

# Aberdeen Standard Asia Focus PLC

A fundamental, high conviction portfolio of well-researched Asian small caps

## Investment Trust

Performance Data and Analytics to 31 July 2021

### Investment objective

The Company aims to maximise total return to shareholders over the long term from a portfolio made up predominantly of smaller quoted companies (with a market capitalisation of up to approximately US\$1.5 billion at the time of investment) in the economies of Asia and Australasia, excluding Japan by following the investment policy described in detail in the Annual Report. When it is in shareholders' interests to do so, the Company reserves the right to participate in the rights issue of an investee company notwithstanding that the market capitalisation of that investee may exceed the stated ceiling.

### Comparative benchmark

The Company does not have a benchmark. The Manager utilises two general regional indices, the MSCI AC Asia Pacific ex Japan Index (currency adjusted) and the MSCI AC Asia Pacific ex Japan Small Cap Index (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. The Manager seeks to minimise risk by using in depth research and does not see divergence from an index as risk.

### Cumulative performance (%)

	as at 31/07/21	1 month	3 months	6 months	1 year	3 years	5 years
Share Price	1330.0p	1.5	3.5	13.2	38.2	33.6	55.8
Diluted NAV <sup>A</sup>	1542.9p	1.8	6.1	16.9	41.7	31.7	58.3
MSCI AC Asia Pacific ex Japan		(7.2)	(5.8)	(4.7)	14.1	23.0	64.1
MSCI AC Asia Pacific ex Japan Small Cap		(1.7)	1.5	13.8	37.1	33.1	62.2

### Discrete performance (%)

Year ending	31/07/21	31/07/20	31/07/19	31/07/18	31/07/17
Share Price	38.2	(13.2)	11.4	0.4	16.2
Diluted NAV <sup>A</sup>	41.7	(13.6)	7.6	4.2	15.4
MSCI AC Asia Pacific ex Japan	14.1	1.9	5.7	6.1	25.7
MSCI AC Asia Pacific ex Japan Small Cap	37.1	(2.5)	(0.5)	6.6	14.3

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

Source: Aberdeen Asset Managers Limited and Morningstar.

Past performance is not a guide to future results.

### 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 equity holdings (%)

Momo.com	Taiwan	6.0
Pacific Basin Shipping	Hong Kong	4.3
Park Systems	Korea	3.9
Affle India	India	3.1
Cyient	India	3.1
Nam Long	Vietnam	2.7
Hana	Thailand	2.6
AEM Holdings	Singapore	2.6
John Keells Holdings	Sri Lanka	2.5
AEGIS Logistics	India	2.5
<b>Total</b>		<b>33.3</b>

### Country allocation (%)

	Trust	MSCI Asia Small Exj Index	Month's market change
India	16.1	16.3	4.6
Taiwan	14.0	19.0	(0.6)
Singapore	8.9	4.5	0.4
Thailand	7.9	2.9	(6.5)
Indonesia	7.8	1.2	(0.5)
Hong Kong	7.3	5.0	(7.7)
Korea	6.1	15.6	(2.2)
Malaysia	6.0	2.5	(1.4)
Vietnam	5.0	-	-
Philippines	3.9	0.7	(6.9)
New Zealand	3.0	2.2	(1.8)
China	3.0	8.2	(10.9)
Sri Lanka	2.5	-	-
United Kingdom	2.1	-	-
Denmark	1.8	-	-
Myanmar	1.0	-	-
Pakistan	0.2	0.3	(4.7)
Australia	-	21.6	(1.1)
Cash	3.4	-	-
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	

MSCI AC Asia Pacific ex Japan Small Cap. 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.

<b>Total number of investments</b>	<b>65</b>
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All sources (unless indicated):

Aberdeen Asset Managers Limited 31 July 2021.

Private investors 0808 500 0040

Institutional investors

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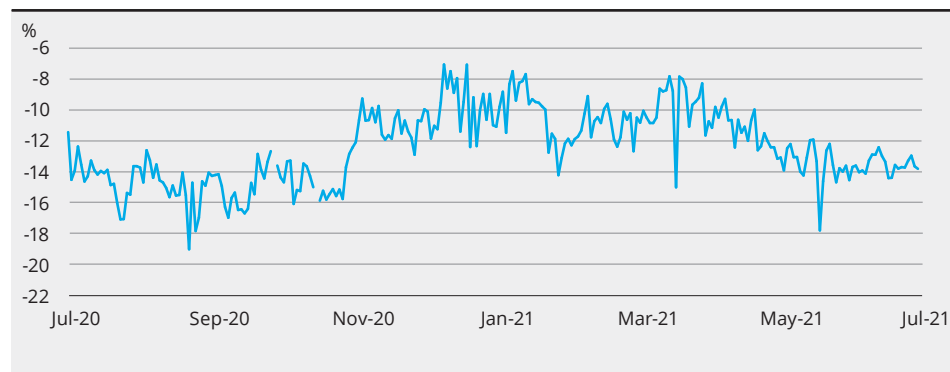
<sup>A</sup> Including current year revenue.

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## 1 Year Premium/Discount Chart (%)



## Fund managers' report

### Market review

Asia Pacific smaller companies ended lower in sterling terms in July though they continued to prove more resilient than their large cap counterparts. China led the laggards with a sell-off at the end of the period following a crackdown on the private education sector. Sentiment was also dampened by concerns over a slowdown in economic growth, as the more contagious Delta coronavirus variant spreads across the region. Paring losses were Indian small caps on hopes that the domestic monetary policy would remain accommodative. By sector, semiconductor and materials stocks stood out as gainers amid the tide of red.

At the corporate level, the firm demand for commodities and the recovery in manufacturing activity were a boon for shipping rates. We expect Pacific Basin Shipping to benefit from a multi-year recovery in profitability, given the rosy outlook for the transportation of the company's core cargo of soft and hard commodities. Moreover, strict regulatory oversight of greenhouse gas emission standards is pushing shipping companies to defer their investment cycle.

In Southeast Asia, Vietnamese technology conglomerate FPT Corp delivered pleasing results despite an acceleration in Covid-19 cases clouding the outlook for the economy in the near term. In Singapore, Nanofilm's share price did well too, boosted by rumours that Apple had raised orders for iPhone components ahead of its product launch in the second half of this year. Investors were also upbeat about Nanofilm's partnership with Temasek to provide advanced coating technology for fuel cells.

In India, real estate developer Prestige Estates continued to benefit from the current up-cycle in property markets and the anticipated exit of weaker rivals.

On environmental, social and governance (ESG) matters, we engaged Godrej Agrovet on animal welfare at its poultry operations and on the sustainability of its palm oil business. The company does not remove trees to cultivate oil palm and is well ahead of internal targets modelled after the Roundtable on Sustainable Palm Oil. We also noted that it uses

## Fund managers' report continues overleaf

<sup>c</sup> Expressed as a percentage of average daily net assets for the year ended 31 July 2020. 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>d</sup> 0.96% pa of the Company's market capitalisation, based on the closing Ordinary share price quoted on the London Stock Exchange multiplied by the number of Ordinary Shares in issue (excluding those held in treasury), valued monthly.

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

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

<sup>g</sup> The 'Active Share' percentage is a measure used to describe what proportion of the Company's holdings differ from the benchmark index holdings.

## Fund risk statistics

	3 Years	5 Years
Annualised Standard Deviation of Fund	16.12	14.19
Beta	0.80	0.80
Sharpe Ratio	0.53	0.69
Annualised Tracking Error	7.09	7.03
Annualised Information Ratio	(0.30)	(0.23)
R-Squared	0.86	0.81

Source: Aberdeen Asset Management, BPSS & Datastream. Basis: Total Return, Gross of Fees, GBP.

Please note that risk analytics figures are calculated on gross returns whereas the performance figures are based on net asset value (NAV) returns. In addition, the risk analytics figures lag the performance figures by a month.

## Key information

### Calendar

Year end	31 July
Accounts published	November
Annual General Meeting	December
Dividend paid	December
Launch date	October 1995
Fund manager	Hugh Young
Ongoing charges <sup>c</sup>	1.09%
Annual management fee <sup>d</sup>	0.96%
Premium/(Discount) with debt at fair value	(13.8)%
Yield <sup>e</sup>	1.4%
Net gearing with debt at par <sup>f</sup>	10.3%
Active share <sup>g</sup>	98.3%

## AIFMD Leverage Limits

Gross Notional Commitment	2.5x
	2x

## Assets/Debt (£m)

Gross Assets	553.6
Debt (CULS + bank loan) at nominal value	66.5
Cash & cash equivalents	16.5

## Capital structure

Ordinary shares	31,389,684
Treasury shares	10,348,918
Convertible Unsecured Loan Stock 2025 (CULS) at nominal value	£36,657,755

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## Fund managers' report – continued

bio-waste as a sustainable alternative to fossil fuels for generating power. We were pleased by its efforts and encouraged the company to provide better disclosures of its best practices.

In key portfolio changes, we took advantage of the broad sell-off in China to initiate Yantai Pet Foods. The pet food manufacturer has a straightforward business with good growth, established credentials and a diversified customer base of global brands. In addition, the management is building up its house brand to address China's growing pet ownership and demand for premium products.

We also invested in KMC, a global leader in bicycle chains. We expect the company to benefit from the increasing demand for cleaner transport modes in developed markets, as well as the growing popularity of electric bicycles. The stock was trading at an attractive valuation, has a generous dividend yield and is highly profitable.

Lastly, we participated as anchor investors in the initial public offering (IPO) of Tatva Chintan. The niche specialty chemicals company in India has a solid position in categories that are enjoying robust demand and favourable policy developments, such as emissions control. We like the company's green credentials and vertically integrated business model, which are good for profitability.

### Outlook

The resurgence of coronavirus infections in some parts of Asia has given rise to caution and is likely to delay economic recovery. That said, optimism around a wider economic recovery remains firm, largely due to the prospect of greater US federal spending. Also, we believe China remains pro-innovation despite tougher domestic regulatory oversight, and this will continue to support regional export growth.

More broadly, Asia remains the powerhouse of global growth, with huge potential for wealth creation over the coming decades. The portfolio offers exposure to sectors supplying hardware, software and platforms for the latest consumer electronics, artificial intelligence and the Internet of Things. Moreover, it is also positioned in more traditional sectors, addressing the region's increasing urbanisation and infrastructure needs, as well as rising demand for healthcare and more aspirational consumer goods. Our focus remains on quality businesses that are well-placed to benefit from these trends and the overall growth in the region.

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.  
Important information overleaf

### Allocation of management fees and finance costs

Capital	0%
Revenue	100%

### Trading details

Reuters/Epic/Bloomberg code	AAS
ISIN code	GB0000100767
Sedol code	0010076
Stockbrokers	Panmure Gordon
Market makers	SETSmm

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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.
- 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.
- The Company invests in the securities of smaller companies which are likely to carry a higher degree of risk than larger companies.
- 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.
- The Company 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.
- Specialist funds which invest in small markets or sectors of industry are likely to be more volatile than more diversified trusts.
- 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:

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