

# Aberdeen Emerging Markets Investment Company Limited

## Investment Company

Performance Data and Analytics to 31 May 2019

### Investment objective

To achieve consistent returns for shareholders in excess of the MSCI Emerging Markets Net Total Return Index in sterling terms.

### Benchmark

MSCI Emerging Markets Net Total Return Index in sterling terms.

### Cumulative performance (%)

|                       | as at 31/05/19 | 1 month | 3 months | 6 months | 1 year | 3 years | 5 years |
|-----------------------|----------------|---------|----------|----------|--------|---------|---------|
| Share Price           | 562.0p         | (3.0)   | 3.1      | 9.7      | (3.3)  | 51.0    | 41.4    |
| NAV <sup>A</sup>      | 643.1p         | (3.4)   | 2.0      | 5.5      | (4.2)  | 45.6    | 43.6    |
| MSCI Emerging Markets |                | (4.1)   | 0.8      | 2.6      | (3.6)  | 53.2    | 45.4    |

### Discrete performance (%)

| Year ending           | 31/05/19 | 31/05/18 | 31/05/17 | 31/05/16 | 31/05/15 |
|-----------------------|----------|----------|----------|----------|----------|
| Share Price           | (3.3)    | 9.5      | 42.6     | (14.5)   | 9.6      |
| NAV <sup>A</sup>      | (4.2)    | 8.1      | 40.7     | (9.9)    | 9.4      |
| MSCI Emerging Markets | (3.6)    | 10.6     | 43.6     | (13.6)   | 9.9      |

Total return; NAV to NAV, gross income reinvested, GBP. Share price total return is on a mid-to-mid basis.

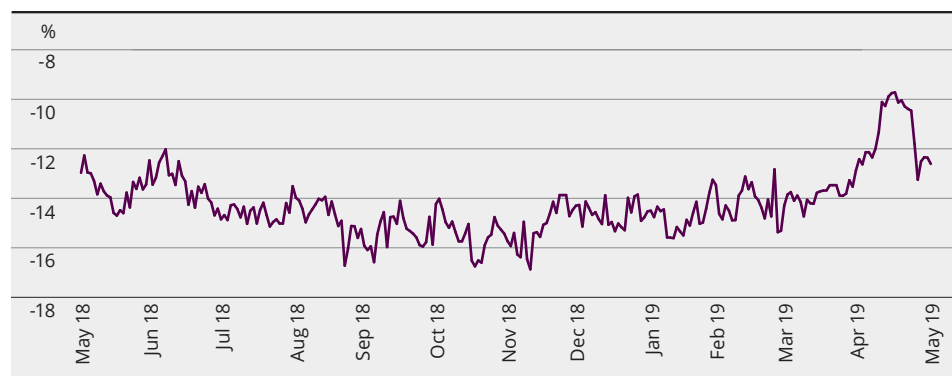
Dividend calculations are to reinvest as at the ex-dividend date. NAV returns based on NAVs with debt valued at fair value.

<sup>A</sup> NAV Performance is adjusted for impact of subscription shares.

Source: Aberdeen Asset Managers Limited, Lipper and Morningstar.

Past performance is not a guide to future results.

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



### Morningstar Rating™



<sup>B</sup> 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 (%)

|                                      |             |
|--------------------------------------|-------------|
| Neuberger Berman - China Equity Fund | 9.4         |
| Schroder Taiwan Equity Fund          | 7.6         |
| Schroder AsiaPacific Fund            | 6.9         |
| Brown Advisory Latin American Fund   | 6.7         |
| Weiss Korea Opportunity Fund         | 6.1         |
| Fidelity China Special Situations    | 5.5         |
| Avaron Emerging Europe Fund          | 5.0         |
| DGC QIC Equity Fund                  | 4.5         |
| Genesis Emerging Markets             | 4.2         |
| JP Morgan Emerging IT                | 3.6         |
| <b>Total</b>                         | <b>59.5</b> |

### Asset allocation (%)

|                      | Fund         | Benchmark    |
|----------------------|--------------|--------------|
| <b>Asia</b>          | <b>66.7</b>  | <b>72.1</b>  |
| China                | 29.3         | 31.1         |
| Korea                | 11.1         | 12.1         |
| Taiwan               | 10.4         | 11.0         |
| India                | 6.4          | 9.5          |
| Thailand             | 3.3          | 2.9          |
| Indonesia            | 3.1          | 2.1          |
| Singapore            | 1.4          | -            |
| Philippines          | 0.5          | 1.2          |
| Vietnam              | 0.5          | -            |
| Malaysia             | 0.2          | 2.2          |
| Other                | 0.4          | -            |
| <b>EMEA</b>          | <b>23.6</b>  | <b>15.7</b>  |
| Russia               | 6.9          | 4.0          |
| Romania              | 3.7          | -            |
| Saudi Arabia         | 2.7          | 1.4          |
| Egypt                | 1.2          | 0.1          |
| Poland               | 1.1          | 1.1          |
| South Africa         | 1.0          | 5.9          |
| Turkey               | 0.9          | 0.5          |
| UAE                  | 0.7          | 0.7          |
| Kenya                | 0.6          | -            |
| Czech Rep            | 0.4          | 0.2          |
| Qatar                | 0.3          | 1.0          |
| Hungary              | 0.1          | 0.3          |
| Greece               | 0.0          | 0.3          |
| Other                | 4.0          | -            |
| <b>Latin America</b> | <b>13.9</b>  | <b>12.0</b>  |
| Brazil               | 7.3          | 7.6          |
| Colombia             | 2.0          | 0.4          |
| Mexico               | 1.4          | 2.6          |
| Peru                 | 1.4          | 0.4          |
| Argentina            | 0.9          | 0.3          |
| Chile                | 0.6          | 0.9          |
| Other                | 0.3          | -            |
| Non-specified        | 0.5          | -            |
| Cash in underlying   | 3.4          | -            |
| Portfolio Cash       | -8.2         | -            |
| <b>Total</b>         | <b>100.0</b> | <b>100.0</b> |

All sources (unless indicated):

Aberdeen Asset Managers Limited 31 May 2019.

Private investors 0808 500 0040

Institutional investors

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<sup>A</sup> NAV performance is adjusted for the impact of subscription shares.

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# Aberdeen Emerging Markets Investment Company Limited

## Investment Company

Performance Data and Analytics to 31 May 2019

### Fund managers' report

#### Market review

The strong start to the year for global equity markets reversed in May as tariff and trade war concerns reignited, increasing uncertainty around global growth prospects. Against this backdrop, the MSCI Emerging Markets Index declined by 4.1%.

Asian markets bore the brunt of investors' concerns, most notably in China (-10.3%) as the cessation of trade talks with the US administration, the imposition of additional tariffs and the restrictions placed on a number of Chinese technology firms (notably Huawei) contributed to weak sentiment. South Korea also fell sharply (-6.4%) given that economy's sensitivity to global trade. India bucked the regional trend, rising by 3.4% following the resounding victory of the BJP in the general elections.

In Europe, the Middle East and Africa, Russian equities rose by 6.8%, helped by a sharp rally in the share price of Gazprom, which doubled its dividend. Other markets felt the impact of weaker oil prices more directly, with the UAE and Qatar losing 2.7% and 2.3% respectively. South Africa saw President Ramaphosa re-elected for a second term with a clear mandate to govern for the next five years. Despite this the market declined 4.1% against a backdrop of sharply weaker economic activity.

Latin American markets were mixed, with Brazil up 4.9%, driven by positive political sentiment around social security and tax reforms while Mexico fell by 4.1%, as investors responded to the potential for tariffs to be imposed on all Mexican imports to the US.

At the end of the month Saudi Arabia and Argentina were promoted to the emerging markets index with weightings of 1.4% and 0.3% respectively.

#### Performance commentary

Aberdeen Emerging Markets Investment Company's net asset value total return was -3.4% in May, outperforming the benchmark index by 0.6%. Manager selection and asset allocation contributed equally to relative performance with the Company's investments in China and Korea outperforming their benchmarks, while overweight positioning in Russia and Romania also proved beneficial.

The Company's share price total return was -3.0% during the period as the discount to NAV at which shares trade narrowed from 12.9% to 12.6%.

#### Portfolio activity

We continued to add to India through JP Morgan Indian Investment Trust at discounts close to 12% as the outlook for a favourable outcome in the general election became more likely. The trust benefits from a highly experienced team with a strong investment process and will potentially offer a partial return of capital in the final quarter of 2019. We also purchased additional shares in Aberdeen Asian Income Fund at discounts approaching 8%.

#### Outlook

The reversal in emerging market performance during May was a consequence primarily of renewed global trade tensions. Our initial assessment was that the US-China trade talks would be resolved this year as we believe this to be beneficial to both sides. We maintain our view that a resolution will be reached, yet the uncertainty will continue to weigh on

### Fund managers' report continues overleaf

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

#### Important information overleaf

|                             |    |
|-----------------------------|----|
| Total number of investments | 33 |
|-----------------------------|----|

#### Fund risk statistics

|  | 5 Years |
|--|---------|
| Return (Fund) p.a. as at 31/05/2019      | 7.51    |
| Return (Benchmark) p.a. as at 31/05/2019 | 7.77    |
| Annualised Tracking Error                | 3.66    |
| Alpha                                    | 0.05    |
| Beta                                     | 0.89    |
| Correlation                              | 0.97    |

Source: Aberdeen Asset Management, BPSS & Datastream, Basis: Total Return, Net of Fees, GBP.

#### Key information

##### Calendar

|                              |  |
|------------------------------|--|
| Year end                     | October                                    |
| Accounts published           | January                                    |
| Annual General Meeting       | April                                      |
| Dividend paid                | Quarterly                                  |
| Launch date                  | 21 Jun 1998<br>(redomiciled on 6 Nov 2009) |
| Fund manager                 | Andrew Lister and<br>Bernard Moody         |
| Annual management fee        | 0.8% of NAV                                |
| Ongoing charges <sup>c</sup> | 1.02%                                      |
| Net assets                   | £295.6m                                    |
| Premium/(Discount)           | (12.6)%                                    |
| Yield <sup>d</sup>           | 3.7%                                       |
| Net Gearing <sup>e</sup>     | 8.2%                                       |

#### AIFMD Leverage Limits

|                |       |
|----------------|-------|
| Gross Notional | 1.15x |
| Commitment     | 1.15x |

#### Capital structure

|                 |            |
|-----------------|------------|
| Ordinary shares | 45,965,159 |
| Treasury shares | 8,653,348  |

#### Trading details

|                                 |               |
|---------------------------------|---------------|
| Reuters/Epic/<br>Bloomberg code | AEMC          |
| ISIN code                       | GG00B45L2K95  |
| Sedol code                      | B45L2K9       |
| Stockbroker                     | Shore Capital |

<sup>c</sup> Expressed as a percentage of average daily net assets for the year ended 31 October 2018. 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.

<sup>d</sup> Calculated using the Company's historic net dividends and month end share price.

<sup>e</sup> Net gearing is defined as a percentage, with net debt (total debt less cash/cash equivalents) divided by shareholders' funds.

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[www.aberdeenemergingmarkets.co.uk](http://www.aberdeenemergingmarkets.co.uk)

#### Fund managers' report – continued

sentiment, and there is a chance that resolution will not come until next year. The risk of intensifying US trade protectionism against trading partners remains, with Mexico being the latest victim of US import tariffs. Meanwhile, the softer data out of the US has increased expectations of policy easing by the Federal Reserve. Additionally, the success of Chinese stimulus efforts will also have a critical bearing on the asset class.

Valuations in emerging markets remain attractive on both an absolute and relative basis, while earnings expectations are low, meaning that the risk of significant disappointment on that front is largely absent. All the while, global investors remain significantly under exposed to emerging markets. If a full blown trade war ensues then these factors may count for little but if that is not the outcome then the prospects of the rally resuming appear promising.

#### Important information

Aberdeen Standard Investments is a brand of the investment businesses of Aberdeen Asset Management and Standard Life Investments.

##### 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.
- Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. This may mean your money is at greater risk.
- Investing globally can bring additional returns and diversify risk. However, currency exchange rate fluctuations may have a positive or negative impact on the value of your investment.
- The Sub-fund can use derivatives in order to meet its investment objectives or to protect from price and currency movements. This may result in gains or losses that are greater than the original amount invested.
- This Fund may invest through non-regulated markets which are subject to increased risk relating to ownership and custody of investments.
- This Fund invests into other funds which themselves invest in assets such as bonds, company shares, cash and currencies. The objectives and risk profiles of these underlying funds may not be fully in line with those of this Fund.

##### Other important information:

The Company is a Closed-ended investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended and the Registered Collective Investment Scheme Rules 2008 issued by the Guernsey Financial Services Commission.

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