

Aberdeen Asian Opportunities Fund



Investment objective

To provide investors with high capital growth over the medium to long-term (minimum between 3 to 5 years) by seeking exposure to the Asian markets (other than the Japanese market).

Investment strategy

The Aberdeen Asian Opportunities Fund invests in a carefully researched, diversified portfolio of Asian securities of around 40-60 stocks.

Utilising Aberdeen's experience and proven investment philosophy and approach that is replicated and consistent across all of our trading desks, we take advantage of any benefits and opportunities we see from a flexible universe.

Performance summary

	1 Month %	3 Months %	1 Year %	3 Years %pa	5 Years %pa	Since Inception [^] %pa
Asian Opportunities Fund Net returns*	5.87	4.16	31.21	2.10	11.19	11.76
Asian Opportunities Fund Gross returns**	5.97	4.46	32.74	3.31	12.50	13.08
MSCI AC Asia Free ex Japan Index returns	6.21	4.60	33.75	0.50	10.71	10.09
Net returns* vs Index	-0.34	-0.44	-2.54	1.60	0.48	1.67
Gross returns** vs Index	-0.24	-0.14	-1.01	2.81	1.79	2.99

* 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.

** 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.

[^]This figure represents the annualised performance of the Fund from the first full month of operation.

Past performance is not a reliable indicator of future results.

Performance Review

During the month, the Fund returned 5.97%, underperforming its benchmark by 0.24% (both before fees). Stock selection detracted from relative performance during December partially offset by a positive contribution from asset allocation.

The negative contribution from our underweight position in Taiwan cost the Fund most, as the market rose on optimism that the electronics sector would post better results. Our holdings in TSMC and Taiwan Mobile detracted from performance. In India, stock selection was negative, as our core bank holdings, HDFC and ICICI Bank, trailed behind the broader market. We also had exposure to the consumer staples and pharmaceutical sectors, which underperformed. This included core holdings such as Hindustan Unilever and GlaxoSmithKline Pharmaceuticals.

Contributing positively were our underweight position in China and our overweight position in Singapore. Stock selection in Singapore was also a positive contributor. While the Chinese market posted a modest increase it was outpaced by the rest of the region as gains were capped by worries over a glut of new issues and their impact on liquidity. In Singapore, both asset allocation and stock selection boosted performance. Our positions in City Developments, Oversea-Chinese Banking Corp and SingTel also proved positive.

During the month, we took partial profits in ABB India. With the proceeds, we added to China Mobile and SingTel.

Asian markets rose in December as economic data continued to improve across most of the region. Among the best performing markets were Taiwan and Korea, with their exports posting the first increase in more than a year. China's recovery continued to gather pace in November on the back of brisk bank lending, while India posted a strong rebound in industrial activity, despite shrinking farm output caused by the poor monsoon. Inflation accelerated in China, India, Sri Lanka and Thailand. Central banks kept interest rates at record lows. In policy news, Beijing stepped up measures to curb real estate speculation and reduce overcapacity in several industries. In India,

Top ten holdings

	Fund %	Index %
Oversea-Chinese Banking Corp	4.92	0.73
Samsung Electronics	4.45	0.00
Standard Chartered	4.38	3.30
Swire Pacific	4.17	0.00
Jardine Strategic Holdings	3.96	0.43
United Overseas Bank	3.65	0.80
Singapore Technologies Engineering	3.59	0.14
Taiwan Semiconductor M'facturing	3.58	0.81
City Development	3.52	2.24
Singapore Telecommunications	3.51	1.26

Country breakdown

	Fund %	Index %
Hong Kong	22.22	10.86
Singapore	22.68	6.88
China	6.26	26.42
Indonesia	1.85	2.77
India	17.95	11.03
Malaysia	4.39	3.92
Philippines	2.42	0.62
Korea	7.50	18.76
Taiwan	5.69	16.77
Thailand	5.86	1.98
Sri Lanka	0.81	0.00
Cash	2.39	0.00

Sector breakdown

	Fund %	Index %
Energy	6.26	8.33
Materials	2.66	8.10
Industrials	10.41	10.06
Consumer Discretionary	-	7.19
Consumer Staples	5.78	4.33
Health Care	0.00	0.53
Financials	52.67	31.62
Information Technology	11.03	19.23
Telecommunication Services	8.80	6.67
Utilities	0.00	3.94
Cash	2.39	0.00

Further information

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Aberdeen Asian Opportunities Fund

polymakers plan to help finance infrastructure spending from the sale of shares in three state-owned power companies.

For the year, Asian equities rallied sharply, following big losses in 2008. Performance varied across markets. The large domestically driven markets of India and Indonesia outperformed, as investors perceived them to be relatively immune to the global recession. Most other regional markets posted returns in the 60-80% range, whereas Sri Lanka posted a total US dollar return of 200% following the end of civil war.

Looking ahead, Asian markets may continue to rise, although it will be harder to make headway, given the strong performances posted in 2009. Recent corporate earnings growth has been driven by one-off factors, such as cost-cutting and inventory restocking, and a more fundamental improvement in profitability will be required if the rally is to be sustained. On the other hand, rising fiscal indebtedness will pressure governments of developed economies in the West to withdraw stimulus support, increasing the risk of policy mistakes. With the inherent imbalances in the global economy still not addressed, the likelihood of a global correction appears to have been carried over from last year. In such an environment, we see our stock-picking approach as especially relevant. Our well-managed holdings are financially sound, and should emerge stronger, whatever the current headwinds.

Key information

APIR Code	EQI0028AU
Benchmark	MSCI AC Asia Free ex Japan (\$A unhedged)
Date of Launch	17 October 2003
Income Payable	30 June
MER	1.1811%
Fund Size	A\$359.689m
Redemption Unit Price	\$1.8040

Important information

This document has been prepared by Aberdeen Asset Management Limited ABN 59 002 123 364 AFSL No. 240263.

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