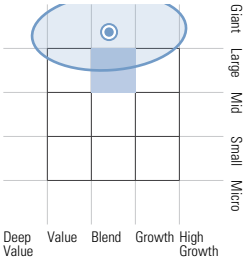
Aberdeen Asia Pacific Equity Fund I

GB00B0XWNG99

Morningstar Analyst Rating
Bronze
27 Dec 2016 07:00, UTC-0600

Morningstar Category	Category Index	Total Assets	Current Yield %	Inception Date	Domicile/ Currency	Morningstar Rating
Asia-Pacific ex-Japan Equity	MSCI AC Asia Pac Ex JPN NR USD	1,315.00 Mil GBP	—	05/07/06	GBR/GBP	★★★

Equity Style Map

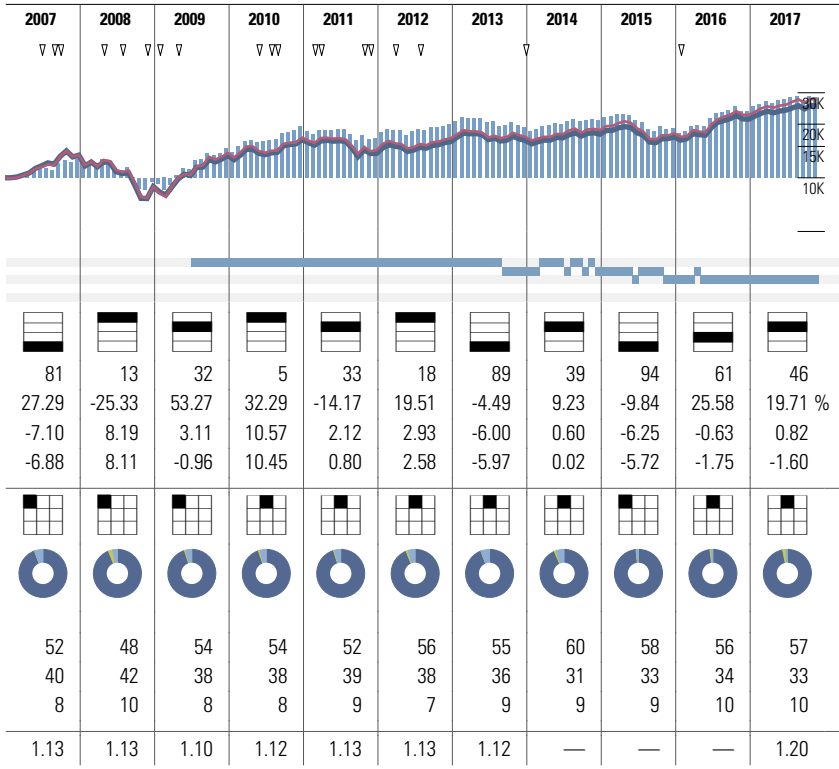


People

Hugh Young	04/87
Flavia Cheong	08/96
Robert Penaloza	11/97
Total Named Managers	35

Morningstar Pillars

Process	Positive
Performance	Neutral
People	Positive
Parent	Neutral
Price	Negative



2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
81	13	32	5	33	18	89	39	94	61	46	Percentile Rank in Category
27.29	-25.33	53.27	32.29	-14.17	19.51	-4.49	9.23	-9.84	25.58	19.71 %	Total Return GBP
-7.10	8.19	3.11	10.57	2.12	2.93	-6.00	0.60	-6.25	-0.63	0.82	+/- Category
-6.88	8.11	-0.96	10.45	0.80	2.58	-5.97	0.02	-5.72	-1.75	-1.60	+/- Index
52	48	54	54	52	56	55	60	58	56	57	Cyclical
40	42	38	38	39	38	36	31	33	34	33	Sensitive
8	10	8	8	9	7	9	9	9	10	10	Defensive
1.13	1.13	1.10	1.12	1.13	1.13	1.12	—	—	—	1.20	Price TER/OGC

Performance 30/11/17

Growth of 10,000 Annualized	Value GBP	Ret %
Fund	27,952	9.87
Category	26,939	9.50
Index	27,384	9.67

▼ Full Manager Change
∇ Partial Manager Change

Morningstar Rating

Quartile Rank in Category

Process

Equity Style Box

Asset Allocation
Stock Bond Cash Other

Equity Supersectors
Cyclical
Sensitive
Defensive

Analyst View

Mark Laidlaw, Senior Analyst

The star is shining a little less bright at Aberdeen Asia Pacific Equity.

27 Dec, 2016 | Aberdeen Asia Pacific Equity remains an attractive choice but no longer one of our top picks in this space. The peer group has been getting stronger, while our conviction in Aberdeen Asia has wavered.

All that said, this is still a quality outfit, with a large, well-resourced investment team led by Flavia Cheong. Like a number of senior members in the team, she has spent the majority of her investment career at the firm, having joined back in 1996. She was appointed head of Asia ex Japan equities in July 2015 when the strategy's longtime steward, Hugh Young, moved onto a broader role within the firm. This was a logical decision in our eyes. She leads a flat-structured team, where members are generalists rather than having sector-specific responsibilities, thereby minimising the level of key-person risk. There have been a couple of senior departures in the past few years, but so far Aberdeen has been able to promote suitably experienced replacements from the bench.

Aberdeen applies a consistent approach across all equity strategies, and the keys are quality and valuation. Aberdeen is a patient investor, willing to back quality businesses that are well managed. A potential criticism is that the team may not be critical enough when a business makes a mistake or begins to deteriorate. To its credit, Aberdeen has attempted to address this by reviewing long-term positions that have stumbled. Examples include Standard Chartered Bank, which the team decided to keep, and Li & Fung, which was sold as the team determined the investment thesis no longer held true.

The strategy faces additional challenges. Capacity has been a factor for a number of years, though this has been lessened by net outflows of GBP 4.8 billion over the year to 30 June 2016, seemingly due to negative sentiment towards the asset class and poor performance. Aberdeen Asia Pacific remains a quality choice but a few missteps have enabled rivals to get a leg up. As a reflection of this, we are downgrading the Morningstar Analyst Rating to Bronze from Silver.

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Morningstar Analyst Rating
Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

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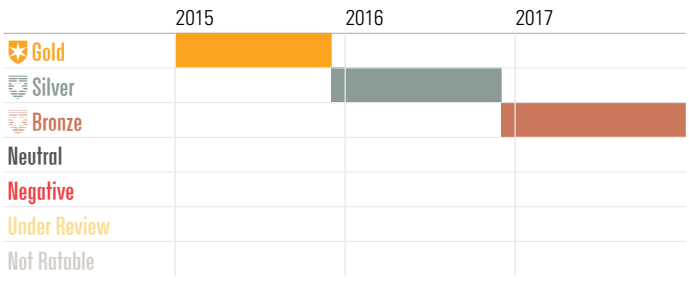
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The Five (5) Pillars

Morningstar has identified five key areas that we believe are crucial to predicting the future success of funds: People, Parent, Process, Performance, and Price. Each pillar is evaluated when assessing a fund as well as the interaction between the pillars, which we believe is crucial to understanding a fund's overall merit.

People

The overall quality of a fund's investment team is a significant key to its ability to deliver superior performance relative to its benchmark and/or peers. Evaluating a fund's investment team requires that analysts assess several relevant items including how key decisions are made.

Parent

We believe the parent organization is of utmost importance in evaluating funds. The fund's management set the tone for key elements of our evaluation, including capacity management, risk management, recruitment and retention of talent, and incentive pay. Beyond these operational areas, we prefer firms that have a culture of stewardship and put investors first to those that are too heavily weighted to salesmanship.

Process

We look for funds with a performance objective and investment process (for both security selection and portfolio construction) that is sensible, clearly defined, and repeatable. In addition, the portfolio should be constructed in a manner that is consistent with the investment process and performance objective.

Performance

We do not believe past performance is necessarily predictive of future results, and this factor accordingly receives a relatively small weighting in our evaluation process. In particular, we strive not to anchor on short-term performance. However, we do believe that the evaluation of long-term return and risk patterns is vital to determining if a fund is delivering to our expectations.

Price

To reflect actual investor experience, price is evaluated within the context of the relevant market or cross-border region—for example, the United States, Australia, Canada, or Europe. In recognition of differences in scale and distribution costs in various markets, the level at which a fund is penalised for high fees or rewarded for low fees can vary with region. In Europe, for example, funds are penalised if they land in the most expensive quintile of their Morningstar category and are rewarded if they land in the cheapest quintile. The assessment is made using annual expense ratios, but in the case of funds with performance fees, expenses are evaluated excluding any performance fees and then the structure of the performance fee is evaluated separately.

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Gold
Represents funds that our analyst has the highest-conviction in for that given investment mandate. By giving a fund a Gold rating, we are expressing an expectation that it will outperform its relevant performance benchmark and/or peer group within the context of the level of risk taken over the long term (defined as a full market cycle or at least five years). To earn a Gold rating, a fund must distinguish itself across the five pillars that are the basis for our analysis.

Silver
Represents funds our analyst has high-conviction in, but not in all of the five pillars. With those fundamental strengths, we expect these funds will outperform their relevant performance benchmark and/or peer group within the context of the level of risk taken over the long term (defined as a full market cycle or at least five years).

Bronze
Represents funds that have advantages that clearly outweigh any disadvantages across the pillars, giving analyst the conviction to award them a positive rating. We expect these funds to beat their relevant performance benchmark and/ or peer group within the context of the level of risk taken over a full market cycle (or at least five years).

Neutral
Represents funds in which our analysts don't have a strong positive or negative conviction. In our judgment, these funds are not likely to deliver standout returns, but they aren't likely to seriously underperform their relevant performance benchmark and/or peer group either.

Negative
Represents funds that possess at least one flaw that our analysts believe is likely to significantly hamper future performance, such as high fees or an unstable management team. Because of these faults, we believe these funds are inferior to most competitors and will likely underperform their relevant performance benchmark and/or peer group, within the context of the level of risk taken, over a full market cycle.

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