



abrdn Asia Focus plc

A fundamental, high conviction portfolio of well-researched Asian small caps

Performance Data and Analytics to 31 May 2024

Investment objective

The Company aims to maximise total return to shareholders over the long term from a portfolio made up predominantly of quoted smaller companies in the economies of Asia excluding Japan.

The full investment policy is available for download on the Company's website.

Comparative benchmark

With effect from 1 August 2021 the MSCI AC Asia ex Japan Small Cap Index (currency adjusted) has been adopted as the comparative index and performance is also measured against the peer group. Given the Manager's investment style, it is likely that performance will diverge, possibly quite dramatically in either direction, from the comparative index. The Manager seeks to minimise risk by using in depth research and does not see divergence from an index as risk.

Cumulative performance (%)

	as at 31/05/24	1 month	3 months	6 months	1 year	3 years	5 years	Since BM Change 31/7/21
Share Price	273.0p	(0.5)	6.0	8.3	13.8	18.1	47.4	12.8
Diluted NAV ^a	325.8p	(0.4)	5.8	8.6	15.0	21.9	49.6	14.4
Composite Benchmark		(0.4)	3.8	8.3	18.3	17.8	60.5	14.2

Discrete performance (%)

	31/05/24	31/05/23	31/05/22	31/05/21	31/05/20
Share Price	13.8	(2.7)	6.6	44.4	(13.5)
Diluted NAV ^a	15.0	0.0	6.0	37.6	(10.8)
Composite Benchmark	18.3	(1.8)	1.4	45.2	(6.1)

Total return; NAV cum income, with 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: abrdn Investments Limited and Morningstar.

Past performance is not a guide to future results.

^a Including current year revenue.

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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 equity holdings (%)

Aegis Logistics	India	4.7
FPT Corp	Vietnam	4.1
Park Systems	Korea	3.6
AKR Corp	Indonesia	3.3
Prestige Estates Projects	India	3.3
Taiwan Union Technology	Taiwan	3.0
Bank OCBC	Indonesia	3.0
John Keells	Sri Lanka	2.9
Leeno industrial	Korea	2.8
MP Evans Grp	United Kingdom	2.6
Total		33.3

Country allocation (%)

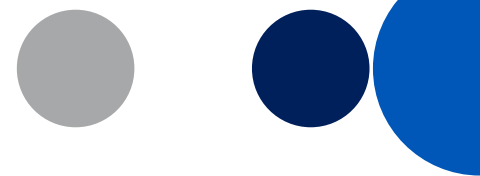
	Trust	MSCI AC Asia ex Japan Small Cap Index	Month's market change
India	24.5	31.0	(1.9)
Taiwan	13.9	26.3	(0.3)
China	10.8	9.9	1.6
Indonesia	9.6	1.8	(5.1)
Korea	8.8	15.4	0.1
Vietnam	7.5	-	-
Hong Kong	4.2	3.8	2.3
Thailand	4.1	3.4	(1.7)
Malaysia	4.0	3.0	5.7
Philippines	3.4	0.8	(0.3)
Sri Lanka	2.9	-	-
United Kingdom	2.6	-	-
New Zealand	1.3	-	-
Singapore	0.6	4.6	1.3
Cash	2.0	-	-
Total	100.0	100.0	

MSCI AC Asia ex Japan Small Cap. 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: abrdn Investments Limited and MSCI.

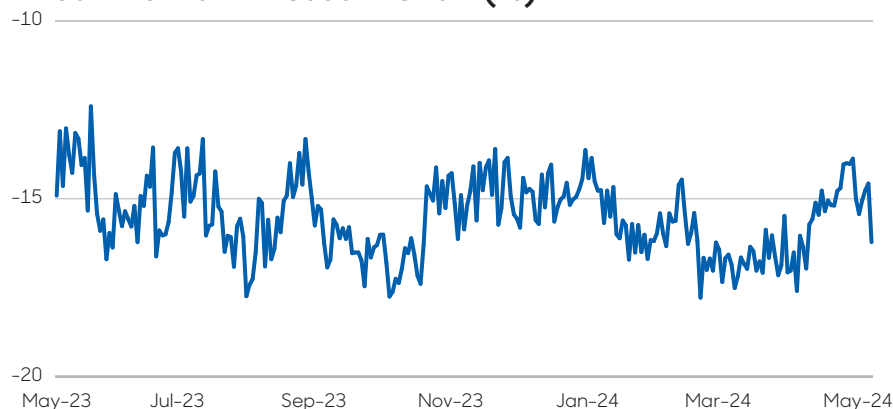
All sources (unless indicated): abrdn: 31 May 2024.

abrdn.com/trusts





1 Year Premium/Discount Chart (%)



Fund managers' report

Market review

Small-cap markets in Asia were largely flat in May, slightly underperforming their large-cap peers. The benchmark MSCI AC Asia Ex Japan Small Cap Index returned -0.35% in sterling terms, while the Trust marginally underperformed the benchmark by 5 basis points (bps) on a NAV basis. On a relative basis, stock selection in China, Singapore and Taiwan detracted the most. On the other hand, relative contributors were strong stock selection in South Korea and India, along with non-benchmark holdings in Vietnam.

In terms of market review, small caps in China and Hong Kong were among the top gainers in the region following China's fresh policy measures to shore up the property sector and economy. Continued momentum in artificial intelligence (AI) names and optimism around India's elections also supported sentiment, along with easing concerns over the US Federal Reserve's policy trajectory given softer US inflation data in April. Taiwan performed in line with the region as the country's official GDP forecast for 2024 was raised, largely thanks to an increase in the export of products linked to AI in the semiconductor sector. At the time of writing, in India we saw some market volatility after it became apparent that the margin of election victory for the governing BJP party was much narrower than anticipated.

At the stock level, Taiwan Union Technology Corporation was the leading detractor from relative returns. Although the company reported robust earnings, Taiwanese shares were volatile in May. Similarly, Taiwan's Alchip Technologies detracted as its first-quarter gross margin came in below market expectations. However, we remain confident that Alchip is well placed to benefit from the rising demand for its design services which is driven by the long-term structural growth of AI. Another key detractor was Singapore's AEM, which reported flat first-quarter revenues, but its net profit turned positive despite restructuring charges worth S\$2.1 million.

Conversely, the top contributor was South Korea's Park Systems, which was resilient despite the short-term weakness of its quarterly results. Another leading contributor

Fund managers' report continues overleaf

^c Expressed as a percentage of average daily net assets for the year ended 31 July 2023. 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 Ongoing Charges figure can help you compare the annual operating expenses of different Companies.

^d With effect from 1 August 2021, 0.85% per annum for the first £250 million of the Company's market capitalisation, 0.6% per annum for the next £500 million, and 0.5% per annum for market capitalisation of £750 million and above, based on the closing Ordinary share price quoted on the London Stock Exchange multiplied by the number of Ordinary Shares in issue (excluding those held in treasury), valued monthly.

^e Calculated using the Company's publicly announced target dividend yield of 6.4p for the year ending 31 July 2022 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	11.64	14.99
Beta	0.90	0.88
Sharpe Ratio	0.44	0.44
Annualised Tracking Error	3.98	5.08
Annualised Information Ratio	0.52	(0.28)
R-Squared	0.90	0.90

Source: abrdn & Factset.
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.

Key information

Calendar

Year end	31 July
Accounts published	October
Annual General Meeting	December
Dividends paid	March, June, September, December
Launch date	October 1995
Fund managers	Flavia Cheong, Gabriel Sacks, Xin-Yao Ng,
Ongoing charges ^c	0.92%
Annual management fee ^d	0.85% Market Cap (tiered)
Premium/(Discount) with debt at fair value	(16.2)%
Yield ^e	3.2%
Net cash/(gearing) with debt at par ^f	(10.9)%
Active share ^g	97.2%

AIFMD Leverage Limits

Gross Notional	2.5x
Commitment	2x

Fund managers' report – continued

was India's Prestige Estates Projects, as the company continued to benefit from the strength of the property cycle in India. Meanwhile, HD Hyundai Marine Solution conducted a highly successful initial public offering (IPO) in May, the largest in South Korea since January 2022. The IPO was priced at the top of the range and met strong demand, resulting in a surge in the stock price. Elsewhere, Vietnam's FPT made gains after it reported 25% year-on-year growth in its global IT services revenue, rising profit margins in its telecom segment and higher education revenues in its latest trading report.

In terms of key portfolio activity in May, we initiated a position in Hong Kong's Hang Lung Properties (HLP) on its attractive valuation and a dividend yield approaching 10%. HLP is a quality shopping mall operator in China, with a robust balance sheet and healthy cash-flows. Its malls are best-in-class and house luxury brands that should see a pick-up in growth when consumer sentiment bounces back. In addition, the company is likely to see falling capital expenditure in the next few years which should be incrementally positive for shareholder returns.

Elsewhere, we also bought into JB Chemicals and Pharma, one of the top pharmaceutical companies in India by sales, with a strong Contract Development and Manufacturing Organisation (CDMO) business. The company has an attractive financial profile, an experienced and capable management team, and is pursuing multiple growth opportunities on which it is executing well.

A final addition was Uno Minda. The Indian company supplies auto components to original equipment manufacturers (OEMs) in both the four-wheeler and two-wheeler spaces. It has long-standing relationships with its partners, strong execution skills and a consistent pipeline of new products that are typically developed ahead of time. Uno Minda's efforts in developing a suite of electric vehicle products are also showing strong traction with order wins.

In contrast, we exited our position in AEM Holdings after the resignation of the CEO in view of better opportunities elsewhere. We also exited, Andes Technology Corp, Kerry Logistics Network, Manulife Holdings and UIE to fund other opportunities.

Outlook

We continue to be positive on the outlook for Asian small caps. Rates and inflation have likely peaked in the US setting the scene for rate cuts in Asia, albeit the performance of the companies in the portfolio is not reliant on that development. The outlook is potentially bright due to the broad-based growth across Asia and the fundamental strength of the companies in the portfolio which are typically leaders in the industries or markets in which they operate. Furthermore, the turnaround in the IT and semiconductor cycle, green transition and near-shoring because of geopolitics continue to benefit companies and countries in Asia. China is clearly showing signs of bottoming and recent corporate results have underscored the strength of some business franchises. Ultimately, we continue to have conviction in our holdings and their ability to navigate the various crosswinds buffeting markets.

Over the longer term, we see the most attractive opportunities around some key structural themes in Asia. Rising affluence is spurring growth in premium consumption across several sectors including consumer discretionary and financial services, while urbanisation and an infrastructure boom is set to benefit property developers and mortgage providers. Growing technology adoption and integration means a bright future for domestic software and IT services, while Asia's tech hardware supply chains remain imperative for the rollout of 5G, big data and digital interconnectivity globally. In healthcare, Asia is home to a diverse range of companies leading advancements in biotech and medical device technology. The region is also in the driver's seat when it comes to the green transition with plays on renewable energy, batteries, EVs, and related infrastructure.

The risks outlined overleaf relating to gearing, emerging markets, small companies and exchange rate movements are particularly relevant to this trust but should be read in conjunction with all warnings and comments given.

Important information overleaf

Assets/Debt (£m)

Gross Assets	568.9
Debt (CULS + bank loan)	66.3
Cash & cash equivalents	11.4

Capital structure as at 31 July 2022^H

Ordinary shares	153,801,169
Treasury shares	54,909,590
Convertible Unsecured Loan Stock 2025 (CULS) at nominal value	£36,605,647

Allocation of management fees and finance costs

Capital	75%
Revenue	25%

Trading details

Reuters/Epic/Bloomberg code	AAS
ISIN Code	GB00BMF19B58
Sedol code	BMF19B5
Stockbrokers	Panmure Gordon
Market makers	SETSm



Factsheet

Receive the factsheet by email as soon as it is available by registering at www.abrdn.com/trustupdates www.asia-focus.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 go down as well as up 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.
- The Company invests in smaller companies which are likely to carry a higher degree of risk than larger companies.
- 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.
- Specialist funds which invest in small markets or sectors of industry are likely to be more volatile than more diversified trusts.
- 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.

Other important information:

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