

# Aberdeen Emerging Opportunities Fund



## Investment objective

To provide investors with medium to long-term (minimum between 3 to 5 years) capital growth by seeking exposure to emerging stock markets worldwide or companies with significant activities in emerging markets.

## Investment strategy

The Aberdeen Emerging Opportunities Fund is a high conviction, diversified portfolio of 40-70 stocks that have met the criteria of Aberdeen's disciplined investment process. We invest for the long term only in companies that we understand and can value. We always meet and interview a company before investing. Aberdeen has been investing in emerging markets since 1987.

## Performance summary

	1 Month %	3 Months %	1 Year %	3 Years %pa	5 Years %pa	Since Inception <sup>^</sup> %pa
<b>Emerging Opportunities Fund Net returns*</b>	<b>1.56</b>	<b>6.19</b>	<b>20.71</b>	<b>6.62</b>	<b>13.11</b>	<b>15.50</b>
<b>Emerging Opportunities Fund Gross returns**</b>	<b>1.68</b>	<b>6.58</b>	<b>22.51</b>	<b>8.22</b>	<b>14.80</b>	<b>17.23</b>
<b>MSCI Emerging Markets Index returns</b>	<b>1.14</b>	<b>0.98</b>	<b>10.43</b>	<b>-3.07</b>	<b>9.45</b>	<b>12.78</b>
<b>Net returns* vs Index</b>	<b>0.42</b>	<b>5.21</b>	<b>10.29</b>	<b>9.69</b>	<b>3.66</b>	<b>2.72</b>
<b>Gross returns** vs Index</b>	<b>0.54</b>	<b>5.60</b>	<b>12.08</b>	<b>11.30</b>	<b>5.35</b>	<b>4.45</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. Prior to June 2006 the Aberdeen Emerging Opportunities Fund invested directly in the Luxemburg SICAV, the Aberdeen Emerging Markets Fund. Past performance is not a reliable indicator of future results.

## Performance review

The Fund rose 1.68% (before fees) in July, slightly outpacing the benchmark's return of 1.14%. The portfolio benefited most from stock selection in Latin America.

Our overweight to, and holdings in, Brazil contributed positively, with Bradesco and Lojas Renner's share prices rising ahead of solid second-quarter results, which subsequently exceeded expectations. Souza Cruz and Vale also did well, in Vale's case, because of improved global economic sentiment and firmer iron ore prices. Banco Santander gained as Chile showed signs of a more emphatic recovery after the earthquake earlier this year.

In South Africa, our two retail holdings Massmart and Truworths continued to perform well on recovering consumption, aided by the nation's successful hosting of the World Cup. The portfolio's overweight to Turkey also helped as Akbank and BIM rose along with the market on evidence that the country's recovery will be among Europe's strongest.

Asia trailed other markets during the month, with India a key laggard due to concerns over inflation and policy tightening. Our overweight here thus detracted from relative return. Our holdings PetroChina and China Mobile also hurt as they lagged the domestic market benchmark. In Thailand, Siam Cement flagged in July, although the company remains one of the portfolio's best performers in the year to date.

There were no major changes to the portfolio during the month.

Emerging market stocks rebounded in July. Upbeat corporate results, optimism over Europe's

## Top ten holdings

	Fund %	Index %
Aberdeen Global Indian Equity Fund	11.97	0.00
Vale S.A.	4.08	2.61
China Mobile	3.74	1.88
Banco Bradesco	3.57	1.07
Taiwan Semiconductor Manufacturing	3.46	1.48
Samsung Electronics (Preferred)	3.44	2.65
Akbank	3.14	0.21
Petrobras	3.13	2.82
Petrochina	2.92	0.74
Massmart Holdings	2.92	0.10

## Country breakdown

	Fund %	Index %
Asia	48.67	57.76
Hong Kong	7.66	0.00
China	6.65	18.59
Indonesia	2.78	2.37
India	11.97	7.77
Malaysia	2.84	2.87
Philippines	2.20	0.46
Korea	5.34	13.49
Taiwan	4.59	10.71
Thailand	4.28	1.50
Sri Lanka	0.36	0.00
Africa	5.09	8.13
South Africa	5.09	7.47
Egypt	0.00	0.49
Morocco	0.00	0.17
Emerging Europe	11.76	10.60
Czech Republic	0.00	0.42
Hungary	2.87	0.43
Poland	1.55	1.51
Russia	2.72	6.48
Turkey	4.62	1.76
Middle East	1.99	0.00
Israel	1.99	0.00
Latin America	29.50	23.51
Argentina	2.00	0.00
Brazil	17.99	16.16
Chile	1.98	1.60
Colombia	0.00	0.84
Mexico	7.53	4.27
Peru	0.00	0.64
Cash	2.99	0.00

## Further information

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## Aberdeen Emerging Opportunities Fund

banking sector stress tests and anticipation that China is nearing the end of its current tightening cycle lifted sentiment.

Economic data remained largely positive, although growth momentum appeared to moderate. China's second-quarter GDP growth decelerated, along with the expansion in monthly industrial output in India and China. Nevertheless, the IMF raised the 2010 GDP forecast for developing nations, with the global economy to be buttressed by Brazil, India and China.

Inflation quickened in India and Hong Kong, stabilised in Latin America and was benign elsewhere. Most central banks held interest rates steady, but India and Israel hiked rates. Beijing, meanwhile, will maintain curbs on property speculation, although Shanghai banks resumed lending to third-time homebuyers.

In politics, the new Czech government took office. Mexico's leading opposition party, the PRI, was the biggest winner in state elections, although not on the scale some had expected. India's opposition protested against the liberalisation of fuel prices.

Markets have enjoyed a rally on hopes that any relapse in the global recovery can be avoided by further easing in both developed and emerging economies. Certainly, recent data suggest that some emerging economies, particularly those in Asia, could be headed for a slowdown, having experienced impressive growth so far this year. Yet, others continue to show robust expansion, with the follow-through effects of rising inflation and interest rate hikes. This policy flexibility and increasingly autonomous nature of the recovery within emerging countries contrast with the prevailing weakness across much of the West, where deep structural problems are still unresolved, deleveraging has been far from meaningful and the preoccupation with imposing austerity may yet prove to be ill timed.

Although we maintain a cautious outlook, we are confident that our holdings, which are characterised by solid balance sheets, experienced management and sound business practices, will be able to meet whatever challenges lie ahead.

### Sector breakdown

	Fund %	Index %
Energy	15.07	13.81
Materials	6.39	14.27
Industrials	1.46	6.89
Consumer Discretionary	7.40	6.59
Consumer Staples	11.05	6.73
Health Care	3.90	0.75
Financials	39.01	26.10
Information Technology	7.86	12.93
Teleco Services	4.87	8.22
Utilities	0.00	3.71
Cash	2.99	0.00

### Key information

APIR Code	ETL0032AU
Benchmark	MSCI Emerging Markets Index (\$A unhedged)
Date of Launch	1 July 2004
Income Payable	30 June
MER	1.50%
Fund Size	A\$276.867m
Redemption Unit Price	A\$1.7995

**From 1 July 2006 the Aberdeen Emerging Opportunities Fund has invested directly into the underlying securities. Prior to this date the Fund was fully invested into the UK registered Aberdeen Emerging Markets Fund.**

### Important information

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

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