

# Aberdeen Asian Smaller Companies Investment Trust PLC



## Investment objective

The objective of Aberdeen Asian Smaller Companies Investment Trust PLC is to maximise total return to shareholders over the long term from a portfolio of smaller quoted companies (with a market capitalisation of up to approximately US\$750m at the time of investment) in the economies of Asia and Australasia, outside Japan.

## Comparative Benchmark

There has not always been a meaningful smaller companies index against which to compare the performance of the Company. Accordingly, the Manager utilises two general regional indices, the MSCI AC Asia Pacific ex Japan (currency adjusted) and the MSCI AC Asia Pacific ex Japan Small Cap (currency adjusted), as well as peer group comparisons for Board reporting. It is likely that performance will diverge, possibly quite dramatically in either direction, from these or any other indices.

## Cumulative performance (%)

	as at 31/07/10	1 month	3 months	6 months	1 year	3 years	5 years
Share Price	495.0p	7.4	12.1	30.3	66.9	63.5	113.0
Diluted NAV <sup>A</sup>	553.5p	2.1	5.1	27.1	59.7	62.0	142.4
Undiluted NAV <sup>A</sup>	609.2p	2.2	5.2	27.2	57.6	57.5	127.9
Warrant 2010 Price	395.3p	9.9	17.1	44.1	101.1	80.9	157.9
MSCI AC Asia Pacific ex Japan		2.7	(5.5)	9.2	22.9	20.7	87.5
MSCI AC Asia Pacific ex Japan Small Cap <sup>B</sup>		2.7	(6.7)	9.7	30.2	12.2	101.1

## Discrete performance (%)

Year ending:	31/07/10	31/07/09	31/07/08	31/07/07	31/07/06
Share Price	66.9	15.2	(15.0)	23.7	5.3
Diluted NAV <sup>A</sup>	59.7	14.9	(11.7)	35.4	10.5
Undiluted NAV <sup>A</sup>	57.6	14.6	(12.8)	34.3	7.7
Warrant 2010 Price	101.1	18.7	(24.3)	34.0	6.4
MSCI AC Asia Pacific ex Japan	22.9	7.7	(8.8)	39.2	11.6
MSCI AC Asia Pacific ex Japan Small Cap <sup>B</sup>	30.2	10.4	(21.9)	58.4	13.2

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

<sup>B</sup> The MSCI AC Asia Pacific ex Japan Small Cap Index was first introduced by MSCI on the 31st of May 2007. However MSCI have subsequently gone back and created index values for this index dating back to the 31st of May 1994.

Total return; NAV to NAV, net income reinvested, GBP.

Source: Aberdeen Asset Managers Limited, Factset and Morningstar. 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.

**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 review

Asian small-cap stocks rose in July, backed by upbeat economic data and corporate results, along with positive stress test results for European banks, which outweighed fears of a double-dip recession.

*Fund managers' report continues overleaf*

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

## Ten largest equity holdings

	Country	%
Bukit Sembawang Estates	Singapore	4.3
Bank OCBC NISP	Indonesia	4.1
LPI Capital	Malaysia	3.6
Giordano International	Hong Kong	2.9
Godrej Consumer Products	India	2.9
Multi Bintang	Indonesia	2.8
Hana Microelectronics	Thailand	2.7
Castrol	India	2.6
AEON	Malaysia	2.5
Siam Makro	Thailand	2.4

**Total 30.8**

**Total number of investments 61**

## Country allocation (%)

	Trust	Regional Index	Month's market change
Hong Kong	16.3	7.8	1.1
Malaysia	16.3	3.0	0.9
Singapore	13.8	5.3	3.1
India	12.9	8.1	(3.8)
Thailand	10.8	1.6	1.4
Indonesia	9.4	2.5	1.6
Sri Lanka	5.8	0.0	n/a
Philippines	5.6	0.5	(1.8)
Other Asia	2.0	n/a	n/a
Pakistan	1.3	0.0	n/a
Korea	1.2	14.1	2.8
Australia	1.0	26.1	7.2
New Zealand	1.0	0.3	2.5
China	0.0	19.5	(0.3)
Taiwan	0.0	11.2	4.7
Cash	2.6	n/a	n/a
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	

Month's market change represents the individual country returns calculated using the MSCI Index series (£) Market change is Total Return in GBP.

Index may not add up to 100 due to rounding.

Source: Aberdeen Asset Managers Limited and MSCI.

## Portfolio characteristics

### Three years to 31 July 2010 (£)

	Trust	Regional Index
<b>Annualised Statistics</b>		
Rate of return	17.4	6.5
Standard deviation	22.0	28.1
Tracking Error	15.5	-
Information Ratio	0.5	-
<b>Monthly Statistics</b>		
Max return	17.3	16.2
Min return	(15.9)	(16.7)
Average return	1.6	0.9

### Regression Statistics

Beta	0.7	1.0
Correlation to index	0.8	1.0

Source: Aberdeen Asset Managers Limited and Russell Mellon Analytical Services. Market Proxy: MSCI AC Asia Pacific ex Japan, Risk-free proxy is Sterling 3 months Interbank Rate.

## Further information

Private investors **0500 00 00 40**

Institutional investors **Kenneth Harper**

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

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

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## Fund managers' report – continued

Economic growth was uneven in the region. China's second-quarter growth decelerated; whereas Singapore registered record growth and Korea's expansion exceeded expectations.

Inflation remained a threat and Korea, New Zealand, Malaysia and Thailand responded with interest rate hikes. In India the rate rise was higher than anticipated. Conversely, Sri Lanka cut interest rates.

In politics, Australia set its general election for late August. Hong Kong approved its first minimum wage bill, while agreeing with China to lift restrictions on using the yuan. Meanwhile, India will start conducting banking sector stress tests every six months.

### Portfolio review

We topped up Hong Kong's Public Financial and Cebu of the Philippines as they continue to offer good value.

Second-quarter earnings were positive: CDL Hospitality Trusts benefited from the better hospitality performance and contributions from its newly acquired Australia Hotels. Multi Bintang's performance was helped by higher sales and better cost control.

Godrej Consumer Products raised fresh capital from a qualified institutional placement (QIP) that will not be dilutive to existing shareholders while improving its debt-equity ratio.

### Outlook

While the global economy did not suffer a severe relapse, the recovery in the West remains fragile, with deep structural problems are still unresolved. In Asia, leading indicators have undoubtedly started to signal slower growth after the sharp rebound, but governments have sufficient reserves to pump prime should the situation demand. 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	31 July
Accounts published	October
AGM	November
Warrants expire	30 November 2010
Exercise price	100p
Dividend paid	November
Launch date	October 1995
<b>Fund manager</b>	<b>Asian Equities Team</b>
<b>Total expense ratio<sup>c</sup></b>	<b>1.9%</b>
<sup>c</sup> Year ended 31 July 2009.	
<b>Annual management fee</b>	<b>1.2%</b>
<b>Premium/(Discount)<sup>p</sup></b>	<b>(10.6)%</b>
<sup>p</sup> Based on Diluted NAV.	
<b>Yield</b>	<b>1.0%</b>
<b>Gearing<sup>e</sup></b>	<b>3.0%</b>
<b>Assets</b>	<b>£m</b>
Gross assets	193.9
Debt	5.6
Prior charges	nil
<sup>e</sup> Gearing is expressed as a percentage of gross assets, which includes current year revenue, divided by shareholders' funds.	
<b>Capital structure</b>	
Ordinary shares	31,136,615
Warrants	3,823,595
Treasury shares	2,186,290
<b>Allocation of expenses and interest</b>	
Capital	0%
Revenue	100%
<b>Trading details</b>	
Reuters/Epic/Bloomberg code	AAS
Stockbrokers	Matrix Corporate Capital LLP
Market makers	SETSmm

## 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.
- 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 on purchase will immediately fall by the difference between the buying and selling prices, known as the bid-offer spread.

### Other Important Information:

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