Aberdeen New India Investment Trust PLC

AberdeenStandard Investments

Investment Trust

Performance Data and Analytics to 31 July 2019

Investment objective

To achieve long-term capital appreciation by investing in companies which are incorporated in India or which derive significant revenue or profit from India, with dividend yield from the company being of secondary importance.

Benchmark

The Company compares its performance to the MSCI India Index (sterling adjusted). However, 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 may vary significantly from the benchmark.

Cumulative performance (%)

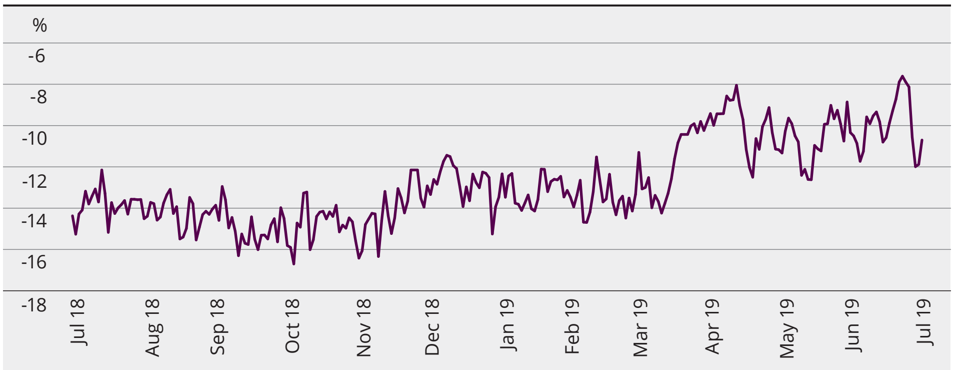
	as at 31/07/19	1 month	3 months	6 months	1 year	3 years	5 years
Share Price	**503.0p**	**(1.0)**	**4.1**	**17.2**	**5.2**	**32.5**	**90.9**
NAV[A]	**563.3p**	**1.1**	**5.2**	**15.1**	**0.9**	**28.1**	**90.5**
MSCI India		(1.5)	0.9	11.8	2.9	31.3	68.2

Discrete performance (%)

Year ending	**31/07/19**	**31/07/18**	**31/07/17**	**31/07/16**	**31/07/15**
Share Price	**5.2**	**1.8**	**23.6**	**13.1**	**27.4**
NAV[A]	**0.9**	**7.3**	**18.3**	**20.2**	**23.7**
MSCI India	2.9	5.8	20.6	14.1	12.3

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 (%)



Morningstar Rating™

★★★★

[B] **Morningstar RatingTM 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.

Fifteen largest equity holdings (%)

Housing Development Finance	10.0
Tata Consultancy Services	8.1
Infosys	6.1
Kotak Mahindra Bank	5.2
Hindustan Unilever	5.1
ITC	4.8
Ultratech Cement	3.9
SBI Life Insurance	3.6
Nestle	3.6
Container Corp of India	3.5
HDFC Bank	3.5
Piramal Enterprises	3.1
Mphasis	2.9
Asian Paints	2.8
Godrej Consumer Products	2.3
Total	**68.5**

Sector allocation (%)

	Trust	Benchmark
Financials	26.1	25.4
Consumer Staples	18.6	10.7
Information Technology	18.0	18.4
Materials	11.7	8.4
Health Care	7.5	4.6
Consumer Discretionary	5.1	7.7
Industrials	5.0	4.3
Real Estate	3.4	–
Energy	1.4	14.6
Utilities	1.4	3.0
Communication Services	0.8	2.9
Cash	1.0	–
Total	**100.0**	**100.0**

Source: Aberdeen Asset Managers Limited and Bloomberg. Figures may not add up to 100 due to rounding.

Total number of investments	42

All sources (unless indicated):
Aberdeen Asset Managers Limited 31 July 2019.

Private investors 0808 500 0040
Institutional investors
Luke Mason +44 (0)20 7463 5971
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[A] Including current year revenue.

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Fund managers' report

Market review

In July, Indian equities fell amid a slew of weak domestic and global cues. The market turned cautious after the announcement of the Indian Budget. While the Budget maintained fiscal prudence, investors were rattled by the various tax proposals. Sentiment was also cautious due to the ongoing liquidity concerns and consumption slowdown. Meanwhile, global growth concerns and trade tensions further undermined investor confidence as major central banks eased their monetary policies.

Overall, we think the Budget will have a mixed impact on our holdings. As expected, the Budget continued on the path of reforms and capital expenditure on infrastructure development. It also offered tax and capital gain incentives to the real-estate sector, particularly in affordable housing. This should boost demand and benefit our housing finance, cement and paint holdings, most of which are market leaders within their sectors. We remain biased towards quality housing-finance lenders HDFC, Bandhan Bank and Gruh Finance, while in cement, we prefer companies with pan-India coverage, such as Grasim and Ambuja Cement. Likewise, paint major Asian Paints has the largest market share and should profit from the boost to affordable housing.

Moreover, in order to ease the liquidity stress within the financial sector, the Budget encouraged public-sector banks to buy assets and lend to non-banking-financial companies (NBFC), by providing a one-time six-month partial credit guarantee. This should be positive for our holding in Piramal Enterprises. We remain comfortable with the stock after it de-risked its loan book and raised enough funds to bolster capital. It is also well-positioned to gain at the expense of its lower-quality peers. Similarly, our private-sector bank holdings, namely, Kotak Mahindra Bank and HDFC Bank, will also benefit by capturing greater market share. We continue to prefer them for their experienced management, solid deposit base and robust balance sheet. First-quarter results of both banks were positive with Kotak Mahindra Bank recording higher net profits, deposits and loan growth. HDFC Bank's net profits and deposits increased. While loan growth slowed, net interest margin was stable with good pricing power.

Meanwhile, the Budget also focused on maintaining the fiscal deficit target and boosting revenue collection. It proposed additional taxes for higher-income groups and share buybacks, and increased excise on fuel and tobacco. While the higher excise on fuel could hurt carmakers, in our view, leading auto manufacturer Maruti is well positioned given its market dominance and attractive price point. Likewise, cigarette maker ITC's solid brand portfolio, along with a good distribution network, should help it gain market share when demand recovers.

First-quarter results across the information technology sector were mixed. Tata Consultancy Services reported in-line results with higher net profits and better margins, with digital revenue and orders still solid. Infosys' margins were weak, but revenues were

Fund managers' report continues overleaf

The risks outlined overleaf relating to gearing, warrants, 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

[C] Expressed as a percentage of average daily net assets for the year ended 31 March 2019. 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] The management fee is 0.9% per annum of total assets less current liabilities up to £350m and 0.75% per annum of total assets less current liabilities above £350m.
[E] Calculated using the Company's historic net dividends and month end share price.
[F] The 'Active Share' percentage is a measure used to describe what proportion of the Company's holdings differ from the benchmark index holdings.

Fund risk statistics

	3 Years	5 Years
Annualised Standard Deviation of Fund	18.35	18.39
Beta	1.00	0.99
Sharpe Ratio	0.64	0.85
Annualised Tracking Error	4.42	4.45
Annualised Information Ratio	0.03	0.88
R-Squared	0.94	0.94

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 March
Accounts published	June
Annual General Meeting	September
Dividend paid	n/a

Launch date

Original trust	February 1994
Name change/ reconstruction	December 2004
Fund manager	Asian Equities Team
Ongoing charges[C]	1.17%
Annual management fee[D]	0.9% (tiered)
Premium/(Discount)	(10.7)%
Yield[E]	0.0%
Gearing	4.6%
Active share[F]	61.8%

AIFMD Leverage Limits

Gross Notional	2.5x
Commitment	2x

Assets/Debt (£m)

Gross Assets	347.7
Debt	15.0
Cash	(0.3)

Capital structure

Ordinary shares	59,070,140

Allocation of management fees and finance costs

Revenue	100%

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www.invtrusts.co.uk/ITemail
www.aberdeen-newindia.co.uk

Fund managers' report – continued

robust. The company also won several large deals driven by momentum from its US clients. It raised its revenue forecast and payout to shareholders. Meanwhile, weak sales growth hampered Cyient. The company remains focused on new-age solution and we expect continued multi-year demand for digital to support the stock. Overall, the outlook remains bright for the sector given India's competitiveness and the stickiness of its client base.

Portfolio review

In July, we initiated a position in Tech Mahindra, a software-engineering consultancy with dominance within the telecommunications sector. The company was a joint venture between carmaker Mahindra & Mahindra and telecommunications group BT. Since then, it has expanded its business internationally, with a significant portion of its sales coming from the US and Europe. We also continued to build on our exposure to Biocon and SBI Life. We funded these by trimming GlaxoSmithKline India and Hero MotoCorp.

Outlook

The Indian stock market sold down in a knee-jerk reaction to the Budget, with sentiment weighed down by the potential impact of proposals to tax share buybacks, raise the surcharge on high-income earners and increase the public float of listed companies.

We see the Budget as having a mixed impact on our equity holdings across different sectors, especially within the consumer-related, financial and IT segments. While the government has maintained an unchanged fiscal deficit target, this has meant increasing revenues from a higher excise tax on fuel, which is negative for auto companies, and the tax on share buybacks, which could affect companies that have been paying out more via buybacks than dividends. The government has also proposed increasing the minimum public shareholding of domestic companies. In the financial sector, addressing the liquidity challenges of non-bank financial companies (NBFCs), attracting foreign portfolio investor's (FPI) investments and tapping into external borrowings are all positive initiatives. Other than the commitment to investing in infrastructure and recapitalising the state-owned banks, we saw little in terms of policies to support or drive growth. As such, our fixed income team expects three rate cuts versus market expectations of two cuts.

That said, India is home to some of the best-quality companies within the region. It offers a diverse mix of well-managed domestic champions and offshoots of multinationals. This is supported by a culture of entrepreneurship and innovation. Additionally, its young population and expanding middle class underpin the country's compelling growth prospects. Moreover, given its large domestic market, it is also less export-dependent than many of its emerging-market peers. We remain invested in companies with pricing power and solid fundamentals that continue to ride on India's long-term consumption trends. The portfolio's preferred holdings also play to the strengths of what the country has to offer in IT services and engineering skills, given that it has the most engineering professionals in the world. This also feeds well into the digitalisation trend seen globally.

Trading details

Reuters/Epic/ Bloomberg code	ANII
ISIN code	GB0006048770
Sedol code	0604877
Stockbrokers	WINS Investment Trusts
Market makers	CFEP, INV, JPMS, NITE, PEEL, STFL, WINS, WEST

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www.aberdeen-newindia.co.uk

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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.
- 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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