

# Aberdeen Frontier Markets Investment Company Limited

Carefully capturing potential from the world's youngest markets

## Investment Company

Performance Data and Analytics to 30 June 2020

### Investment objective

To generate long-term capital growth primarily from investment in equity and equity related securities of companies listed in, or operating in, Frontier Markets.

Frontier Market countries may include constituents of the MSCI Frontier Markets Index or additional countries that the Investment Manager deems to be, or displays similar characteristics to, Frontier Market countries.

### Benchmark

MSCI Frontier Markets Index.

### Cumulative performance (%)

	as at 30/06/20	1 month	3 months	6 months	1 year	3 years	5 years
Share Price	39.5p	8.2	25.4	(13.0)	(14.6)	(34.0)	(22.0)
NAV <sup>a</sup>	44.4p	6.2	27.4	(10.5)	(13.7)	(31.5)	(18.9)
MSCI Frontier Index TR		1.7	15.2	(9.6)	(8.4)	0.3	28.4

### Discrete performance (%)

Year ending	30/06/20	30/06/19	30/06/18	30/06/17	30/06/16
Share Price	(14.6)	(11.0)	(13.2)	19.2	(0.9)
NAV <sup>a</sup>	(13.7)	(10.6)	(11.2)	16.3	1.9
MSCI Frontier Index TR	(8.4)	9.2	0.3	23.2	3.9

On 14 March 2017 the Company announced that shareholders had voted to approve a tender offer and a new investment objective and policy. The investment portfolio is now managed by Aberdeen's emerging markets equity team. Following this announcement the portfolio was substantially re-aligned. Therefore, any performance figures quoted to 14 March 2017 are based on the old fund of funds investment strategy and figures thereafter include the period of portfolio transition to a direct equity investment strategy completed on 30 June 2017.

Total return; NAV to NAV, gross income reinvested. 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 fair value.

ANAV Performance is adjusted for impact of subscription shares.

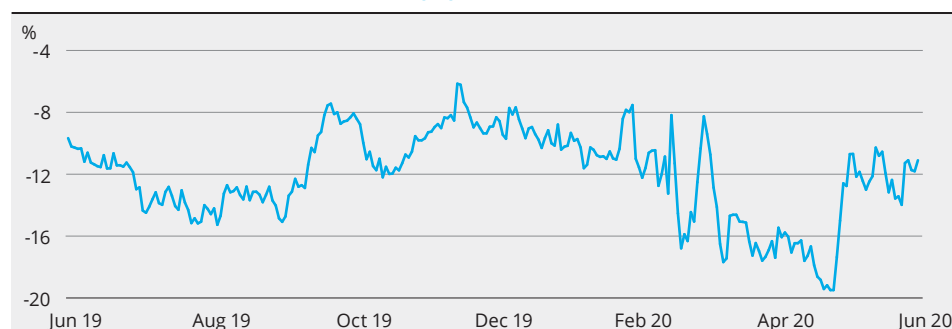
Source: Aberdeen Asset Managers Limited, Lipper and Morningstar.

Past performance is not a guide to future results.

In September 2018 the Company announced changes to its discount control policy. Shareholder approval was sought and a resolution passed such that shareholders will be given the opportunity to fully exit their investment in the Company for cash at the then prevailing NAV less applicable direct costs, including any realisation costs of underlying investments, in the event that the share price total return for the two year period from 1 July 2018 to 30 June 2020 fails to exceed the portfolio's reference benchmark, being the MSCI Frontier Markets Index (in sterling terms).

On 16 July 2020, following the end of the performance test period, the Company issued a shareholder circular. A general meeting will be held on 18 August 2020 giving shareholders the opportunity to vote on the proposed winding up of the Company.

### 1 Year Premium/Discount Chart (%)



<sup>a</sup> NAV Performance is adjusted for impact of subscription shares.

<sup>b</sup> © 2020 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. For more detailed information about Morningstar's Analyst Rating, including its methodology, please go to: <http://corporate.morningstar.com/us/documents/MethodologyDocuments/AnalystRatingforFundsMethodology.pdf> The Morningstar Analyst Rating for Funds is a forward-looking analysis of a fund. Morningstar has identified five key areas crucial to predicting the future success of a fund: People, Parent, Process, Performance, and Price. The pillars are used in determining the Morningstar Analyst Rating for a fund. Morningstar Analyst Ratings are assigned on a five-tier scale running from Gold to Negative. The top three ratings, Gold, Silver, and Bronze, all indicate that our analysts think highly of a fund; the difference between them corresponds to differences in the level of analyst conviction in a fund's ability to outperform its benchmark and peers through time, within the context of the level of risk taken over the long term. Neutral represents funds in which our analysts don't have a strong positive or negative conviction over the long term and Negative represents funds that possess at least one flaw that our analysts believe is likely to significantly hamper future performance over the long term. Long term is defined as a full market cycle or at least five years. Past performance of a security may or may not be sustained in future and is no indication of future performance. For detailed information about the Morningstar Analyst Rating for Funds, please visit <http://global.morningstar.com/managerdisclosures>.

### Morningstar Rating™



#### <sup>b</sup> Morningstar Rating™ for Funds

Morningstar rates funds from one to five stars based on how well they've performed (after adjusting for risk and accounting for all sales charges) in comparison to similar funds.

### Ten largest holdings (%)

Network International	Dubai	4.1
Bgeo Group	Georgia	3.9
Maple Leaf Cement Factory	Pakistan	3.8
Fawry for Banking & Payment	Egypt	3.6
Purcari Wineries	Romania	3.5
Vietnam Technological & Commercial	Vietnam	3.5
Halyk Savings Bank of Kazakhstan	Kazakhstan	3.5
Indus Motor Co	Pakistan	3.2
Endava	Romania	3.1
Square Pharmaceuticals	Bangladesh	3.0
<b>Total</b>		<b>35.3</b>

### Country exposure (%)

	Fund	Benchmark
Egypt	14.1	0.0
Vietnam	12.1	17.4
Pakistan	11.7	0.0
Romania	10.3	4.8
Bangladesh	6.2	2.0
Georgia	5.0	0.0
Kenya	4.5	4.9
Dubai	4.1	0.0
Kazakhstan	3.5	2.2
Morocco	2.9	8.2
Slovenia	2.5	2.8
Thailand	2.5	0.0
Argentina	2.4	0.0
Nigeria	2.1	5.2
Colombia	1.9	0.0
Other	1.8	12.9
Peru	1.5	0.0
Singapore	1.0	0.0
Croatia	0.8	1.5
Panama	0.7	0.0
Ghana	0.3	0.0
Kuwait	0.0	37.3
Sri Lanka	0.0	0.8
Cash	8.3	
<b>Total</b>	<b>100%</b>	<b>100%</b>

Figures may not add up to 100 due to rounding.

**Total number of investments** 44

All sources (unless indicated):  
Aberdeen Asset Managers Limited 30 June 2020.

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### Fund managers' report

Frontier equities continued to advance in June as more markets emerged from Covid-19-related lockdowns.

Sentiment in Egypt was boosted as the government secured an additional US\$5.2 billion loan from the International Monetary Fund to alleviate the damaging economic effects of the pandemic. The country also reopened several tourist attractions to international charter flights from July to revive the key industry. Meanwhile, manufacturing activity in May shrank at a softer pace as business conditions improved, while inflation slowed amid lower food and beverage costs.

The Romanian market rose on hopes that key trading partner Germany's US\$145 billion stimulus would jumpstart sluggish domestic business activity. These came as the country experienced its weakest growth in six years over the first quarter.

In Bangladesh, investors cheered as the country secured US\$1.7 billion in loans from entities including the International Monetary Fund, Asian Development Bank and Asian Infrastructure Investment Bank, to help the economy recover from the effects of Covid-19.

Meanwhile, Vietnamese equities retreated after the recent rally amid concerns that growing tensions between the US and China could reignite a trade war. Limiting the losses was news that the government maintained its pre-pandemic annual GDP target for the year in a sign of confidence. The country also ratified a free-trade agreement with the EU to boost its exports to the bloc.

Elsewhere, the Pakistani market fell, with the economy shrinking for the first time in 68 years. The fallout from the virus compounded the country's already shaky financial situation. Additionally, the weakening local currency weighed heavily on the manufacturing sector over the July-March period, forcing the central bank to cut interest rates again.

In corporate news, Vietnamese IT giant FPT Corporation partnered Quebec-based research centre Mila to deepen its expertise in the field of Artificial Intelligence.

Vietnam-based Vinamilk established a joint venture with packaged food company Kido Group to sell ice cream and other beverages. It also secured a US\$1.2 million contract to export its soymilk and milk tea products to South Korea.

Meanwhile, investment holding company Yoma Strategic will acquire an additional shareholding in Myanmar-based mobile financial services company Wave Money for US\$76.5 million. It will do so by forming an entity, Yoma MFS Holding, to purchase the 51% stake from Norwegian telco Telenor Group.

Elsewhere, Egypt-based electronic payments company Fawry reported an 82% surge in profits in the first quarter amid robust demand for its e-commerce-linked services stemming from social-distancing measures.

In portfolio activity, we exited Edita Food Industries as spending pressure in Egypt remained a challenge for consumer staples companies.

We also sold lender Commercial Bank of Ceylon, which marked a complete exit from Sri Lanka, amid the continued challenging macroeconomic backdrop.

### Fund managers' report continues overleaf

#### Key information Calendar

Year end	June
Accounts published	September
Annual General Meeting	December
Dividend paid	July, December
Launch date	15 June 2007
Fund manager	Emerging Market Equity Team
Annual management fee <sup>D</sup>	1.00%
Ongoing charges <sup>E</sup>	2.00%
Net assets	£31.9m
Premium/(Discount)	(11.1)%
Yield <sup>F</sup>	4.1%
Net gearing <sup>G</sup>	nil

#### AIFMD Leverage Limits

Gross Notional	1.10x
Commitment	1.10x

#### Capital structure

Ordinary shares	71,910,117
Treasury shares	1,302,500

#### Allocation of management fees and finance costs

Capital	66.6%
Revenue	33.3%

#### Trading details

Reuters/Epic/Bloomberg code	AFMC
ISIN code	GG00B1W59J17
Sedol	B1W59J1
Stockbroker	Numis Securities

<sup>D</sup> 1% per annum of the value of the Company's net assets.

<sup>E</sup> Expressed as a percentage of average weekly net assets for the year ended 30 June 2019. The Ongoing Charges Figure (OCF) is the overall cost shown as a percentage of the value of the assets of the Company. It is made up of the Annual Management Fee and other charges. It does not include any costs associated with buying shares in the Company or the cost of buying and selling stocks within the Company. The Ongoing Charges figure can help you compare the annual operating expenses of different Companies.

<sup>F</sup> Calculated using the Company's historic net dividends and month end share price.

<sup>G</sup> Net gearing is defined as a percentage, with net debt (total debt less cash/cash equivalents) divided by shareholders' funds.

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[www.aberdeenfrontiermarkets.co.uk](http://www.aberdeenfrontiermarkets.co.uk)

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### Fund managers' report – continued

Additionally, we exited Arabian Centres after most of the Saudi shopping mall operator's executive management team were made redundant in response to the parent company's refocus towards reducing costs.

The MSCI FM Index captures large and mid-cap representation across 28 Frontier markets countries. The index now includes 93 constituents, covering approximately 85% of the free float-adjusted market capitalisation in each country.

Our definition of Frontier Markets diverges from that of the Index. Whilst we are benchmark aware, we are not benchmark driven and seek to minimise risk by in-depth company research. We do not view divergence from a benchmark as risk but rather view investment in poorly-run expensive companies that we do not understand as risk. The Company uses the Index as a Reference Benchmark for performance comparison. However, it is likely that performance will diverge at times, possibly quite significantly in either direction and for long periods of time, from this Index.

The risks outlined overleaf relating to gearing, exchange rate movements and frontier markets are particularly relevant to this investment company but should be read in conjunction with all warnings and comments given.  
Important information overleaf

Receive the factsheet by email as soon as it is available by registering at  
[www.invt trusts.co.uk/ITemail](http://www.invt trusts.co.uk/ITemail)  
[www.aberdeenfrontiermarkets.co.uk](http://www.aberdeenfrontiermarkets.co.uk)

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### Important information

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

- The value of investments and the income from them can fall and investors may get back less than the amount invested.
- Past performance is not a guide to future results.
- Frontier market countries typically have smaller economies and even less developed capital markets or legal and political systems than traditional, more developed emerging market countries. As a result, the investment in frontier markets can be riskier than investing in emerging market countries.
- 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.
- The Company can use derivatives in order to meet its investment objectives or to protect from price and currency movements. This may result in gains or losses that are greater than the original amount invested.
- This Fund may invest through non-regulated markets which are subject to increased risk relating to ownership and custody of investments.
- Investment in the Company may not be appropriate for investors who plan to withdraw their money within 5 years.
- The Company 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 any movement in the value of the company's assets will result in a magnified movement in the NAV.
- The Company may accumulate investment positions which represent more than normal trading volumes which may make it difficult to realise investments and may lead to volatility in the market price of the Company's shares.
- The Company may charge expenses to capital which may erode the capital value of the investment.
- Movements in exchange rates will impact on both the level of income received and the capital value of your investment.
- There is no guarantee that the market price of the Company's shares will fully reflect their underlying Net Asset Value.
- As with all stock exchange investments the value of the Company's shares purchased will immediately fall by the difference between the buying and selling prices, the bid-offer spread. If trading volumes fall, the bid-offer spread can widen.
- Yields are estimated figures and may fluctuate, there are no guarantees that future dividends will match or exceed historic dividends and certain investors may be subject to further tax on dividends.

#### Other important information:

The Company is a Closed-ended investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended and the Registered Collective Investment Scheme Rules 2008 issued by the Guernsey Financial Services Commission.

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