# Aberdeen Asian Income Fund Limited

## Targeting the income and growth potential of Asia's most compelling and sustainable companies

Investment Company

Performance Data and Analytics to 31 July 2021

### Investment objective

**To provide investors with a total return primarily through investing in Asia Pacific securities, including those with an above average yield. Within its overall investment objective, the Company aims to grow its dividends over time.**

### Benchmark

The Company's portfolio is constructed without reference to the composition of any stock market index or benchmark. It is likely, therefore, that there will be periods when its performance will be quite unlike that of any index or benchmark and there can be no assurance that such divergence will be wholly or even primarily to the Company's advantage. The Manager utilises two general regional indices, the MSCI AC Asia Pacific ex Japan Index (currency adjusted) and the MSCI AC Asia Pacific ex Japan High Dividend Yield Index (currency adjusted) for Board reporting.

### Cumulative performance (%)

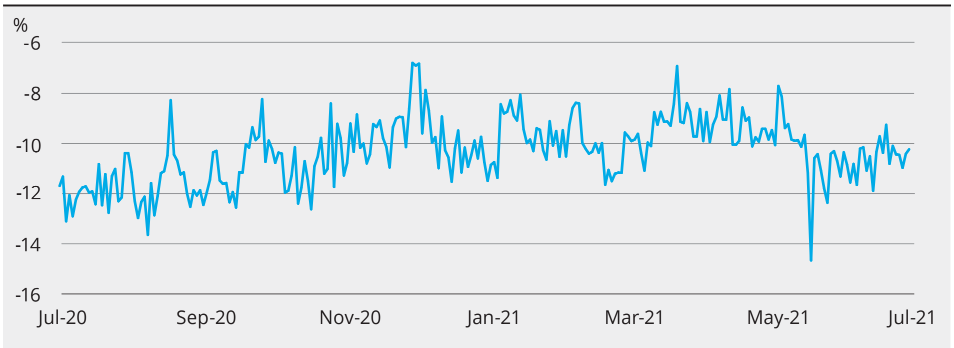
| | as at 31/07/21 | 1 month | 3 months | 6 months | 1 year | 3 years | 5 years |
|---|---|---|---|---|---|---|---|
| **Share Price** | **224.0p** | (1.6) | (2.1) | 3.8 | 28.3 | 24.4 | 45.5 |
| **NAV[A]** | **249.5p** | (2.2) | (1.6) | 3.1 | 25.7 | 24.1 | 48.7 |
| MSCI AC Asia Pacific ex Japan | | (7.2) | (5.8) | (4.7) | 14.1 | 23.0 | 64.1 |
| MSCI AC Asia Pacific ex Japan HDY | | (2.7) | (2.7) | 4.9 | 14.3 | 8.2 | 36.4 |

### Discrete performance (%)

| Year ending | 31/07/21 | 31/07/20 | 31/07/19 | 31/07/18 | 31/07/17 |
|---|---|---|---|---|---|
| **Share Price** | 28.3 | (13.6) | 12.2 | 0.8 | 16.1 |
| **NAV[A]** | 25.7 | (10.3) | 10.1 | 3.1 | 16.2 |
| MSCI AC Asia Pacific ex Japan | 14.1 | 1.9 | 5.7 | 6.1 | 25.7 |
| MSCI AC Asia Pacific ex Japan HDY | 14.3 | (11.7) | 7.2 | 4.6 | 20.5 |

Total return; NAV to NAV, net income reinvested, GBP. Share price total return is on a mid-to-mid basis.
Dividend calculations are to reinvest as at the ex-dividend date. NAV returns based on NAVs with debt valued at fair value.
Source: Aberdeen Asset Managers Limited, Lipper and Morningstar.
**Past performance is not a guide to future results.**

### 1 Year Premium/Discount Chart (%)




[A] Including current year revenue.
[B] © 2021 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. For more detailed information about Morningstar's Analyst Rating, including its methodology, please go to: http://corporate.morningstar.com/us/documents/MethodologyDocuments/AnalystRatingforFundsMethodology.pdf The Morningstar Analyst Rating for Funds is a forward-looking analysis of a fund. Morningstar has identified five key areas crucial to predicting the future success of a fund: People, Parent, Process, Performance, and Price. The pillars are used in determining the Morningstar Analyst Rating for a fund. Morningstar Analyst Ratings are assigned on a five-tier scale running from Gold to Negative. The top three ratings, Gold, Silver, and Bronze, all indicate that our analysts think highly of a fund; the difference between them corresponds to differences in the level of analyst conviction in a fund's ability to outperform its benchmark and peers through time, within the context of the level of risk taken over the long term. Neutral represents funds in which our analysts don't have a strong positive or negative conviction over the long term and Negative represents funds that possess at least one flaw that our analysts believe is likely to significantly hamper future performance over the long term. Long term is defined as a full market cycle or at least five years. Past performance of a security may or may not be sustained in future and is no indication of future performance. For detailed information about the Morningstar Analyst Rating for Funds, please visit http://global.morningstar.com/managerdisclosures.

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### Morningstar Sustainability Rating™

### Morningstar Rating™

★★★★

[B] **Morningstar Rating™ for Funds**
Morningstar rates funds from one to five stars based on how well they've performed (after adjusting for risk and accounting for all sales charges) in comparison to similar funds.

### Ten largest holdings (%)

| | | |
|---|---|---|
| TSMC | Taiwan | 8.6 |
| Samsung Electronics | Korea | 7.6 |
| Momo.com | Taiwan | 4.0 |
| Oversea-Chinese Banking Corp. | Singapore | 3.6 |
| Venture Corporation | Singapore | 3.3 |
| BHP | Australia | 3.1 |
| DBS Group | Singapore | 3.0 |
| AusNet | Australia | 2.6 |
| LG Chem | Korea | 2.4 |
| Rio Tinto | Australia | 2.4 |
| **Total** | | **40.6** |

### Country allocation (%)

| | Trust | Regional Index | Month's market change |
|---|---|---|---|
| Taiwan | 20.9 | 14.2 | (2.7) |
| Australia | 17.7 | 14.7 | (1.9) |
| Singapore | 16.4 | 2.2 | 0.7 |
| China | 10.2 | 33.8 | (14.4) |
| Korea | 10.1 | 13.1 | (6.2) |
| Thailand | 6.4 | 1.6 | (7.5) |
| India | 6.0 | 10.5 | 0.3 |
| New Zealand | 4.4 | 0.5 | (1.2) |
| Hong Kong | 4.1 | 6.5 | (3.5) |
| Japan | 1.8 | – | – |
| Indonesia | 0.7 | 1.1 | (2.6) |
| Malaysia | 0.1 | 1.2 | (4.6) |
| Philippines | – | 0.6 | (12.2) |
| Cash | 1.2 | – | – |
| **Total** | **100.0** | **100.0** | |

Month's market change represents the individual country returns calculated using the MSCI Index series (£). Market change is Total Return in GBP.
Index may not add up to 100 due to rounding.
Source: Aberdeen Asset Managers Limited and MSCI.

All sources (unless indicated):
Aberdeen Asset Managers Limited 31 July 2021.

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Aberdeen Standard Investments

## Fund managers' report

**Market and portfolio review**

Asia Pacific equities declined in July and trailed their global peers. Many countries in the region struggled to contain the highly-contagious Delta variant, raising concerns of a slowdown in economic growth. Investor sentiment was dented further by Beijing's stricter rules for the provision of private education, along with other regulations aimed at the property and technology sectors.

During the month, Singapore's Monetary Authority (MAS) finally lifted its cap on local finance companies' dividend payouts. The regulator imposed these curbs in July 2020 to ensure that banks had sufficient buffer to support lending during the pandemic-induced downturn. The news buoyed our holdings, DBS, OCBC Bank and United Overseas Bank. Moreover, all three restored their interim dividends to pre-pandemic levels after reporting their first-half results. We remain upbeat about the sector's outlook, given the banks' upgraded loan growth forecasts, robust fee income momentum and improving asset quality.

Elsewhere, miner Rio Tinto declared its biggest ever interim dividend on robust results as higher iron ore prices supported profits.

On the engagement front, we had a wide-ranging conversation with BHP chairman Ken MacKenzie, including their climate change strategy and key debates at board level. Overall, we are comfortable with the Australian resources group's governance, capital allocation process, portfolio and ESG strategy that is linked to climate scenario analysis.

In portfolio activity, we initiated Taiwan's KMC, a leading bike-chain maker. We expect the company to be a direct beneficiary of an ongoing trend in developed markets to adopt cleaner modes of travel as well as growing demand for e-bikes. The company is highly profitable and has a robust balance sheet. Meanwhile the stock is trading at attractive valuations with a generous yield. We also added Centuria Industrial REIT, an Australian industrial property REIT with a high-quality portfolio of assets. It has a long growth runway, underpinned by its management's approach to value creation via acquisitions and capital appreciation, and trades on an attractive yield. We funded this by exiting APA Group, given the growing challenges facing the company as the push for transition into renewables increase. We also sold our small positions in Aeon Credit Service Malaysia and Times China.

**Outlook**

Despite renewed outbreaks of Covid-19, regulatory pressures, particularly in China, and niggling worries over inflation and rising rates, we see reasons to be optimistic about Asian equities. While regulatory risks persist, we believe that capitalism is not dead in China; the authorities would want to strike a good balance between promoting innovation and achieving its political goals. In particular, we prefer high-quality companies that have strong links to domestic consumption. Being in line with the strategic aims of Chinese authorities, the sector should be better positioned to withstand regulatory headwinds.

Fund managers' report continues overleaf

[C] Expressed as a percentage of average daily net assets for the year ended 31 December 2020. The Ongoing Charges Figure (OCF) is the overall cost shown as a percentage of the value of the assets of the Company. It is made up of the Annual Management Fee and other charges. It does not include any costs associated with buying shares in the Company or the cost of buying and selling stocks within the Company. The OCF can help you compare the annual operating expenses of different Companies.
[D] With effect from 1 January 2020 the management fee was moved to a tiered basis: 0.85% of the average value of net assets up to £350 million and 0.65% of the average value of net assets in excess of £350 million.
[E] Calculated using the Company's historic net dividends and month end share price.
[F] Net gearing is defined as a percentage, with net debt (total debt less cash/cash equivalents) divided by shareholders' funds.
[G] The 'Active Share' percentage is a measure used to describe what proportion of the Company's holdings differ from the benchmark index holdings.

| | |
|---|---|
| Total number of investments | 60 |

### Fund risk statistics

| | 3 Years | 5 Years |
|---|---|---|
| Annualised Standard Deviation of Fund | 13.36 | 11.87 |
| Beta | 0.91 | 0.87 |
| Sharpe Ratio | 0.70 | 0.85 |
| Annualised Tracking Error | 5.33 | 4.89 |
| Annualised Information Ratio | (0.11) | (0.54) |
| R-Squared | 0.85 | 0.85 |

Source: Aberdeen Asset Management, BPSS & Datastream, Basis: Total Return, Gross of Fees, GBP.
Please note that risk analytics figures are calculated on gross returns whereas the performance figures are based on net asset value(NAV) returns. In addition, the risk analytics figures lag the performance figures by a month.

### Key information Calendar

| | |
|---|---|
| Year end | **31 December** |
| Accounts published | **April** |
| Annual General Meeting | **May** |
| Dividend paid | **February, May, August, November** |
| Launch date | **December 2005** |
| Fund manager | **Asian Equities Team** |
| Ongoing charges[C] | **1.10%** |
| Annual management fee[D] | **0.85% (tiered)** |
| Premium/(Discount) | **(10.2)%** |
| Yield[E] | **4.2%** |
| Net gearing[F] | **7.9%** |
| Active share[G] | **79.3%** |

### AIFMD Leverage Limits

| | |
|---|---|
| Gross Notional | 2.5x |
| Commitment | 2x |

### Assets/Debt (£m)

| | |
|---|---|
| Equities | 473.2 |
| Fixed Income | 3.7 |
| Debt | 39.7 |
| Cash & cash equivalents | 5.2 |

### Capital structure

| | |
|---|---|
| Ordinary shares | 175,593,559 |
| Treasury Shares | 19,339,830 |

### Allocation of management fees and finance costs

| | |
|---|---|
| Capital | 60% |
| Revenue | 40% |

Receive the factsheet by email as soon as it is available by registering at www.invtrusts.co.uk/ITemail www.asian-income.co.uk

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## Fund managers' report – continued

Meanwhile, US-China geopolitical tensions will continue to drive Beijing's push for self-sufficiency, which in turn presents investment opportunities, whether in the domestic consumption sector, tech, or green energy. We continue to position our portfolio around structural growth themes such as these that will weather the near-term uncertainties.

Lastly, despite coronavirus-related disruptions, corporate earnings growth across Asia remains likely to rebound this year, led in particular by the robust tech hardware sector. Vaccination rates are now accelerating across the region and should gradually lead to easing restrictions and further economic reopening. This would help mitigate inflationary pressures tied to near-term supply chain bottlenecks. As stock-pickers, we remain focused on companies with pricing power and the ability to pass through cost pressures. As stock-pickers, we remain focused on companies with pricing power and the ability to pass through cost pressures. We also maintain our preference for companies with robust balance sheets and healthy cash levels to underpin dividend payouts.

### Borrowing policy

Up to 25% of net assets (measured at the time any borrowings are drawn down).

### Trading details

| | |
|---|---|
| Reuters/Epic/ Bloomberg code | AAIF |
| ISIN code | GB00B0P6J834 |
| Sedol code | B0P6J83 |
| Stockbrokers | Stifel Nicolaus Europe Limited |
| Market makers | SETSmm |

**The risks outlined overleaf relating to gearing, emerging markets, exchange rate movements and warrants are particularly relevant to this investment company but should be read in conjunction with all warnings and comments given.**
**Important information overleaf**

Receive the factsheet by email as soon as it is available by registering at www.invtrusts.co.uk/ITemail www.asian-income.co.uk

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## Important information

**Risk factors you should consider prior to investing:**

- The value of investments and the income from them can fall and investors may get back less than the amount invested.
- Past performance is not a guide to future results.
- Investment in the Company may not be appropriate for investors who plan to withdraw their money within 5 years.
- The Company may borrow to finance further investment (gearing). The use of gearing is likely to lead to volatility in the Net Asset Value (NAV) meaning that any movement in the value of the company's assets will result in a magnified movement in the NAV.
- The Company may accumulate investment positions which represent more than normal trading volumes which may make it difficult to realise investments and may lead to volatility in the market price of the Company's shares.
- The Company may charge expenses to capital which may erode the capital value of the investment.
- Movements in exchange rates will impact on both the level of income received and the capital value of your investment.
- There is no guarantee that the market price of the Company's shares will fully reflect their underlying Net Asset Value.
- As with all stock exchange investments the value of the Company's shares purchased will immediately fall by the difference between the buying and selling prices, the bid-offer spread. If trading volumes fall, the bid-offer spread can widen.
- The Company invests in emerging markets which tend to be more volatile than mature markets and the value of your investment could move sharply up or down.
- Yields are estimated figures and may fluctuate, there are no guarantees that future dividends will match or exceed historic dividends and certain investors may be subject to further tax on dividends.
- Derivatives may be used, subject to restrictions set out for the Company, in order to manage risk and generate income. The market in derivatives can be volatile and there is a higher than average risk of loss.

**Other important information:**

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