

# Aberdeen Standard Asia Focus PLC

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

## Investment Trust

Performance Data and Analytics to 31 May 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 31/05/21 | 1 month | 3 months | 6 months | 1 year | 3 years | 5 years |
|---|----------------|---------|----------|----------|--------|---------|---------|
| Share Price                             | 1270.0p        | (1.2)   | 7.6      | 16.5     | 44.4   | 28.2    | 73.3    |
| Diluted NAV <sup>A</sup>                | 1449.9p        | (0.3)   | 5.4      | 15.9     | 37.6   | 22.2    | 73.5    |
| MSCI AC Asia Pacific ex Japan           |                | (1.2)   | 0.5      | 7.4      | 31.8   | 27.6    | 103.8   |
| MSCI AC Asia Pacific ex Japan Small Cap |                | (1.6)   | 6.1      | 15.0     | 45.2   | 24.1    | 83.4    |

### Discrete performance (%)

| Year ending                             | 31/05/21 | 31/05/20 | 31/05/19 | 31/05/18 | 31/05/17 |
|---|----------|----------|----------|----------|----------|
| Share Price                             | 44.4     | (13.5)   | 2.7      | 1.9      | 32.7     |
| Diluted NAV <sup>A</sup>                | 37.6     | (10.8)   | (0.5)    | 5.0      | 35.3     |
| MSCI AC Asia Pacific ex Japan           | 31.8     | 0.2      | (3.4)    | 12.8     | 41.7     |
| MSCI AC Asia Pacific ex Japan Small Cap | 45.2     | (6.1)    | (8.9)    | 13.3     | 30.5     |

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    | 5.4         |
| Park Systems           | Korea     | 4.7         |
| Affle India            | India     | 4.2         |
| Pacific Basin Shipping | Hong Kong | 3.8         |
| AEGIS Logistics        | India     | 3.0         |
| Bank OCBC Nisp         | Indonesia | 2.9         |
| Cyient                 | India     | 2.8         |
| AEM Holdings           | Singapore | 2.6         |
| Nam Long               | Vietnam   | 2.5         |
| Hana                   | Thailand  | 2.5         |
| <b>Total</b>           |           | <b>34.4</b> |

### Country allocation (%)

|                | Trust        | MSCI Asia Small Ex Index | Month's market change |
|----------------|--------------|--------------------------|-----------------------|
| India          | 16.9         | 15.0                     | 5.6                   |
| Taiwan         | 12.3         | 18.1                     | (6.9)                 |
| Thailand       | 9.3          | 3.1                      | (0.3)                 |
| Singapore      | 8.7          | 4.6                      | (3.7)                 |
| Hong Kong      | 7.3          | 5.3                      | (2.8)                 |
| Indonesia      | 7.3          | 1.3                      | (6.4)                 |
| Korea          | 7.0          | 15.5                     | 1.1                   |
| Malaysia       | 6.5          | 2.6                      | (8.9)                 |
| Vietnam        | 4.7          | -                        | -                     |
| Philippines    | 4.5          | 0.8                      | 0.1                   |
| New Zealand    | 3.5          | 2.2                      | (0.1)                 |
| United Kingdom | 2.4          | -                        | -                     |
| Sri Lanka      | 2.2          | -                        | -                     |
| China          | 2.2          | 9.3                      | (1.0)                 |
| Denmark        | 2.0          | -                        | -                     |
| Myanmar        | 1.0          | -                        | -                     |
| Pakistan       | 0.2          | 0.3                      | 4.1                   |
| Australia      | -            | 21.9                     | (2.3)                 |
| Cash           | 2.0          | -                        | -                     |
| <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>61</b> |
|------------------------------------|-----------|

All sources (unless indicated):  
Aberdeen Asset Managers Limited 31 May 2021.

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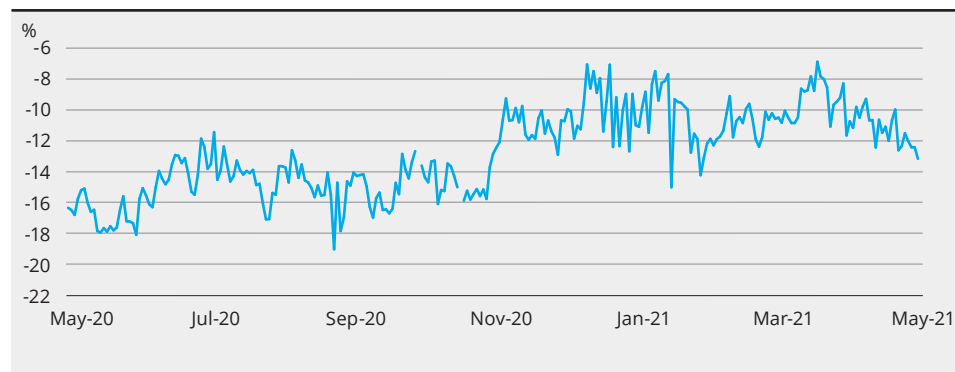
<sup>A</sup> Including current year revenue.

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## 1 Year Premium/Discount Chart (%)



## Fund managers' report

### Market review

Shares in Asia Pacific smaller companies ended slightly lower in sterling terms in May, in tandem with their large-cap counterparts. Worrisome coronavirus outbreaks in Malaysia, Taiwan and Indonesia hindered their stock markets. Conversely, Indian small caps rose, helped by the steady retreat of the country's deadly second Covid-19 wave and positive first-quarter corporate earnings. In South Korea, share prices remained relatively resilient, supported by news of the country's robust semiconductor and car exports. At the sector level, technology hardware stocks retreated on profit-taking. On the other hand, the transportation sector was buoyed by hopes of a recovery in aviation demand. Utilities stocks also performed well on the back of a positive outlook for renewable energy.

In economic news, the Reserve Bank of India unveiled more funding measures for the healthcare sector, as well as support for households and small businesses. In Taiwan, lawmakers doubled the island's pandemic relief budget, and disbursed grants to low-wage earners as well as the self-employed.

### Corporate news

In India, Syngene International posted decent March-quarter results, with margin expansion and double-digit top-line growth. The company will partner with a US-based biotechnology company to develop a vaccine for emerging Covid-19 variants. Cyient posted decent revenue growth, helped by the expansion of its design-led manufacturing segment. In Vietnam, dominant technology services company FPT Corp took a controlling stake in popular corporate governance platform Base.vn. The move strengthens FPT's ability to help customers pursue digital transformation. Meanwhile, Nam Long is embarking on the building of integrated townships which include amenities such as schools and hospitals in addition to housing development. The group believes this will add value to its residential projects. In Indonesia, Medikaloka Hermina posted sharp earnings growth for fiscal year 2020, driven by a surge in Covid-19 patients. The leading private hospital operator is well-positioned to support the country's independent vaccination programme, which commenced during the month.

## 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 | 16.11   | 14.80   |
| Beta                                  | 0.80    | 0.82    |
| Sharpe Ratio                          | 0.41    | 0.71    |
| Annualised Tracking Error             | 7.18    | 7.00    |
| Annualised Information Ratio          | (0.36)  | (0.28)  |
| R-Squared                             | 0.86    | 0.82    |

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 | (12.4)%      |
| Yield <sup>e</sup>                         | 1.5%         |
| Net gearing with debt at par <sup>f</sup>  | 12.2%        |
| Active share <sup>g</sup>                  | 98.5%        |

## AIFMD Leverage Limits

|                |      |
|----------------|------|
| Gross Notional | 2.5x |
| Commitment     | 2x   |

## Assets/Debt (£m)

|  |       |
|--|-------|
| Gross Assets                             | 521.5 |
| Debt (CULS + bank loan) at nominal value | 66.6  |
| Cash                                     | 11.2  |

## Capital structure

|   |             |
|---|-------------|
| Ordinary shares   | 31,388,319  |
| Treasury shares   | 10,348,918  |
| Convertible Unsecured Loan Stock 2025 (CULS) at nominal value | £36,677,872 |

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[www.investments.co.uk/ITemail](http://www.investments.co.uk/ITemail)  
[www.asia-focus.co.uk](http://www.asia-focus.co.uk)

## Fund managers' report – continued

On a less positive note, a couple of the Trust's holdings were negatively impacted by the global semiconductor shortage. For instance, Nanofilm had flagged the possibility that certain projects may be deferred, particularly those in the computer, communications and consumer electronics industries. That said, the share price of the materials holding company remained resilient. While the chip crunch may dent first-half revenues, we believe the impact on earnings should be temporary as many of its affected projects were delayed, rather than cancelled. Separately, new smartphone models launched by its biggest customer were a major earnings driver last year. We think this may be extended to other products, such as tablets, in a multi-year design cycle, with Nanofilm an enabler of those changes. Likewise, Hana Microelectronics' orders remained robust.

In portfolio changes, we exited First Sponsor to pursue better opportunities elsewhere. We also took profits from Thai Stanley Electric, Pacific Basin Shipping, Momo.com and Park Systems.

Against these, we added to Nazara Technologies on the back of its strong results and AKR Corporindo on its improving outlook for fuel distribution margins. We also took advantage of the sell-off in Taiwan to top up Sunonwealth Electric Machine, Taiwan Union Technology and eCloudvalley.

### 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, life has largely returned to a new normal in most of North Asia. Elsewhere, economies are supported by China's resilience, given its importance as a key trading partner to many regional markets. Despite a slow vaccine rollout across the region, optimism around a wider economic recovery remains firm, largely due to the prospect of greater US federal spending following last year's loosening of monetary policy worldwide. Risk appetite for Asia Pacific small caps is increasing in anticipation of the recovery of domestic economies amid rising prices.

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               | SETSm          |

Receive the factsheet by email as soon as it is available by registering at  
[www.invtrusts.co.uk/Itemail](http://www.invtrusts.co.uk/Itemail)  
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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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