Political risks and adverse economic circumstances are more likely to arise putting the value of your investment at risk.
- The Trust invests in small companies, and / or companies investing in technology or venture and development capital stocks where the potential volatility may increase the risk to the value of your investment. Above average price movements may be expected.
- Exposure to a single country market increases potential volatility.
- The value of shares and the income from them can go down as well as up and you may get back less than the amount invested.
- Past performance is not a guide to the future.
- There is no guarantee that the market price of shares in the Trust will fully reflect their underlying Net Asset Value.
- As with all stock exchange investments the value of investment trust shares purchased will immediately fall by the difference between the buying and selling prices, the bid-offer spread.

### Other important information:

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