

Aberdeen International Equity Fund



Investment objective

To provide investors with high medium to long-term (minimum between 3 to 5 years) capital growth by seeking exposure to companies listed on securities exchanges around the world.

Investment strategy

The Aberdeen International Equity Fund is a high conviction, diversified portfolio of around 40-60 stocks built using a "bottom-up" approach and independent of a benchmark. Utilising Aberdeen's proven investment philosophy and approach, that is replicated and consistent across all of our investment desks, we take advantage of any benefits and opportunities we see from the widest opportunity set available.

Performance summary

	1 Month %	3 Months %	1 Year %	3 Years %pa	5 Years %pa	Since Inception [^] %pa
International Equity Fund Net returns*	-3.74	2.76	2.41	-7.58	4.38	3.44
International Equity Fund Gross returns**	-3.65	3.03	3.49	-6.60	5.47	4.49
MSCI AC World (ex Aus) Accum. Index returns (\$A unhedged)	-3.07	3.61	0.47	-10.21	0.18	4.25
Net returns* vs Index	-0.67	-0.85	1.94	2.63	4.20	-0.81
Gross returns** vs Index	-0.58	-0.58	3.02	3.61	5.29	0.24

* 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. Note that returns prior to 2002 were obtained under a different process.

Past performance is not a reliable indicator of future results.

Performance review

Over the month, the portfolio fell 3.65%, lagging the benchmark by 58 basis points (both before fees). From a regional perspective, asset allocation was the main contributor to relative under performance. Currency also hurt relative performance as the US dollar continued to strengthen against most major currencies. At the sector level, stock selection within Financials was the largest negative for returns. Investments in the Italian banking group, Intesa Sanpaolo, and Sweden's Nordea fell by 14.3%, and 8.5% respectively. The portfolio's core holdings in Petrobras and ENI from the Energy sector were also relatively weak during the month. On the upside, companies such as British American Tobacco, Kraft Foods and Procter & Gamble from the Consumer Staples sector performed relatively well as did the Pharmaceutical stocks Takeda Pharmaceutical and Roche.

During January, we reduced holdings in City Developments, Standard Chartered and Philips Electronics as these stocks had performed very strongly towards the end of 2009. The proceeds from these trades were recycled into stocks which had lagged over the corresponding period, including Nordea and Vodafone. We also initiated a new position in the world's largest mobile phone operator, China Mobile.

Global equities fell in January, on concerns over potential tightening measures by Asian central banks and US proposals to limit the size of financial institutions. Economic data remained mixed over the period, although the trend is one of improvement, or at least things not getting any worse. Inflation jumped in the UK with CPI coming in at 2.9%; this was the largest jump in the annual rate from one month to the next since records began. This raised questions over whether the Bank of England might look to end quantitative easing and even potentially raise interest rates earlier than had previously been expected. Fears over the macroeconomic picture in some

Top ten holdings

	Fund %	Index %
Vodafone	3.40	0.05
Zurich Financial Services	3.72	0.14
ENI - Ente Nazionale Idrocarburi	1.64	0.02
Petrobras	2.53	0.20
Tenaris SA	2.53	0.04
Roche Holding	3.00	0.04
E.ON AG	3.10	0.47
Samsung Electronics	2.27	0.08
Johnson & Johnson	2.37	0.01
Intel Corporation	2.74	0.18

Sector breakdown

	Fund %	Index %
Energy	14.43	11.42
Materials	3.79	7.51
Industrials	10.92	10.38
Consumer Discretionary	2.42	9.22
Consumer Staples	10.85	9.82
Health Care	11.39	9.60
Financials	19.27	20.17
Information Technology	13.85	12.28
Telecommunication Services	4.67	4.99
Utilities	4.17	4.60
Cash	4.24	-

Regional breakdown

	Fund %	Index %
United States	20.14	43.67
Canada	1.90	4.22
Europe (Ex UK)	33.28	18.75
United Kingdom	14.67	9.09
Emerging Europe	-	1.83
Middle East	-	-
Japan	9.95	9.36
Asia Pacific (ex Japan)	12.52	9.00
Latin America	3.30	3.06
Africa	-	1.02
Cash	4.24	-

Further information

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European countries including Greece and Spain continued to mount during the month, raising questions over whether we may see a default by a major Western government.

In terms of the markets, the MSCI Ac World index (ex Aus) fell by 3.07% in dollar terms during January, with Japan being the only geographic region posting positive returns over the period. All other areas of the market were generally weak, particularly within Europe where Spain, Portugal and Greece witnessed quite dramatic falls on increasing concerns over the macroeconomic environment within these countries. From a sector perspective, all of the major sectors posted negative returns over the month. The Materials sector fell the furthest. The more defensive areas such as Consumer Staples and Health Care held up relatively well in the weak markets, however, they still finished in negative territory.

Fortunately, due to the way we manage money, we focus on the individual prospects for each company we look at, with a preference for good franchises and strong balance sheets, in the belief that they will survive any downturns and prosper and participate in the good times. It is for these reasons we have a longer investment time horizon. We will be looking to take advantage of any wobbles in economic recovery or indeed any "aftershocks" from the global financial crisis in 2010 and beyond and that we hope we get the opportunities, but will venture little to predict what may happen.

Key information

APIR Code	EQI0015AU
Benchmark	MSCI AC World (ex Australia) Accumulation Index (\$A unhedged)
Date of Launch	1 July 1996
Income Payable	30 June
MER	0.98%
Fund Size	A\$141.4m
Redemption Unit Price	\$0.7888

Important information

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

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