

Aberdeen Financials Fund



Investment objective

To provide investors with a regular tax-effective income stream and medium to long-term (minimum between 3 to 5 years) capital growth by seeking exposure to securities of financial companies (primarily banks and insurance companies) that are listed on the ASX.

Investment strategy

The Aberdeen Financials Fund is a highly concentrated portfolio of listed stocks that have the potential for capital growth and to provide reasonable dividend returns. The focus on blue-chip well-known names provides a relatively defensive exposure to this sector and the low turnover ensures the tax efficient status. Rigorous research and analysis of each prospective investment is undertaken, in accordance with the Aberdeen process (fundamental, bottom-up analysis with focus on quality and management). The Fund recognises the benefits of franking credits and seeks to maximise these where appropriate in order to give investors the benefit of a tax-effective income stream, on a regular quarterly basis.

Performance summary

	1 Month %	3 Months %	1 Year %	3 Years %pa	5 Years %pa	Since Inception ^A %pa
Financials Fund Net returns*	6.41	-10.14	16.85	-3.53	5.68	10.32
Financials Fund Gross returns**	6.48	-9.94	17.86	-2.68	6.61	11.29
S&P/ASX 200 Financials (ex Property) Index returns	6.47	-9.46	17.04	-4.08	5.56	10.42
Net returns* vs Index	-0.06	-0.68	-0.20	0.55	0.12	-0.10
Gross returns** vs Index	0.01	-0.48	0.82	1.40	1.05	0.86

* 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. Retail investors should refer to net returns.

^AThis 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 Fund marginally outperformed the benchmark in July (before fees). Positive relative performance was attributable to the overweight position in Westpac and zero holdings in Macquarie, AMP, IAG and ASX.

The positive contribution from these positions was almost all offset by the holding in QBE. QBE's share price was impacted after the company announced a negative profit margin guidance (40% drop in earnings), driven by a fall in risk free rates (raising claim liabilities) and mark-to-market of investment holdings – both short term issues. Longer term, QBE's business model remains solid and intact, and we continue to hold QBE for its strong underwriting discipline, conservative reinsurance program, and stable management team with deep insurance experience.

Portfolio holdings

	Fund %	Index %
Commonwealth Bank	29.88	23.19
Westpac	28.36	20.42
ANZ	18.65	16.79
QBE Insurance	11.71	4.90
AXA Asia Pacific	4.29	1.50
National Australia Bank	4.05	15.25
Tower Australia Group	2.07	0.18

Further information

Aberdeen Asset Management Limited

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 Financials Fund

Key information

APIR Code	EQI0027AU
Benchmark	S&P/ASX 200 Financials (ex Property) Index
Date of Launch	1 December 1997
Income Payable	31 March, 30 June, 30 September, 31 December
MER	0.875%
Fund Size	A\$96.273m
Redemption Unit Price	A\$1.8636

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.

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