

Aberdeen Standard Asian Opportunities Fund

Monthly factsheet - performance data and analytics to 31 March 2019



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 ¹
Aberdeen Standard Asian Opportunities Fund net returns ²	3.28	9.66	4.63	13.16	9.73	10.10
Aberdeen Standard Asian Opportunities Fund gross returns ³	3.38	9.97	5.86	14.50	11.03	11.40
MSCI All Countries Asia Accumulation Index (ex Japan) AUD unhedged	1.88	10.45	2.64	15.23	12.59	9.37
Net returns ² vs index	1.40	-0.79	1.99	-2.07	-2.86	0.73
Gross returns ³ vs index	1.50	-0.48	3.22	-0.73	-1.56	2.03

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 3.38% in March (before fees), outperforming the benchmark by 1.50%.

Against this backdrop, the fund outperformed the benchmark in March. This was due mainly to positive contributions from our holdings in China. Developer China Resources Land rallied on an improving outlook for the property sector, while Huazhu Group was buoyed by robust results despite weak sentiment around tourism. Our exposure to India through the Aberdeen Standard SICAV I Indian Equity Fund was also beneficial as the market rallied ahead of the general elections. Conversely, stock selection in Hong Kong disappointed, mainly due to the exposure to Jardine Strategic. It was hampered by poor results from several of its units, including Dairy Farm's supermarket business, Jardine Motors and Jardine Pacific. Korean chemicals group LG Chem also hindered performance as it fell on concerns over poor January numbers and provisions in its energy-storage systems business. That said, the Chinese government plans to scrap electric vehicle subsidies in 2020, which will hurt smaller and less competitive domestic EV battery makers. This bodes well for foreign battery-makers like LG Chem, which is well-positioned to grab more market share in the mainland.

Market review

Asian equities extended gains in March on renewed hopes of a US-China trade deal and the Federal Reserve's accommodative stance. This was despite continued worries over slowing global growth. Notably, concerns about the US economy caused 10-year Treasury bond yields to fall below those of three-month bonds, a key recession signal.

Top ten holdings (%)

	Fund	Index
Aberdeen Standard SICAV I India Equity fund	14.2	0.0
Aberdeen Standard SICAV I China A share fund	7.9	0.0
Tencent Holdings	6.4	5.6
Samsung Electronics	5.8	4.6
TSMC	5.1	4.2
AIA Group	3.4	2.6
China Resources Land	3.1	0.3
Ping An Insurance	3.1	1.3
PT Bank Central Asia	2.7	0.4
Siam Cement	2.4	0.1
Total	54.1	19.1

Sector breakdown (%)⁴

	Fund	Index
Financials	45.0	23.8
Communication Services	12.7	12.7
Information Technology	12.4	16.6
Real Estate	10.4	6.7
Materials	5.6	4.6
Consumer Discretionary	4.9	13.3
Industrials	4.4	6.7
Health Care	1.9	2.8
Consumer Staples	1.6	4.9
Energy	0.0	4.7
Utilities	0.0	3.2
Cash	1.0	0.0
Total	100	100

4. Exposure to India via Aberdeen Standard SICAV I India Equity fund / China via Aberdeen Standard SICAV I China A share fund. GICS Sector Classification - Diversified Financial. Underlying holdings available upon request.

Figures may not always sum to 100 due to rounding.

Country breakdown (%)⁵

	Fund	Index
China/Hong Kong	43.2	49.4
India	14.2	10.4
Singapore	9.7	3.8
South Korea	9.4	14.7
Taiwan	6.4	12.8
Indonesia	5.3	2.5
Thailand	4.2	2.7
Philippines	3.4	1.2
United Kingdom	1.3	0.0
Malaysia	1.1	2.5
Sri Lanka	0.8	0.0
Pakistan	0.0	0.0
Cash	1.0	0.0
Total	100	100

5. Exposure to India via Aberdeen Standard SICAV I India Equity fund / China via Aberdeen Standard SICAV I China A share fund. Underlying holdings available upon request.

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Outlook

Just as how we felt Asia's late-2018 selloff was overdone, we are as circumspect about the region's recent rebound. Growth is slowing in Asia and across the rest of the world, and companies are turning more cautious about shorter-term growth prospects. On trade, China and the US continue to pursue high-level talks although both remain divided on key issues. With the market already significantly pricing in a positive conclusion, we think caution is advisable and that a resolution will be central to the direction of global growth. Political risks also persist, with the Thai election outcome still unclear and polls in India and Indonesia looming. That said, the dovish stance of major central banks, including the Fed, is easing global financial conditions. While the yield curve inversion and lower growth expectations in the US may dampen equities, lower bond yields will also mean a lower cost of equity, which is positive for Asian companies and stock markets. Benign inflation gives Asian central banks room to lower borrowing costs to support growth. Across the region, policymakers are also shoring up support for their economies, most evident in China.

For such market conditions, we think our bottom-up approach with an emphasis on quality companies is the right strategy. We favour strong franchises, with healthy cash flows and balance sheets that provide buffer against the uncertainty. Many of our holdings still forecast earnings to rise, albeit at a slower clip. More broadly, structural drivers, including rising consumer spending and emerging technological trends, are still intact for the Asian growth story. While valuations have increased following the decent rally year to date, we still see pockets of value.

Key information

ASX mFund Code	AFZ01
APIR Code	EQI0028AU
Benchmark	MSCI All Countries Asia Accumulation Index (ex Japan) AUD unhedged
Date of launch	October 2003
Income payable	30 June
Management costs	1.2311% pa of the net asset value of the Fund comprising: Management Fee 1.1811% pa Indirect costs 0.05% pa
Buy/Sell spread	+0.25%/-0.25%
Fund size	A\$292.82m
Redemption unit price	\$2.2190

Important information

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Contact us

Telephone:
1800 636 888 or +61 2 9950 2853
if calling from outside Australia
Email:
client.service.aust@aberdeenstandard.com
Website:
aberdeenstandard.com.au