

Aberdeen Australian Small Companies Fund



Investment objective

To outperform the benchmark, the S&P/ASX Small Ordinaries Accumulation Index, after fees, over rolling three year periods.

Investment strategy

The Aberdeen Australian Small Companies Fund utilises Aberdeen's proven investment philosophy and approach to invest in a concentrated portfolio of around 20-45 small companies (outside of the S&P/ASX 100) that are listed on the ASX and have the potential for capital growth and increased earning potential.

Performance summary

	1 Month %	3 Months %	1 Year %	3 Years %pa	5 Years %pa	Since Inception [^] %pa
Australian Small Companies Fund Net returns*	0.83	-4.24	13.15	-4.61	6.14	16.99
Australian Small Companies Fund Gross returns**	0.91	-4.03	14.17	-3.75	7.10	18.05
S&P/ASX Small Ordinaries Accumulation Index returns	5.21	-7.00	7.30	-12.43	3.02	11.08
Net returns* vs Index	-4.38	2.75	5.85	7.82	3.12	5.91
Gross returns** vs Index	-4.31	2.97	6.87	8.68	4.08	6.96

* 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. Please note: Prior to 4 June 2007 the Fund was known as the Deutsche Australian Small Companies Fund and performance prior to this date was achieved using a different investment process to that of Aberdeen.

Past performance is not a reliable indicator of future results.

Performance review

The Fund underperformed the benchmark in July.

Among the main detractors from relative performance were our holdings in IRESS Market Technology, Programmed Maintenance Services and Cabcharge. There was no company specific news on IRESS and we continue to hold IRESS for its long term-focused and conservative management team with its track record of achieving high margins and ROE and its dominant position in Australia.

Programmed underperformed after announcing an earnings downgrade. We continue to hold Programmed, as the company retains the largest market share in paint maintenance in Australia (despite declining margins) and possesses a strong balance sheet.

There was also no company specific news affecting Cabcharge, apart from the ongoing commentary surrounding its anti-competitive claims with the ACCC. We continue to hold Cabcharge for its balance sheet strength, diversification of earnings through its bus business, which is stable and growing, and its proven management.

Portfolio moves: We introduced SAI Global into the Fund at a 1.5% model weight. SAI Global offers a resilient business model with a large proportion of recurring revenues, organic growth through product development. It is exposed to a favourable industry leveraged to increasing regulation, legislation and compliance.

Top ten holdings

	Fund %	B/mark %
Ramsay Health Care	8.54	1.81
IRESS Market Technology	7.18	0.9
Healthscope	6.61	2.05
Tower Australia Group	6.29	0.69
Bunnings Warehouse Property Trust	5.01	0.68
Invocare	4.99	0.67
Austereo	4.99	0.00
Brickworks	4.72	0.00
ARB Corporation	4.33	0.00
SMS	3.75	0.43

Sector breakdown

	Fund %	B/mark %
Energy	0.00	11.18
Materials	7.69	30.45
Industrials	20.35	16.12
Consumer Discretionary	17.33	12.03
Consumer Staples	0.00	2.97
Health Care	15.15	5.68
Financials ex Property	11.71	6.27
Property	5.01	5.57
Information Technology	13.76	3.40
Teleco Services	0.00	1.80
Utilities	2.54	4.53
Cash	6.46	0.00

Further information

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Aberdeen Australian Small Companies Fund

Key information

APIR Code	MGL0001AU
Benchmark	S&P / ASX Small Ordinaries Accum
Date of Launch	1 April 2003
Income Payable	30 June and 31 December
MER	0.90%
Fund Size	A\$33.8m
Redemption Unit Price	\$ 1.5612

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.