

# Aberdeen Asia Pacific and Japan Fund

Annual short report for the year ended 31 July 2013

## Investment objective and policy

The objective of the Fund is to achieve capital growth by investing in countries of the Asia Pacific region, including Japan.

## Risk profile

Shareholders should be aware of the risks inherent in investing in securities and other financial instruments. Financial markets can be vulnerable to unpredictable price movements and are affected by a number of factors.

The value of your investment and the revenue derived from it will rise and fall due to market and company specific factors.

**The specific risk warnings relating to this fund are as follows:**

- The value of your investment will rise or fall with any movement in exchange rates.
- The Fund invests a proportion of its assets in markets which are not as well developed and regulated as the UK. These may be less liquid and carry more risk being prone to above average share price volatility.

## Cumulative performance (%)

	Period of report 31/07/2012 to 31/07/2013	5 years 31/07/2008 to 31/07/2013	Since launch 01/03/1979 to 31/07/2013 <sup>c</sup>
Fund - A Accumulation	12.54	79.73	5,867.38
Benchmark <sup>a</sup>	18.43	49.74	N/A

## Annual discrete performance to 31 July<sup>b</sup>

	31/07/2012 to 31/07/2013	31/07/2011 to 31/07/2012	31/07/2010 to 31/07/2011	31/07/2009 to 31/07/2010	31/07/2008 to 31/07/2009
% change	12.54	(0.14)	14.23	27.03	10.21

Source: Lipper, Total Return, NAV to NAV, UK Net income reinvested, £.

<sup>a</sup> MSCI AC Asia Pacific Index.

<sup>b</sup> Figures are as at valuation point.

<sup>c</sup> Figures for Aberdeen Asia Pacific Unit Trust prior to 24 April 2006.

Please remember that past performance is not a guide to future returns. The price of shares and the revenue from them may fall as well as rise. Investors may not get back the amount originally invested.

---

## Market review

Asian stockmarkets rose in the year under review, despite a sharp correction towards the tail-end. For most of the year, regional equities were buoyed by an influx of liquidity that stemmed from money printing by central banks in Europe and the US. This followed president Obama's re-election, the last minute deal to avert the fiscal cliff in the US, and Shinzo Abe's victory at the polls. Notably, Japanese equities benefited from upbeat expectations arising from aggressive policy measures to kickstart the languishing economy. But by the second half, the flow of liquidity began to reverse. Global equities, led by those in emerging markets, then sold off in June amid worries over a premature end to quantitative easing in the US. Sentiment was also roiled by fears that the Chinese economy could stall if Beijing's attempt to tame shadow banking triggered a prolonged credit crunch. Growth in the mainland decelerated, cooling to 7.5% by the end of the second quarter. Regional benchmarks recovered some lost ground after major central banks pledged to keep policy accommodative and fresh signs of growth emerged in the US and Europe.

## Portfolio review

At the stock level, lender HSBC contributed to the Fund's performance as lower impairment charges boosted its underlying profits, while its restructuring plan helped cut costs. Also adding to performance was our holding in the Aberdeen Asian Smaller Companies Fund, which did well as small-cap stocks outperformed the broader market. Our holding in leading pan-Asian life insurance company AIA also proved beneficial. The insurer recorded stellar sales growth across Asia, driven by increased market share and local demand.

Conversely, Singapore-listed property group City Developments detracted from relative performance. Its profits were hurt by several rounds of government measures to cool the property market, as well as weaker hotel contributions. That said, we remain optimistic about the developer's longer-term prospects, given its robust pipeline, solid balance sheet, sizeable low-cost land bank and seasoned management. Meanwhile, Hong Kong listed property company Hang Lung Group's shares were dragged lower by property tightening measures in China and Hong Kong and its full-year results for 2012 reflected the tougher economic climate. Also hurting performance was Japan's Canon Inc. The consumer electronics giant posted weaker-than-expected quarterly results, as lower camera sales offset gains in its office equipment business.

In portfolio activity, we introduced lender DBS Group, as it is attractively valued, well capitalised and posted consistently good results over the past few quarters. During the first half, we initiated a holding in Japan Tobacco, the world's third largest cigarette-maker and leader in the domestic market, along with Swiss drugmaker Roche's Japanese subsidiary Chugai Pharmaceutical because of its product pipeline, excellent R&D capabilities and robust balance sheet. Against this, we sold Wing Hang Bank as our holdings in both HSBC and Standard Chartered already provide exposure to the Hong Kong and mainland markets, and also the broader region. We also divested Malaysia-based cigarette-maker British American Tobacco on valuation grounds and Hong Kong's Sun Hung Kai Properties on concerns over investigations involving its top executives and following a rebound in its share price.

---

## Outlook

Looking ahead, stockmarkets are likely to remain under the influence of government and central bank policies. While central bankers in advanced economies have pledged to keep monetary policy easy, the global economic picture remains murky. Investors in Japan are expecting Prime Minister Abe to act decisively, now he has secured the necessary mandate to pursue his “third arrow” of structural reforms. Meanwhile, other Asian policymakers have difficult choices to contend with: to defend against falling currencies or boost decelerating growth. In the longer term, however, Asian economies should continue to outpace developed ones, given their more robust fundamentals.

## Portfolio breakdown

Portfolio of investments	As at 31 July 2013%	As at 31 July 2012%
Australia	10.60	10.73
China	4.55	4.70
Hong Kong	20.19	20.74
India	7.53	7.17
Indonesia	0.83	1.06
Japan	22.66	20.03
Malaysia	1.57	2.71
Philippines	2.21	1.66
Singapore	14.74	14.94
South Korea	3.27	3.50
Sri Lanka	0.59	0.62
Taiwan	4.11	4.24
Thailand	3.58	3.59
Other	1.80	3.51
<b>Investment assets</b>	<b>98.23</b>	<b>99.20</b>
<b>Net other assets</b>	<b>1.77</b>	<b>0.80</b>
<b>Net assets</b>	<b>100.00</b>	<b>100.00</b>

## Fund facts

	Interim/annual accounting dates	Income payment date
	31 January, 31 July	31 October
	Ongoing charges figure % as at 31/07/2013	Ongoing charges figure % as at 31/07/2012
Share class A	1.80	1.81
Share class I	1.09	N/A

The ongoing charges figure is calculated in accordance with the guidelines issued by the European Securities and Markets Authority. It is the ratio of the total ongoing charges to the average net asset value over twelve months and includes the annual management charge, the other operating expenses and any synthetic element to incorporate the ongoing charges of any underlying collective investments.

## Distribution summary

	Total distribution (p) for the year to 31/07/2013	Total distribution (p) for the year to 31/07/2012
Share class A - Accumulation	1.2160	1.6349
Share class I - Accumulation	0.9988	N/A

Distributions in respect of the Fund come with a tax credit of 1/9th of the amount stated. UK higher and additional rate taxpayers not holding through an ISA may have additional income to pay. Non taxpayers are not entitled to a refund of the 1/9th tax credit. Distributions received by corporate investors are subject to the corporate streaming rules.

## Performance summary

	Net asset value as at 31/07/2013 pence per share	Net asset value as at 31/07/2012 pence per share	Net asset value % change
Share class A - Accumulation	173.40	154.12	12.51
Share class I - Accumulation	110.67	N/A	N/A

Net of tax and expenses.

## Performance record

Calendar year		Highest share price (p)	Lowest share price (p)
2009	Accumulation A	123.65	74.63
2009 <sup>A</sup>	Accumulation Z	94.33	75.81
2010	Accumulation A	160.71	116.4
2011	Accumulation A	161.64	133.35
2012	Accumulation A	165.47	140.88
2012 <sup>B</sup>	Accumulation I	105.22	98.72
2013 <sup>C</sup>	Accumulation A	189.25	164.53
2013 <sup>C</sup>	Accumulation I	120.63	104.95

<sup>A</sup> Accumulation Z share class closed on 30 April 2009.

<sup>B</sup> Accumulation I share class launched on 1 October 2012.

<sup>C</sup> to 31 July 2013.

## Risk and reward profile

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The shaded area in the table below shows the Fund's ranking on the Risk and Reward Indicator.

Typically lower rewards, lower risk				Typically higher rewards, higher risk		
←				→		
1	2	3	4	5	6	7

Risk and reward indicator table as at 31 July 2013.

- This Fund is ranked at 6 because funds of this type have experienced high rises and falls in value in the past.
- Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Fund:
  - Exchange Rates: Investing globally can bring additional returns and diversify risk. However, currency exchange rate fluctuations may have a positive or negative impact on the value of your investment.
  - Emerging Markets: Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. This may mean your money is at greater risk.
- A full list of risks applicable to this Fund can be found in the Prospectus.
- The latest risk and reward profile can be found on the Key Investor Information Document (KIID) for this Fund which is available on our website at [www.aberdeen-asset.co.uk](http://www.aberdeen-asset.co.uk)

---

## Other information

### **Name change – Aberdeen Unit Trust Managers Limited**

As a result of a recent review of our company names, on 20 May 2013 Aberdeen Unit Trust Managers Limited changed its name to **Aberdeen Fund Managers Limited**. The name change does not affect your holdings with Aberdeen or the way in which they are managed.

### **Literature and Fund information**

Our website contains a wealth of information on our funds and investment approach, including Key Investor Information Documents (KIIDs) for all of the funds available for investment. We also publish Supplementary Information Documents (SIDs) which contain Application forms and additional information, such as Terms and Conditions.

You can invest online and access fund performance and pricing information.

Please visit:

[www.aberdeen-asset.co.uk](http://www.aberdeen-asset.co.uk)

[www.aberdeenukprices.com](http://www.aberdeenukprices.com)

Alternatively please contact our Customer Services Team on:

Tel: 0845 300 2890

Email: [customer.services@aberdeen-asset.com](mailto:customer.services@aberdeen-asset.com)

### **Report and accounts**

Copies of the annual and half-yearly long form report and accounts for this Fund are available free of charge on request to Aberdeen Fund Managers Limited.

Aberdeen Asia Pacific and Japan Fund is a sub-fund of Aberdeen Investment Funds ICVC, an openended investment company ('OEIC') authorised under the Financial Services and Markets Act 2000.

Aberdeen Fund Managers Limited only provides information about its own products and will not give individual financial advice. If you are in any doubt about the suitability of a product to meet your financial needs, then you should seek the advice of a financial intermediary.

The information in this report is designed to enable shareholders to make an informed judgement on the activities of the Fund during the period it covers, and the results of those activities at the end of the period. The naming of specific shares or bonds is not a recommendation to deal in them. The views expressed are those of Aberdeen Fund Managers Limited and should not be construed as advice either to buy, retain, or sell a particular investment. Investment in the Fund should generally be viewed as a long-term investment.

---

## Appointments

**Authorised Corporate Director**  
Aberdeen Fund Managers Limited

**Head Office**  
10 Queens Terrace  
Aberdeen  
AB10 1YG

**Registered Office**  
Bow Bells House  
1 Bread Street  
London  
EC4M 9HH

**Depository**  
National Westminster Bank Plc  
Trustee & Depositary Services  
Younger Building  
3 Redheughs Avenue  
Edinburgh  
EH12 9RH

**Auditors**  
KPMG Audit PLC  
Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EG

**Registrar**  
International Financial Data Services (UK) Limited  
IFDS House  
St. Nicholas Lane  
Basildon  
Essex  
SS16 5FS  
(the register of shareholders can be inspected at  
this address)

## Contact us

### Phone

(Lines are open 9:00am to 5:00pm, Mondays  
to Fridays, excluding bank holidays)

Dealing	0800 833 580
Customer Services	0845 300 2890
Broker Desk	0800 592 487

### Post

All enquiries Aberdeen Fund Managers Limited,  
PO Box 9029, Chelmsford, CM99 2WJ

For more information on Aberdeen Asset  
Management PLC and our product range please  
visit [www.aberdeen-asset.com](http://www.aberdeen-asset.com)



**Recycled**  
Supporting responsible use  
of forest resources  
[www.fsc.org](http://www.fsc.org) Cert no. SA-COC-1605  
© 1996 Forest Stewardship Council



