

# Aberdeen Asian Opportunities Fund

Monthly factsheet - performance data and analytics to 31 March 2016



## Investment objective

To provide investors with high capital growth over the medium to long term (3-5 years) by seeking exposure to the Asian markets (other than the Japan market).

## Investment strategy

The Fund invests primarily in a concentrated portfolio of around 35-55 Asian (excluding Japan) listed securities with the potential for capital growth and increased earning potential.

Our Asian equity managers, located in Singapore, Bangkok, Jakarta, Kuala Lumpur and Hong Kong, seek to identify and invest in good quality Asian listed securities through first hand company visits.

## Performance (%)

	1 Month	3 Months	1 Year	Per annum		
				3 Years	5 Years	Since Inception <sup>1</sup>
Aberdeen Asian Opportunities Fund net returns <sup>2</sup>	2.65	-4.21	-15.54	6.69	6.71	9.38
Aberdeen Asian Opportunities Fund gross returns <sup>3</sup>	2.75	-3.94	-14.54	7.95	7.97	10.67
MSCI All Countries Asia Accumulation Index (ex Japan) AUD unhedged	3.29	-3.72	-12.20	11.08	6.36	8.00
Net returns <sup>2</sup> vs index	-0.64	-0.49	-3.34	-4.39	0.35	1.38
Gross returns <sup>3</sup> vs index	-0.54	-0.22	-2.34	-3.13	1.61	2.67

1. This figure represents the annualised performance of the Fund from the first full month of operation.

2. 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.

3. 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.

Past performance is not a reliable indicator of future results.

## Performance review

The Fund returned 2.75% in March (before fees), underperforming the benchmark by 0.54%.

Singapore and Taiwan were key contributors to performance, while Hong Kong was a key detractor.

Stock selection was positive in Singapore, led by City Developments (CityDev) and OCBC Bank. CityDev reported resilient quarterly results, as sales and net profits were bolstered by rising rental revenues. It has also been proactive in lifting recurring income and diversifying overseas. The budget was also perceived as benign for domestic developers. Although the government deemed it premature to remove property cooling measures, it reiterated its intention of balancing sustainable growth and affordability. OCBC Bank's stock benefited from better-than-expected earnings. The lender also sought to reassure investors by being more transparent about its exposure to China and commodities.

The underweight in Taiwan contributed to performance. The domestic market rose but lagged the broader region, given the uncertainty over policymaking. Incoming president Tsai Ing-wen of the Democratic Progressive Party will officially take the helm only in May, four months after her election win. This long transition phase has put policymaking on hold, offering little respite for a stagnating economy.

Against this, stock selection in Hong Kong detracted. Jardine Strategic and HSBC detracted the most from performance. Jardine Strategic continued to be hampered by its significant position in Indonesian conglomerate Astra Intl, as consumer sentiment waned amid a faltering domestic economy. Astra Intl remains a well-managed group, with leading positions in various sectors across Indonesia. HSBC, meanwhile, was weighed down by higher provisions, even as it strengthened its capital position by reducing riskier assets and streamlining its balance sheet.

In portfolio activity, we increased our exposure to Bank Central Asia, a conservatively-run Indonesian

## Top ten holdings (%)

	Fund	Index
Aberdeen Gbl Indian Eq Fund	14.4	0.0
Samsung Electronics	5.9	4.7
Jardine Strategic Holdings	5.7	0.0
Oversea Chinese Banking Corp	4.7	0.7
Alia Group	4.0	2.2
TSMC	3.8	4.0
City Developments	3.7	0.1
HSBC Holdings	3.7	0.0
Singtel	3.6	0.7
Swire Pacific	3.5	0.2
<b>Total</b>	<b>53.0</b>	<b>12.6</b>

## Sector breakdown (%)<sup>4</sup>

	Fund	Index
Financials	55.0	30.6
Industrials	11.2	9.0
Information Technology	9.7	24.0
Teleco Services	9.1	6.4
Consumer Staples	5.7	5.6
Materials	3.5	4.6
Consumer Discretionary	2.1	8.8
Energy	2.1	4.2
Health Care	0.0	2.6
Utilities	0.0	4.2
Cash	1.6	0.0
<b>Total</b>	<b>100</b>	<b>100</b>

4. Exposure to India via Aberdeen Global Indian Equity Fund. GICS Sector Classification - Diversified Financial. Underlying holdings available upon request. Figures may not always sum to 100 due to rounding.

## Country breakdown (%)<sup>5</sup>

	Fund	Index
China/Hong Kong	30.9	40.9
Singapore	20.7	5.2
India	14.4	9.5
South Korea	9.0	18.3
Taiwan	5.9	14.5
Philippines	4.7	1.7
Malaysia	3.6	4.1
Indonesia	3.1	3.2
Thailand	2.9	2.6
United Kingdom	2.6	0.0
Sri Lanka	0.8	0.0
Cash	1.6	0.0
<b>Total</b>	<b>100</b>	<b>100</b>

5. Exposure to India via Aberdeen Global Indian Equity Fund. Underlying holdings available upon request. Figures may not always sum to 100 due to rounding.

## Key information

APIR Code	EQI0028AU
Benchmark	MSCI All Countries Asia Accumulation Index (ex Japan) AUD unhedged
Date of launch	October 2003
Income payable	30 June
MER	1.1811% pa
Buy/Sell spread	+0.55%/-0.55%
Fund size	A\$516.89m
Redemption unit price	\$2.3430

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bank which boasts superior margins, asset quality and capital strength relative to peers. Against this we trimmed OCBC Bank, whose share price rebounded after a period of weakness.

### Market review

Asian equity markets rebounded in March. A raft of monetary stimulus in recent weeks eased investors' fear of a global downturn, sparking a turnaround in financial markets. Notably, the US Federal Reserve left benchmark rates steady and took a more cautious policy stance; the dollar weakened in turn. The European Central Bank's bolder-than-expected monetary stimulus earlier in the month, along with steadier oil prices, further boosted risk appetite.

Investors also seemed more reassured for now, with China's economy slowing modestly and the currency stabilising. Industrial profits rose after declining in the first two months of the year, and other leading indicators, including manufacturing, improved for the first time since last July. In addition, Chinese premier Li Keqiang struck a confident tone at the close of the National People's Congress, stating that the world's second-largest economy would achieve its growth targets, while reiterating the need to push ahead with reforms.

Elsewhere, several Asian central banks used the rally as an opportunity to trim interest rates in a bid to stimulate their flagging economies. Taiwan was among the latest, following cuts in Indonesia earlier in the month. Meanwhile, Singapore aims to boost growth by increasing government spending and encouraging innovation among the small- and medium enterprises and the manufacturing sector in its recently-released 2016 budget. Thailand announced 90 billion baht in fresh stimulus, focused on infrastructure and state enterprises, with a third allocated to rural areas. Thai stocks rose in response.

### Outlook

We think the global backdrop will remain challenging over the short term. For now, risk appetite has returned across the broader region, driven by a more stable environment in China, US dollar weakness on the back of the Fed's dovishness that has buoyed emerging-market currencies, and a bounce in commodity prices. However, a lack of strong fundamental catalysts means that confidence is likely to remain weak, with growth anaemic and markets volatile for the next two quarters or more. That said, the earnings cycle outside the commodities sector and China appears to have bottomed. Monetary policies within Asia have also remained largely accommodative to support growth. Financially, public and private sector balance sheets are generally robust across the region, so we do not foresee major issues with debt. This should put the region in good stead when the cycle turns.

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