

Aberdeen Asian Opportunities Fund



Investment objective

To provide investors with high capital growth over the medium to long-term (minimum between 3 to 5 years) by seeking exposure to the Asian markets (other than the Japanese market).

Investment strategy

The Aberdeen Asian Opportunities Fund invests in a carefully researched, diversified portfolio of Asian securities of around 40-60 stocks.

Utilising Aberdeen's experience and proven investment philosophy and approach, that is replicated and consistent across all of our trading desks, we take advantage of any benefits and opportunities we see from a flexible universe.

Performance summary

	1 Month %	3 Months %	1 Year %	3 Years %pa	5 Years %pa	Since Inception [^] %pa
Asian Opportunities Fund Net returns*	-3.72	6.64	2.25	3.66	10.49	11.07
Asian Opportunities Fund Gross returns**	-3.62	6.95	3.46	4.89	11.79	12.38
MSCI AC Asia Free ex Japan Index returns	-4.57	3.45	-0.47	2.68	10.07	9.12
Net returns* vs Index	0.85	3.19	2.72	0.98	0.42	1.95
Gross returns** vs Index	0.95	3.50	3.93	2.21	1.72	3.26

* Net performance figures are calculated using end-of-month exit prices, post standard fees, reflect the annual reinvestment of distributions and make no allowance for tax. If investing through an IDPS Provider, the total after fees performance returns of your investment in the Fund may be different from the information we publish due to cash flows specific to your portfolio and any fees charged by the IDPS Provider.

** Gross Performance figures are calculated using end-of-month exit prices, pre-fees, reflect the annual reinvestment of distributions and make no allowance for tax. These returns are provided for the purpose of wholesale investors only. Retail investors should refer to net returns.

[^]This figure represents the annualised performance of the Fund from the first full month of operation.

Past performance is not a reliable indicator of future results.

Performance Review

The Aberdeen Asian Opportunities Fund outperformed its benchmark by 0.85% (after fees) in August. Both asset allocation and stock selection contributed to performance.

Contributing positively to performance was the underweight to China, where sentiment towards the offshore Chinese stock market was hurt by the meltdown in mainland equities. The Shanghai A-share Index fell 23% after rising to a 52-week high in August, on the back of concerns that the government might reverse its expansionary monetary and fiscal stance. Meanwhile, the underweight to Taiwan also added value. Our core holdings Taiwan Mobile and TSMC, posted gains of 2.99% and 0.51% respectively against the MSCI Taiwan Index, which declined by 2.33%.

The underweight to Korea and the overweight to Hong Kong hurt relative return. The Hong Kong market retreated, after gaining 42.87% for the year to end August. The decline in the MSCI Hong Kong Index was precipitated by the correction in the property sector. This, in turn, affected property developer Sun Hung Kai, which fell 11.03% over the month. Hang Lung Group and Hang Lung Properties also posted falls of 11.08% and 14.96% respectively. However, we are comfortable with these holdings, as their balance sheets remain robust and valuations are not demanding.

In stock selection, the key detractors were Indonesia and Malaysia. Our core holding in Indonesia, Unilever, fell 12.93%, compared to the MSCI Indonesia Index's gain of 0.82%. While the Unilever sell-off was triggered by increased competition from Procter and Gamble in the personal care segment, we believe that the company's robust balance sheet, low-cost production and extensive distribution network will stand it in good stead over the long term.

During the month, we added to SingTel and India's Hindustan Unilever on the back of price weakness. As bottom-up stock pickers, our country and sector allocations are driven by where we can find quality companies with attractive valuations. This approach may lead to significant deviations from the index.

Top ten holdings

	Fund %
Oversea-Chinese Banking Corp	4.74
Standard Chartered	4.65
Samsung Electronics	4.25
Jardine Strategic Holdings	4.22
Swire Pacific	4.01
City Development	3.58
Singapore Telecommunications Limited	3.48
United Overseas Bank	3.48
Taiwan Semiconductor Manufacturing	3.30
Singapore Technologies Engineering	3.29

Country breakdown

	Fund %	Index %
Hong Kong	23.03	11.49
Singapore	23.49	6.75
China	6.23	26.22
Indonesia	1.91	2.61
India	16.48	10.55
Malaysia	4.62	4.16
Pakistan	0.00	0.00
Philippines	2.64	0.67
Korea	7.19	19.33
Taiwan	5.10	16.32
Thailand	5.71	1.90
Sri Lanka	0.64	0.00
Cash	2.96	0.00

Sector breakdown

	Fund %	Index %
Energy	6.20	8.41
Materials	2.61	7.28
Industrials	11.43	10.76
Consumer Discretionary	0.00	6.65
Consumer Staples	6.35	4.02
Health Care	0.00	0.51
Financials	51.64	31.77
Information Technology	10.39	18.58
Telecommunication Services	8.42	7.80
Utilities	0.00	4.22
Cash	2.96	0.00

Further information

Aberdeen Asset Management

Level 6, 201 Kent St Sydney NSW 2000 Australia
GPO Box 4306 Sydney NSW 2001 Australia

Client Service 1800 636 888
Phone +61 2 9950 2888
Web www.aberdeenasset.com.au

Aberdeen Asian Opportunities Fund

Asian stockmarkets ended mixed in August, following a sharp pull-back in Chinese equities. Fears that a plunge in China's bank lending in July might stunt growth saw the Shanghai Composite Index lose more than 20% at one stage. This was tempered elsewhere by evidence that the global recovery may be firming, along with better-than-expected corporate results. By the month-end, markets in Hong Kong and China had lagged the rest of Asia, losing about 7% each.

Second-quarter economic data appeared to have turned positive compared to the previous quarter. Hong Kong, Taiwan and Singapore saw quarter-on-quarter growth pick up after earlier contractions, while Korea also continued to recover. However, much of that has rested on government spending and inventory restocking. Exports continued to shrink in many economies, while domestic demand, as reflected by retail sales, remained anaemic. Inflation also fell, with weaker numbers in Hong Kong and Singapore over July. Unsurprisingly, benchmark interest rates have stayed near record lows. Indonesia, traditionally a high inflation economy, cut rates for a ninth month in a row. In China, the central bank pledged to maintain its easy monetary policy after bank lending reportedly fell almost 80% month-on-month in July. That followed concerns that new loans have been fuelling the stockmarket bubble.

Looking ahead, although flush liquidity may help to underpin Asian equities in the short term, there are increasing signs that apparently good news is no longer moving developed markets, which have caught up recently. If that is the case, a possibility of a sell-off may increase. We are sceptical of improvements in the West, given deep-seated structural problems. Asia is better set altogether but policymakers may need to keep an eye on stimulus measures. While these have supported markets, the state of demand, once restocking ends, may not be enough to justify current expectations.

Key information

APIR Code	EQI0028AU
Benchmark	MSCI AC Asia Free ex Japan (\$A unhedged)
Date of Launch	17 October 2003
Income Payable	30 June
MER	1.1811%
Fund Size	A\$316.8m
Redemption Unit Price	\$1.6757

Important information

This document has been prepared by Aberdeen Asset Management Limited ABN 59 002 123 364 AFSL No. 240263.

This is not an offer of securities or financial products, nor is it financial product advice. The Fund referred to is a registered managed investment scheme managed by Aberdeen Asset Management Limited. A Product Disclosure Statement (PDS) is available for the Fund and can be obtained by calling Aberdeen Client Services on 1800 636 888, online at www.aberdeenasset.com.au, or from your financial adviser. Applications can only be made on the application form contained in the current PDS. This document has been prepared without taking account of your individual objectives, financial situation or needs. You should obtain and consider the PDS before deciding whether to acquire, or to continue to hold units in the Fund.

Neither Aberdeen Asset Management PLC, Aberdeen Asset Management Limited nor any other entity guarantees the performance of the Fund or the repayment of capital invested in the Fund.

Investments are subject to investment risk, including possible delays in repayment and loss of income and principal invested. Past performance is not a reliable indicator of future results.

Although non-Fund specific information has been prepared from sources believed to be reliable, we offer no guarantees as to its accuracy or completeness. Any performance forecasts are not promises of future performance and are not guaranteed. Opinions expressed may change. All dollars are Australian dollars unless otherwise specified. All indices are copyrighted by and proprietary to the issuer.