

# 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 <sup>^</sup> %pa
<b>Asian Opportunities Fund Net returns*</b>	<b>3.36</b>	<b>9.63</b>	<b>11.73</b>	<b>2.99</b>	<b>11.03</b>	<b>11.53</b>
<b>Asian Opportunities Fund Gross returns**</b>	<b>3.46</b>	<b>9.95</b>	<b>13.05</b>	<b>4.22</b>	<b>12.34</b>	<b>12.84</b>
<b>MSCI AC Asia Free ex Japan Index returns (\$A unhedged)</b>	<b>3.98</b>	<b>9.13</b>	<b>13.59</b>	<b>2.06</b>	<b>10.66</b>	<b>9.71</b>
<b>Net returns* vs Index</b>	<b>-0.62</b>	<b>0.50</b>	<b>-1.86</b>	<b>0.93</b>	<b>0.37</b>	<b>1.82</b>
<b>Gross returns** vs Index</b>	<b>-0.52</b>	<b>0.82</b>	<b>-0.54</b>	<b>2.16</b>	<b>1.68</b>	<b>3.13</b>

\* 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.

<sup>^</sup>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

During the month the Aberdeen Asian Opportunities Fund rose by 3.36% on a net basis, but underperformed the benchmark by 0.62% (after fees). Asset allocation detracted from performance while the contribution from stock selection was flat. 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.

In terms of asset allocation, the underweight to China contributed positively to performance as the market lagged, with sentiment affected by fears that the government may curb lending and the lacklustre debut of several recent Chinese IPOs. However, this was outweighed by our underweight to Taiwan as well as the overweight to Singapore. Taiwan's export numbers exceeded expectations, while the Singapore market took a breather following a strong run. Singapore's government also introduced measures to cool speculation in the property market.

The Philippines was the main contributor to stock selection, with Thailand among the main detractors. Both Ayala Land and Bank of Philippine Islands outperformed the MSCI Philippines Index. In Thailand, PTTEP's gain of 4.33% failed to match the 10.66% rise in the local index while Siam Cement outperformed.

Asian stockmarkets rose in September, aided by further signs of economic recovery and several high-profile mergers and acquisitions in the West. The gains, however, were pared by fears of an early withdrawal of stimulus measures and the lacklustre debut of recent IPOs of several Chinese companies. Among the best performing markets were Taiwan and Thailand, whereas the Philippines lagged.

Economic data continued to show quarter-on-quarter improvement, particularly in Korea, where

## Top ten holdings

	Fund %	Index %
Standard Chartered	4.56	0.00
Oversea-Chinese Banking Corp	4.47	0.69
Samsung Electronics	4.32	3.77
Jardine Strategic Holdings	4.21	0.00
Swire Pacific	4.08	0.45
Singapore Telecommunications	3.55	0.91
City Development	3.45	0.18
Taiwan Semiconductor	3.45	2.42
United Overseas Bank	3.41	0.72
Singapore Technologies Engineering	3.34	0.13

## Country breakdown

	Fund %	Index %
Hong Kong	22.90	11.32
Singapore	22.83	6.63
China	6.10	25.30
Indonesia	1.91	2.70
India	16.78	10.94
Malaysia	4.39	3.84
Pakistan	0.00	0.00
Philippines	2.57	0.61
Korea	7.70	19.87
Taiwan	5.46	16.85
Thailand	5.65	1.94
Sri Lanka	0.68	0.00
Cash	3.03	0.00

## Sector breakdown

	Fund %	Index %
Energy	6.00	8.16
Materials	2.71	7.55
Industrials	11.28	10.33
Consumer Discretionary	0.00	6.82
Consumer Staples	6.40	4.13
Health Care	0.00	0.53
Financials	51.43	32.13
Information Technology	10.54	18.98
Telecommunication Services	8.61	7.34
Utilities	0.00	4.03
Cash	3.03	0.00

## Further information

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expansionary fiscal measures helped lift domestic output. Meanwhile, industrial production rose month-on-month in August in China, India and Singapore, while Korea's economic outlook was raised to "stable" by ratings agency Fitch. However, the recovery in exports appeared less convincing. While Singapore and Thailand posted steady month-on-month gains, India and Malaysia simply saw the pace of decline slow.

Most Asian central banks kept interest rates at record lows, following the lead of the US Federal Reserve, which has signalled that it plans to scale down its stimulus programmes. Inflation remained benign across the region, as oil prices stabilised at about US\$70 a barrel. In Singapore, the government responded to rising property prices by increasing the supply of land for development and imposing stricter rules on new home loans.

Looking ahead, despite the fact that, or perhaps because, economies remain weak, extremely loose monetary conditions are supportive for equity markets. However, the imbalances that built up over several decades remain unresolved and massive monetary and fiscal stimulus may just have "borrowed" growth from the future. That said, Asia is in relatively good shape, with its stable financial systems and generally low debt levels. As such, we remain optimistic about the long-term prospects for the region, even though some near term caution may be warranted.

### 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\$333.95m
Redemption Unit Price	\$1.7320

### Important information

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

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