

Aberdeen Japan Equity Fund

I Acc

Performance Data and Analytics to 30 June 2019

Objectives and investment policy

Objective: To increase the value of the shareholder's investment over the long term (capital growth).

Investment policy: The Fund invests 80% or more of its total net assets in Japanese equities.

The Fund's equity investments can include all types of equities and equity related securities that are issued by companies that are incorporated, or generate a significant part of their earnings, in Japan.

Performance (%)

| | 1 month | 3 months | 6 months | 1 year | Annualised | | |
|----------------|---------|----------|----------|--------|------------|---------|--------|
| | | | | | 3 years | 5 years | Launch |
| Fund | 2.78 | 5.22 | 9.40 | -7.06 | 4.42 | 9.59 | 1.79 |
| Benchmark | 2.76 | 3.46 | 8.04 | -0.24 | 10.76 | 11.98 | 2.47 |
| Difference | 0.02 | 1.76 | 1.35 | -6.82 | -6.34 | -2.40 | -0.68 |
| Sector average | 3.22 | 3.76 | 8.58 | -3.41 | 10.22 | 10.95 | 1.49 |
| Sector ranking | 39/49 | 13/49 | 15/49 | 43/49 | 47/47 | 31/43 | 8/18 |
| Quartile | 4 | 2 | 2 | 4 | 4 | 3 | 2 |

Discrete annual returns (%) - year ended 30/06

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|------|-------|------|-------|-------|-------|
| Fund | -7.06 | 5.75 | 15.86 | 17.63 | 18.04 |

Calendar year performance (%)

| | Year to date | 2018 | 2017 | 2016 | 2015 |
|----------------|--------------|--------|-------|-------|-------|
| Fund | 9.40 | -15.60 | 12.67 | 23.64 | 16.28 |
| Benchmark | 8.04 | -7.16 | 15.60 | 23.41 | 18.16 |
| Difference | 1.35 | -8.43 | -2.93 | 0.23 | -1.88 |
| Sector average | 8.58 | -11.46 | 17.86 | 23.58 | 15.84 |
| Sector ranking | 15/49 | 43/50 | 41/49 | 21/50 | 17/46 |
| Quartile | 2 | 4 | 4 | 2 | 2 |

Performance Data: Share Class I Acc

Source: Lipper. Basis: Total return, NAV to NAV, net of annual charges, UK Net Income Reinvested.

These figures are gross of an initial charge: to the extent that this is paid, it will reduce performance from that shown.

Prior to 1st June 2018 the benchmark was Topix 1st Section.

Past performance is not a guide to future results.

Fund manager's report

Japanese equities rebounded in June amid expectations of further central bank easing and receding trade tensions ahead of the G-20 summit in Osaka. US Federal Reserve chief Jay Powell suggested that the central bank may loosen policy if the US economy is threatened by trade tariffs, while the European Central Bank signalled the possibility of policy cuts and restarting quantitative easing. Sentiment also improved, especially towards the auto sector, after the US suspended tariffs on Mexican imports. Crude oil prices rose following an Iranian attack on a US drone. Expectations of rate cuts saw the yen appreciate against the US dollar, which weighed on the market.

At home, first-quarter GDP was revised upward and was within expectations. Exports fell by less than expected, led by shipments to China and Europe. In contrast, imports slipped by a smaller amount, resulting in a larger trade deficit. Consumer prices continued rising in May, largely due to higher energy costs, although inflation remained well below the Bank of Japan's target. The central bank maintained its ultra-loose monetary policy and would provide additional stimulus if needed. However, the side effects, such as the continued weakness of the banking sector's operating environment must also be considered. The June Tankan survey showed that business sentiment worsened for large manufacturers but improved among non-manufacturers on solid consumption and an extended Golden Week holiday period. It also showed healthy appetite for capital spending and software investment, partly driven by the need to address the ongoing labour shortage.

June also marked the peak of annual shareholders' meetings in Japan. Companies continued to inch forward on governance. Some made positive changes ahead of these meetings, such as the abolishment of their poison pill strategy or raising their pay-out ratios. Notably, some 54 shareholder proposals were introduced, a new record. However, there were also several high-profile failures to pass resolutions that would have been positive for governance – most likely the result of cross-shareholdings.

In June, we exited Honda Motor in favour of better opportunities elsewhere. The auto maker faces an increasingly difficult operating environment, given its lack of scale and business alliances relative to its global peers. This is especially acute in view of rising investment needs for next-generation vehicles.

Risk factors should be read in conjunction with all warnings and comments given in the prospectus for the fund. Please visit the attached link to our Jargon Buster which contains a glossary of terms used in this document > <http://glossary.aberdeen-asset.com/jargonbuster/>



Top ten holdings

| | Sector | % |
|------------------------------|------------------------|-------------|
| Keyence Corp | Information Technology | 4.4 |
| Chugai Pharmaceutical Co Ltd | Healthcare | 4.1 |
| Shin-Etsu Chemical Co Ltd | Materials | 4.1 |
| Shiseido Co Ltd | Consumer Staples | 3.9 |
| KDDI Corp | Communication Services | 3.8 |
| Yamaha Corp | Consumer Discretionary | 3.6 |
| Tokio Marine Holdings Inc | Financials | 3.4 |
| Sysmex Corp | Healthcare | 3.3 |
| East Japan Railway Co | Industrials | 3.2 |
| Pigeon Corp | Consumer Staples | 3.2 |
| Total | | 37.0 |

Total number of holdings 41

| Sector breakdown | % |
|------------------------|--------------|
| Industrials | 17.9 |
| Consumer Discretionary | 16.0 |
| Consumer Staples | 15.1 |
| Healthcare | 13.5 |
| Materials | 11.9 |
| Information Technology | 11.2 |
| Financials | 7.5 |
| Other | 5.8 |
| Cash | 1.1 |
| Total | 100.0 |

Key information

| | |
|-----------------------|---------------------------------|
| Benchmark | MSCI Japan |
| Sector | IA Japan |
| Fund size | £ 71.0 m |
| Date of launch | 28 January 2000 ^A |
| Investment team | Asia Pacific Equity |
| Fund advisory company | Aberdeen Asset Managers Limited |
| Historic Yield | 0.70% (I Acc) |

