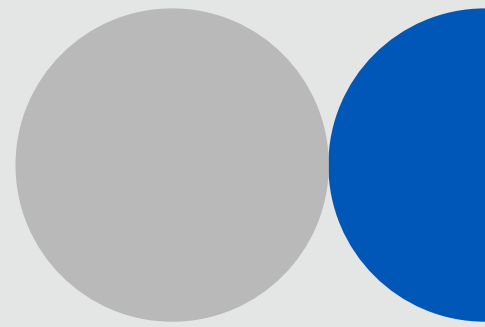




# Asia Dragon Trust plc

## Capturing growth from world-class Asian companies

Performance Data and Analytics to 30 June 2024



### Strategic review

On 21st May 2024, the Board of Asia Dragon Trust plc announced a full strategic review of the future of the Company, including the ongoing investment management arrangements. There is no certainty that any changes will result from the strategic review. The Board will make further announcements in due course.

### Investment objective

The Company aims to achieve long-term capital growth principally through investment in companies in the Asia Pacific region, excluding Japan (the "Investment Region").

### Benchmark

MSCI AC Asia ex Japan Index. This benchmark excludes Japan, Australia, New Zealand and Sri Lanka.

### Cumulative performance (%)

	as at 30/06/24	1 month	3 months	6 months	1 year	3 years	5 years	Since 1/9/21 <sup>A</sup>
Share Price	404.0p	2.3	15.4	14.4	8.2	(19.6)	6.3	(17.1)
NAV <sup>B</sup>	462.7p	6.1	7.4	10.8	8.7	(18.5)	7.1	(14.8)
MSCI AC Asia ex Japan		5.1	7.2	10.8	13.9	(7.6)	21.6	(2.8)

### Discrete performance (%)

	30/06/24	30/06/23	30/06/22	30/06/21	30/06/20
Share Price	8.2	(10.1)	(17.4)	34.0	(1.3)
NAV <sup>B</sup>	8.7	(11.3)	(15.5)	29.7	1.3
MSCI AC Asia ex Japan	13.9	(5.2)	(14.4)	25.3	5.0

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, Lipper and Morningstar. **Past performance is not a guide to future results.**

<sup>A</sup>At the AGM in 2021, shareholders voted in favour of the introduction of a performance-related conditional tender offer, which provides that, in the event that the NAV total return per share fails to equal or exceed the MSCI All Country Asia ex Japan Index (sterling adjusted) over a five year assessment period commencing 1 September 2021, the Board will put forward proposals to shareholders to undertake a tender offer.

<sup>B</sup>Including current year revenue.

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### Morningstar Analyst Rating™



© Morningstar Analyst Rating™  
Morningstar analysts assign the ratings globally on a five-tier scale with three positive ratings of Gold, Silver and Bronze.

### Morningstar Sustainability Rating™



### Morningstar Rating™



© 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 (%)

TSMC	Taiwan	11.8
Tencent	China	7.7
Samsung Electronics Pref.	Korea	7.2
AIA	Hong Kong	3.6
ASML	Netherlands	2.3
ICICI Bank	India	2.1
ASM International	Netherlands	2.0
DBS	Singapore	2.0
SBI Life Insurance	India	1.9
Bank Central Asia	Indonesia	1.8
<b>Total</b>		<b>42.4</b>

**Total number of investments 64**

All sources (unless indicated): abrdn: 30 June 2024.



## 1 Year Premium/Discount Chart (%)



## Fund managers' report

Asian equity markets ended the second quarter strongly in June, outperforming most developed markets in Europe and the US. Sentiment was helped by better-than-expected corporate earnings and the European Central Bank's (ECB) decision to cut interest rates, which raised hopes that other central banks, especially the US Federal Reserve (Fed), will follow suit in the second half of the year. The best-performing markets were India, Taiwan and Korea. India continued its good run despite initial volatility, after a surprising election outcome saw the ruling Bharatiya Janata Party (BJP) fail to secure a single-party majority. However, the market recovered quickly after the BJP, led by Prime Minister (PM) Narendra Modi, formed a coalition government with its key allies. BJP ministers retained most of their key ministries in the new cabinet, with Modi taking the oath as PM for a third term. Meanwhile, markets in Taiwan and Korea remained supported by continued strength in the technology sector, alongside AI-driven optimism.

On the other side, Hong Kong lagged the most, amid weak housing activity and lacklustre domestic retail sales. Mainland Chinese stocks also eased slightly due to mixed economic data releases, a dial-down of expectations around significant policy stimulus to be announced at the Third Plenum in July, and the possibility of further US tariffs and sanctions. Despite that, mainland stocks still recorded a good performance overall across the second quarter.

On the corporate front, there were some interesting developments in June for several of our holdings in China. Drinks group Kweichow Moutai put in place some measures to control short-term supply to the market in order to support wholesale prices, which have been volatile recently. This is a positive signal from Moutai although there may be further volatility in the near term. Gross merchandise value in May for Alibaba looked good, boosted by growth in mobile phone sales, although there were signs that growth in the second quarter may be lower than in the first quarter.

In India, telecoms group Bharti Airtel followed its rival Reliance Jio by raising its tariff rates. The new tariffs will lead to increased spending by subscribers, boosting average revenue per user, and all eyes are now on peer Vodafone Idea to see if they will also raise their prices. Ultratech Cement acquired a 23% stake in India Cements, a smaller group, which will provide Ultratech with better exposure to the market in southern India. This is just seen as an investment for now but could provide a basis for a full takeover bid in the future. Meanwhile,

## Fund managers' report continues overleaf

<sup>c</sup> Represents the individual country returns calculated using the MSCI Index Series (£). Market change is total return in GBP.  
<sup>d</sup> Expressed as a percentage of average daily net assets for the year ended 31 August 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 OCF can help you compare the annual operating expenses of different Companies.

## Country allocation (%)

	Trust	Regional Index	Month's market change <sup>c</sup>
India	21.4	21.9	7.8
China	20.1	28.7	(1.1)
Taiwan	18.4	22.2	12.8
Korea	10.8	13.9	9.7
Hong Kong	7.9	4.5	(5.7)
Netherlands	4.4	-	-
Indonesia	4.3	1.8	3.1
Australia	3.3	-	-
Singapore	3.0	3.4	1.6
Vietnam	2.3	-	-
United Kingdom	1.5	-	-
Thailand	1.0	1.5	(1.3)
Philippines	0.9	0.6	1.7
Malaysia		1.6	0.6
Cash	0.7	-	-
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	

Source: abrdn Investments Limited and MSCI. Figures may not add up to 100 due to rounding.

## Fund risk statistics

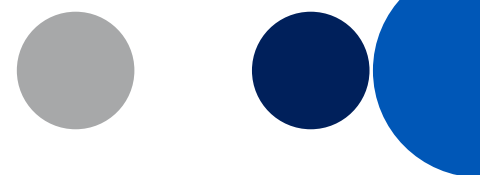
	3 Years	5 Years
Annualised Standard Deviation of Fund	12.85	13.80
Beta	0.80	0.88
Sharpe Ratio	0.12	0.32
Annualised Tracking Error	5.76	5.61
Annualised Information Ratio	0.99	0.32
R-Squared	0.86	0.86

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 August
Accounts published	November
Annual General Meeting	December
Dividend paid	December
Launch date	1987
Fund managers	James Thorn, Pruksha lamthongthong
Ongoing charges <sup>d</sup>	0.91%
Annual management fee	0.75% on net assets up to £350m; 0.5% on net assets above £350m
Premium/(Discount) with debt at fair value	(12.68%)



## Fund managers' report – continued

internet group Info Edge also performed well, while our lack of exposure to Chinese online retail platform PDD proved beneficial as its shares dropped back sharply.

Elsewhere, our holding in insurer AIA was the largest detractor from performance in June although fundamentally the company continues to perform well and recently announced an increase in shareholder returns. However, that was insufficient to offset the negative sentiment that still weighs on the Hong Kong and Chinese markets, and also affected brewer Budweiser APAC and battery producer Contemporary Amperex Technology.

Finally in Singapore, DBS's results were impressive with net interest income and wealth management fee income among the highlights. Asset quality remained good, and the dividend was maintained although there may be room to improve that later in the year. Results from Oversea-Chinese Banking Corporation (OCBC) were boosted by a contribution from insurer Great Eastern, which OCBC has recently proposed to take private by buying the remaining shares it does not already own.

In terms of engagement, we spoke with the management of Power Grid Corp of India to better understand their approach to climate change (including the governance of this approach). The company aims to reach net zero by 2047 but is, to an extent, dependent on the development of alternatives to sulphur hexafluoride (SF6) gas. It is therefore working closely with vendors on this area. The management also explained the ways in which they are managing and mitigating the physical risks from climate change.

We introduced three new positions in June. Indian Hotels is India's largest hospitality company and is well-positioned to capitalise on undersupply in the market. There is also a structural penetration growth story in the branded hotel space supported by favourable geopolitics, political continuity and a fast-growing economy. Also in India, Global Health is among the best quality pure-play hospital operators in the country, with a differentiated business model versus its peers, a competitive edge and capable management, who are focused on medical excellence. It has a net-cash balance sheet and steady cash flow generation. Finally, we added a holding in South Korea's SK Hynix, a pure-play memory semiconductor company. We view it as a beneficiary of the rapid growth of 5G smartphones, structural demand for servers and growing demand for high bandwidth memory for AI processing, such as machine learning and neural network AI.

Against this, we exited Bank Negara Indonesia, Fortis Healthcare, Maxscend Electronics and Shenzhen Inovance in view of better opportunities elsewhere.

### Outlook

While there may be some short-term noise and volatility ahead of the US election in November, the outlook for Asian equities is beginning to look more constructive due to broad-based growth across the region and as a result of the fundamental strength of the companies in our portfolio. These are typically leaders in the industries and markets in which they operate. Furthermore, the turnaround in the IT and semiconductor cycle and near-shoring trends continue to benefit companies and countries in Asia. China is 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.

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

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

<sup>G</sup> The 'Active Share' percentage is a measure used to describe what proportion of the Company's holdings differ from the benchmark index holdings.

<sup>H</sup> Includes current year revenue.

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

### Key information continued

Yield <sup>E</sup>	1.6%
Net cash/(gearing) with debt at par <sup>F</sup>	(9.3%)
Active share <sup>G</sup>	64.9%

### AIFMD Leverage Limits

Gross Notional	2.5x
Commitment	2x

### Assets/Debt (£m)

Gross <sup>H</sup>	802.4
Debt	73.6
Cash & cash equivalents	6.0

### Capital structure

Ordinary shares	157,526,517
Treasury shares	54,980,830

### Allocation of management fees and finance costs

Capital	75%
Revenue	25%

### Trading details

Reuters/Epic/Bloomberg code	DGN
ISIN code	GB0002945029
Sedol code	0294502
Stockbrokers	WINS Investment Trusts
Market makers	SETSm



### Factsheet

Receive the factsheet by email as soon as it is available by registering at [www.abrdn.com/trustupdates](http://www.abrdn.com/trustupdates) [www.asiadragontrust.co.uk](http://www.asiadragontrust.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.
- 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.

### Other important information:

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