

# 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 2020

### 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 31/05/20	1 month	3 months	6 months	1 year	3 years	5 years
Share Price	896.0p	7.4	(7.2)	(16.1)	(13.5)	(9.5)	12.3
Diluted NAV <sup>A</sup>	1070.8p	7.0	(6.6)	(10.8)	(10.8)	(6.8)	17.1
MSCI AC Asia Pacific ex Japan		1.7	(2.7)	(3.8)	0.2	9.1	37.2
MSCI AC Asia Pacific ex Japan Small Cap		6.5	(0.6)	(5.4)	(6.1)	(3.2)	10.4

### Discrete performance (%)

Year ending	31/05/20	31/05/19	31/05/18	31/05/17	31/05/16
Share Price	(13.5)	2.7	1.9	32.7	(6.4)
Diluted NAV <sup>A</sup>	(10.8)	(0.5)	5.0	35.3	(7.1)
MSCI AC Asia Pacific ex Japan	0.2	(3.4)	12.8	41.7	(11.2)
MSCI AC Asia Pacific ex Japan Small Cap	(6.1)	(8.9)	13.3	30.5	(12.6)

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>TM</sup>



<sup>B</sup> Morningstar Rating<sup>TM</sup> 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	4.5
Bank OCBC Nisp	Indonesia	3.6
AEM Holdings	Singapore	3.6
Asian Terminals	Philippines	3.2
John Keells	Sri Lanka	3.1
CEBU Holdings	Philippines	2.9
Mega Lifesciences	Thailand	2.8
Oriental Holdings	Malaysia	2.7
Hana Microelectronics	Thailand	2.6
Convenience Retail	Hong Kong	2.5
<b>Total</b>		<b>31.5</b>

### Country allocation (%)

	Trust	MSCI Asia Small Ex Index	Month's market change
Thailand	13.8	3.3	12.0
India	12.5	9.8	(0.4)
Malaysia	8.7	2.8	14.0
Hong Kong	8.6	5.4	(1.3)
Singapore	8.5	5.2	6.5
Taiwan	8.2	20.0	4.4
Indonesia	7.1	1.1	3.5
Philippines	6.1	0.6	(3.5)
Korea	5.2	14.9	7.9
Vietnam	3.6	-	-
Sri Lanka	3.5	-	-
New Zealand	3.1	2.4	5.0
United Kingdom	2.4	-	-
Denmark	2.0	-	-
China	1.9	9.3	(1.1)
Myanmar	1.9	-	-
Pakistan	0.2	0.5	(2.1)
Australia	-	24.7	15.4
Cash	2.7	-	-
<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 (E). Market change is Total Return in GBP.

Index may not add up to 100 due to rounding.

Source: Aberdeen Asset Managers Limited and MSCI.

### Total number of investments

67

All sources (unless indicated):

Aberdeen Asset Managers Limited 31 May 2020.

Private investors 0808 500 0040

Institutional investors

InvestmentTrustInvestorRelations-UK

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

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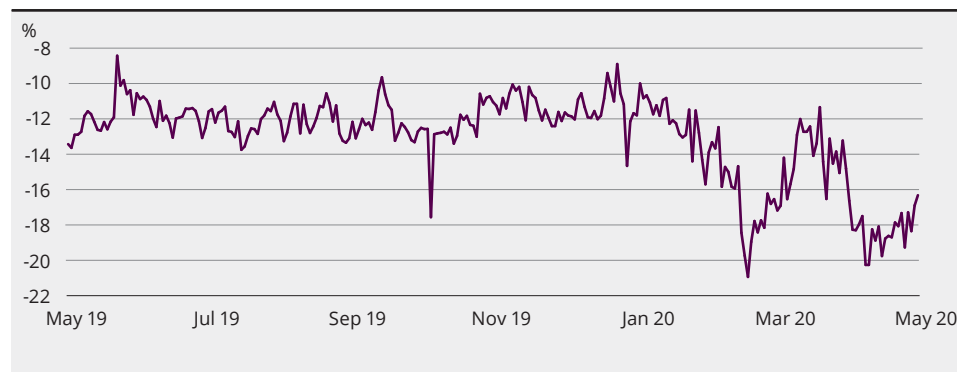
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### 1 Year Premium/Discount Chart (%)



### Fund managers' report

#### Market and portfolio review

Shares of Asia Pacific smaller companies advanced for a second month in May, outperforming their larger peers. Increasing stimulus and the continued re-opening of economies across the region buoyed equities. Rebounding oil prices also lifted the mood. The upbeat sentiment outweighed worries about worsening US-China relations. Tensions escalated after US lawmakers passed a law that could threaten Chinese companies' listings on US exchanges. This followed the White House's move to expand curbs on Huawei to rein in its 5G ambitions. Hong Kong was another flashpoint, as fresh political unrest erupted against Beijing's move to impose new security measures on the city.

In Southeast Asia, Indonesia-focused crude palm oil producer MP Evans pulled back after a good run since end-March. Philippine port operator Asian Terminals' March-quarter profits slumped as the Covid-19 pandemic weighed on cargo volumes.

Meanwhile, the Trust's two best performers over the year to date, Taiwan's Momo.com and Singapore's AEM Holdings, both maintained their stellar runs. E-commerce retailer Momo posted record monthly sales again, and also established a logistics unit to execute its same-day delivery strategy. Advanced chip tester AEM rallied after it upgraded its full-year sales forecasts. Our tech holdings in Korea outperformed too. Shares of software provider Douzone Bizon gained as it continued its shift to a recurring revenue model, alongside its inclusion in a major equity benchmark. Park Systems ended higher as well.

Separately, Myanmar-focused Yoma Strategic rose on news that its mobile payments joint venture received a US\$51.8 million injection from Alibaba-linked Ant Financial Services. We are upbeat about the deal, which has the potential to become an income stream for the business.

In May, we exited the position in Indian hotels group Lemon Tree. We felt that the Covid-19 shock to the hospitality sector, coupled with a gloomy domestic growth outlook, hampered its ambitious growth plans. This could also result in significant financial stress to the group.

### Fund managers' report continues overleaf

### Fund risk statistics

	3 Years	5 Years
Annualised Standard Deviation of Fund	14.72	14.79
Beta	0.56	0.69
Sharpe Ratio	(0.19)	0.16
Annualised Tracking Error	7.62	7.36
Annualised Information Ratio	(0.53)	(0.43)
R-Squared	0.56	0.70

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>	1.16%
Annual management fee <sup>p</sup>	0.96%
Premium/(Discount) with debt at fair value	(16.3)%
Yield <sup>e</sup>	2.1%
Net gearing with debt at par <sup>f</sup>	12.7%
Active share <sup>g</sup>	98.6%

### AIFMD Leverage Limits

Gross Notional Commitment	2.5x
	2x

### Assets/Debt (£m)

Gross Assets	403.1
Debt (CULS + bank loan) at nominal value	54.9
Cash	10.8

### Capital structure

Ordinary shares	32,637,895
Treasury shares	9,097,418
Convertible Unsecured Loan Stock 2025 (CULS) at nominal value	£36,706,281

<sup>c</sup> Expressed as a percentage of average daily net assets for the year ended 31 July 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>p</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.

Receive the factsheet by email as soon as it is available by registering at [www.investments.co.uk/ITemail](http://www.investments.co.uk/ITemail) [www.asia-focus.co.uk](http://www.asia-focus.co.uk)

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### Fund managers' report – continued

Against this, we took advantage of share-price weakness to initiate Singapore's Raffles Medical, a leading healthcare provider with hospitals and clinics across Asia. Its long-term prospects appear attractive, fuelled by its expansion in China.

#### Outlook

The re-emergence of geopolitical risk, with the recent flare-up of US-China tensions, further clouds the outlook for Asia. Financial markets could see more volatility as tensions are likely to stay elevated ahead of the US presidential elections. Meanwhile, governments now face the daunting task of repairing the economic damage wrought by Covid-19. A V-shaped growth rebound seems unlikely, with social distancing measures still in place to prevent fresh waves of infections. End-demand remains lacklustre too as consumers reduce spending. As a result, there is little clarity on earnings, while uncertain cash flows may compel companies to further cut dividends, delay investment decisions or raise new capital. In this environment, we have sought to ensure that the portfolio comprises companies with healthy balance sheets and steady income streams. At the same time, we consistently review the viability of our holdings' long-term prospects. We continue to favour names with exposure to themes that are undimmed by the pandemic. These include growing demand for healthcare, technological advancements and shifting consumption patterns. Therefore, while we remain cautious, we are also confident about our holdings. Their defensive traits should help them cope with unforeseen problems, while their quality positions them well for growth in the long run.

#### 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

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

Receive the factsheet by email as soon as it is available by registering at  
[www.investments.co.uk/ITemail](http://www.investments.co.uk/ITemail)  
[www.asia-focus.co.uk](http://www.asia-focus.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.
- 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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