

Aberdeen Emerging Opportunities Fund



Aberdeen

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 [^] %pa
Emerging Opportunities Fund Net returns*	1.58	2.14	42.80	5.61	12.44	14.28
Emerging Opportunities Fund Gross returns**	1.71	2.52	44.90	7.20	14.12	15.98
MSCI Emerging Markets Index returns	-0.37	0.73	37.07	-0.23	9.98	12.57
Net returns* vs Index	1.95	1.41	5.73	5.84	2.46	1.71
Gross returns** vs Index	2.08	1.79	7.83	7.43	4.14	3.41

* 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. Prior to June 2006 the Aberdeen Emerging Opportunities Fund invested directly in the Luxembourg SICAV, the Aberdeen Emerging Markets Fund. Past performance is not a reliable indicator of future results.

Performance review

The Fund rose 1.71% outperforming the benchmark by 2.08% (both before fees). In Asia, our underweight position to Taiwan contributed to this outperformance, together with our overweight to Hong Kong and the Philippines.

In terms of stock selection, Latin America proved positive. Brazilian miner Vale was lifted by speculation that upcoming annual negotiations will lead to a significant price increase for iron ore. Our Brazilian domestic consumer companies also impressed, in particular, Lojas Renner, which benefited from upbeat fourth-quarter results. Similarly, our Mexico holdings, such as Banorte, Asur and Soriana, did well.

Our holdings in Emerging Europe, the Middle East and Africa also added to the relative return. South African retailer Truworths, as well as Check Point Software and Teva Pharmaceutical in Israel had a good month on the back of encouraging results. Stock selection in India was positive, as many of our holdings, such as Infosys, Hero Honda and GlaxoSmithKline, were boosted by good results, though Bharti Airtel suffered as the market reacted negatively to its proposed bid for Zain's African assets. In Hong Kong, robust earnings aided Hang Lung Group.

In contrast, the fund was hurt by our overweight to Turkey where political tension weighed on sentiment.

Latin America was lifted by firmer commodity prices and an upbeat economic outlook, but persistent doubts over the global recovery weighed on emerging Europe and Asia, even though fears over Greek debt contagion receded.

Top ten holdings

	Fund %	Index %
China Mobile	4.18	1.93
Vale SA	4.14	2.99
Samsung Electronics	3.65	2.30
Massmart Holdings	3.15	0.08
Petrobras	3.10	3.54
Banco Bradesco	3.02	0.95
Petrochina	2.96	0.77
Taiwan Semi Manufacturing	2.96	1.47
Richter Gedeon Vegyeszeti Gyar	2.87	0.09
Fomento Economico Mexicano	2.83	0.30

Country breakdown

	Fund %	Index %
Asia	48.27	55.35
Hong Kong	7.36	0.00
China	6.90	17.75
Indonesia	2.12	1.95
India	12.55	7.57
Malaysia	2.96	2.81
Pakistan	0.00	0.00
Philippines	2.27	0.44
Korea	5.72	12.62
Taiwan	4.11	10.81
Thailand	3.95	1.40
Sri Lanka	0.33	0.00
Africa	5.21	7.65
South Africa	5.21	6.87
Egypt	0.00	0.57
Morocco	0.00	0.21
Emerging Europe	10.09	10.13
Czech Republic	0.00	0.42
Hungary	2.77	0.55
Poland	1.04	1.25
Russia	2.32	6.49
Turkey	3.96	1.41
Middle East	3.83	2.99
Israel	3.83	2.99
Latin America	29.26	23.88
Argentina	1.96	0.00
Brazil	16.83	16.59
Chile	1.96	1.52
Colombia	0.00	0.73
Mexico	8.51	4.47
Peru	0.00	0.58
Cash	3.34	0.00

Further information

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Aberdeen Emerging Opportunities Fund

On the economic front, Taiwan and Thailand posted robust fourth-quarter growth helped by strong exports to China. Elsewhere, manufacturing activity continued to expand in January. On the flip side, Mexico's GDP fell sharply in 2009, while India's growth cooled in the December quarter.

Amid rising inflationary pressures, Brazil and China's central banks raised local lenders' reserve requirements, while Hong Kong moved to cool its property market. Other central banks held interest rates steady.

In other news, a devastating earthquake killed hundreds in Chile. Turkey's stocks fell after the arrest of a group of military officers over alleged sedition renewed political uncertainty. In Ukraine, Viktor Yanukovich was inaugurated as president

During the month, we introduced Bank Pekao, a well-managed Polish lender with reasonable growth prospects and decent valuations.

The near-term outlook remains unclear. In the developed countries, economic recovery remains fragile. Growth in Europe faltered in the fourth quarter, while a genuine pickup in private demand in the US is still elusive. As well, the threat of rising deficits and sovereign debt contagion persists. Developing economies have rebounded more convincingly, although this has been due in large part to government stimulus. Rising inflation could drive governments here to raise interest rates, but to date most remain committed to supporting growth. Set against this, loose global monetary policy is supportive of financial assets. As a result, markets are likely to remain volatile. Nevertheless, the current headwinds provide a great opportunity to pick up reasonably valued emerging market stocks, as the long-term outlook for the asset class, buttressed by stable financial systems, low debt levels and rising affluence, remains compelling.

Sector breakdown

	Fund %	Index %
Energy	14.20	14.46
Materials	6.30	15.09
Industrials	1.61	6.88
Consumer Discretionary	6.59	5.78
Consumer Staples	11.32	5.76
Health Care	4.97	2.44
Financials	38.35	23.90
Information Technology	8.03	13.06
Telecommunications	5.29	8.95
Utilities	0.00	3.68
Cash	3.34	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\$ 204.33m
Redemption Unit Price	A\$1.6248

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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