abrdn Asia Focus plc

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

Performance Data and Analytics to 30 November 2023

Investment objective

The Company aims to maximise total return to shareholders over the long term from a portfolio made up predominantly of quoted smaller companies in the economies of Asia excluding Japan.

The full investment policy is available for download on the Company's website.

Comparative benchmark

With effect from 1 August 2021 the MSCI AC Asia ex Japan Small Cap Index (currency adjusted) has been adopted as the comparative index and performance is also measured against the peer group. Given the Manager's investment style, it is likely that performance will diverge, possibly quite dramatically in either direction, from the comparative index. 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 30/11/23	1 month	3 months	6 months	1 year	3 years	5 years	Since BM Change 31/7/21
Share Price	255.0p	6.3	(0.1)	5.0	7.0	27.0	43.8	4.1
Diluted NAV[A]	303.1p	4.3	0.6	5.9	7.0	30.1	44.1	5.3
Composite Benchmark		5.1	2.4	9.2	9.9	25.0	52.2	5.4

Discrete performance (%)

	30/11/23	30/11/22	30/11/21	30/11/20	30/11/19
Share Price	7.0	(10.1)	32.1	4.0	8.9
Diluted NAV[A]	7.0	(8.7)	33.2	5.9	4.6
Composite Benchmark	9.9	(7.5)	22.9	19.5	2.0

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: abrdn Investments Limited and Morningstar.
Past performance is not a guide to future results.

Morningstar Rating™

★★★★

[B] **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.

Kepler GROWTH RATING

Ten largest equity holdings (%)

Park Systems	Korea	4.2
Bank OCBC Nisp	Indonesia	4.2
Cyient	India	3.7
Prestige Estate Project	India	3.4
FPT	Vietnam	3.3
AKR Corporindo	Indonesia	3.3
John Keells	Sri Lanka	3.0
AEGIS Logistics	India	3.0
Mega Lifesciences	Thailand	2.6
Leeno Industrial	Korea	2.5
Total		**33.2**

Country allocation (%)

	Trust	MSCI AC Asia ex Japan Small Cap Index	Month's market change
India	19.2	31.0	4.4
Indonesia	11.4	2.2	(2.6)
China	10.7	8.2	(3.4)
Taiwan	10.6	26.1	9.5
Korea	7.0	16.3	12.0
Malaysia	6.7	2.7	(0.4)
Thailand	6.1	3.6	(1.1)
Vietnam	5.7	–	–
Singapore	4.1	4.9	3.0
Philippines	4.0	0.9	(1.7)
Hong Kong	3.1	4.1	(4.3)
Sri Lanka	3.0	–	–
United Kingdom	2.4	–	–
Denmark	2.0	–	–
New Zealand	1.4	–	–
Myanmar	0.6	–	–
Cash	2.0	–	–
Total	**100.0**	**100.0**	

MSCI AC Asia 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: abrdn Investments Limited and MSCI.

All sources (unless indicated): abrdn: 30 November 2023.

[A] Including current year revenue.
[B] 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.

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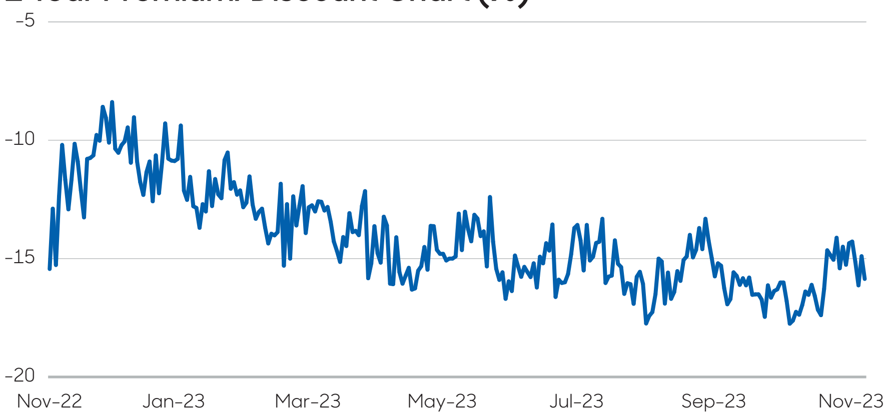
1 Year Premium/Discount Chart (%)



Fund managers' report

Market review

Asian small cap stocks rebounded in November as investors became increasingly confident that interest rates had peaked. Market sentiment rose on the back of lower-than-expected US inflation data and the US Federal Reserve's (Fed) decision to keep rates on hold for the second consecutive meeting. There were further signs of improving US-China relations as President Xi Jinping met US President Joe Biden ahead of the annual Asia-Pacific Economic Cooperation (APEC) summit in California. The benchmark MSCI AC Asia Ex Japan Small Cap Index returned 5.1% in sterling terms, while the Trust underperformed the benchmark by 0.8% (on a NAV basis).

Across Asia, the markets in South Korea and Taiwan were among the strongest performers thanks to renewed interest in technology stocks. Stocks in China underperformed the wider region following mixed macro data. Elsewhere, the Indian market performed largely in line with the region as investors awaited the outcome of state elections. At the time of writing, the Bharatiya Janata Party (BJP)'s win in the three state elections of Madhya Pradesh, Rajasthan and Chhattisgarh was much better than what exit polls suggested and reinforced the consensus expectation of a win by Prime Minister Narendra Modi in the 2024 national elections with a greater likelihood of 300-plus seats for the BJP. This boost to investor sentiment should augur well for domestic cyclical sectors, namely banking, industrial, power, property and mid-caps. Competitive populism from both the BJP and Congress is also clearly visible.

In corporate news, India's Aegis Logistics reported a stable performance supported by both its LPG and liquids businesses. Results from Prestige Estates showed residential pre-sales more than doubling and management raised guidance for the 2024 fiscal year. Among our leading contributors in November were South Korean Leeno Industrial, which manufactures probes used for testing printed circuit boards (PCBs), and India-based engineering company Cyient.

Fund managers' report continues overleaf

[C] Expressed as a percentage of average daily net assets for the year ended 31 July 2023. 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.
[D] with effect from 1 August 2021, 0.85% per annum for the first £250 million of the Company's market capitalisation, 0.6% per annum for the next £500 million, and 0.5% per annum for market capitalisation of £750 million and above, 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.
[E] Calculated using the Company's publicly announced target dividend yield of 6.4p for the year ending 31 July 2022 and month end share price.
[F] Net gearing is defined as a percentage, with net debt (total debt less cash/cash equivalents) divided by shareholders' funds.
[G] The 'Active Share' percentage is a measure used to describe what proportion of the Company's holdings differ from the benchmark index holdings.

Total number of investments	59

Fund risk statistics

	3 Years	5 Years
Annualised Standard Deviation of Fund	11.46	14.83
Beta	0.85	0.87
Sharpe Ratio	0.59	0.41
Annualised Tracking Error	4.50	5.39
Annualised Information Ratio	0.20	(0.22)
R-Squared	0.87	0.89

Source: abrdn & Factset.
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	October
Annual General Meeting	December
Dividends paid	March, June, September, December
Launch date	October 1995
Fund managers	Flavia Cheong, Gabriel Sacks, Xin-Yao Ng, Hugh Young
Ongoing charges[C]	0.92%
Annual management fee[D]	0.85% Market Cap (tiered)
Premium/(Discount) with debt at fair value	(15.9)%
Yield[E]	3.4%
Net gearing with debt at par[F]	11.9%
Active share[G]	97.6%

AIFMD Leverage Limits

Gross Notional	2.5x
Commitment	2x

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Fund managers' report - continued

On the other hand, leading detractors from relative returns included Hong Kong-based Dah Sing Banking Group and Thailand's Hana Microelectronics, which reported disappointing quarterly performance figures. Sri Lanka's John Keells Holdings, a diversified conglomerate, also came under pressure following the release of its earnings report although the Group's prospects are brightening as we approach the launch of its integrated resort in Colombo.

In terms of portfolio trades, we bought Taiwan-based Chroma Ate, a strong player that excels in the core power testing industry with high entry barriers. Its business and profits have grown steadily through the years and it has growing exposure to exciting industries like electric vehicles, 3D testing and semiconductors. Another portfolio addition was China-based Zhejiang Shuanghuan Driveline, which has more than 40 years of experience manufacturing gears that have wide application areas in internal combustion engines (ICEs), electric vehicles (EVs), motorcycles, construction machinery and power tools. The company's value proposition has changed thanks to higher precision requirement of EV gears, growing outsourcing of gear manufacturing in the automobile industry and rising automatic transmission penetration. Shuanghuan has become one of the few high-precision gear manufacturers in China to supply Grade 4 gears. It has around 50% market share in the China EV gear set and has just signed a multiple years' contract with a global EV powertrain company. The Trust also participated in a share placement by India-based Apar Industries, offered at a considerable discount to the prevailing market price. Apar is a play on rising global investments in transmission and renewables where the company generates half of its revenues from India and the other half in exports, mainly to the US, Europe and Australia. It produces conductors, specialty oil lubricants and cables, most of which are supplied to the power industry at various parts of the value chain. Apar's balance sheet and cash flows are healthy, and the controlling family has a good reputation. Finally, the Trust exited South Korea-based Koh Young Technology to fund opportunities elsewhere.

Outlook

We still see significant potential for China's economy and market to spring back, given that much of the bad news has been priced in while a fundamental recovery is gathering pace. The rollout of more supportive policies, in a coordinated manner which was unseen so far this year, sends a strong signal to the market that the government is intensifying its effort to prop up the economy. The Trust has modest exposure to China directly, but we are positive on a market recovery.

Outside of China, the rest of Asia is benefiting from global supply chain diversification and a post-Covid economic recovery. India is in the early stages of a cyclical upswing while several ASEAN markets are seeing healthy growth and benign levels of inflation. As AI-related apps and chips start to proliferate, rising demand will boost the region's semiconductor and consumer electronics segments too, primarily in Taiwan and South Korea.

We remain focused on ensuring our conviction is appropriately reflected in our positioning. As a result, we continue to favour quality small-cap companies with solid balance sheets and sustainable earnings prospects that can emerge stronger in tough times. In the broader region, we are finding the most attractive opportunities around structural growth themes related to the aspiration of consumers, urbanisation, health & wellness, technology, urbanisation and the move towards clean energy.

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

Assets/Debt (£m)

Gross Assets	535.8
Debt (CULS + bank loan)	66.2
Cash & cash equivalents	10.5

Capital structure as at 31 July 2022[H]

Ordinary shares	155,372,978
Treasury shares	53,329,590
Convertible Unsecured Loan Stock 2025 (CULS) at nominal value	£36,629,659

Allocation of management fees and finance costs

Capital	75%
Revenue	25%

Trading details

Reuters/Epic/Bloomberg code	AAS
ISIN Code	GB00BMF19B58
Sedol code	BMF19B5
Stockbrokers	Panmure Gordon
Market makers	SETSmm

Factsheet

Receive the factsheet by email as soon as it is available by registering at
www.invtrusts.co.uk/signup
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 go down as well as up 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 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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