

# Aberdeen Asian Income Fund Limited

Performance Data and Analytics to 31 December 2011



## Investment objective

To provide investors with a total return primarily through investing in Asian Pacific securities, including those with an above-average yield. The Company does not expect to have significant Japanese exposure.

## Benchmark

The Company's portfolio is constructed without reference to the composition of any stockmarket index or benchmark. It is likely, therefore, that there will be periods when its performance will be quite unlike that of any index or benchmark and there can be no assurance that such divergence will be wholly or even primarily to the Company's advantage. The Company and Manager measures its performance against the MSCI AC Asia Pacific ex Japan Index (in sterling terms).

## Cumulative performance (%)

	as at 31/12/11	1 month	3 months	6 months	1 year	3 years	5 years
Share Price	168.1p	3.8	7.3	(3.9)	2.7	88.1	87.2
Diluted NAV <sup>A</sup>	162.2p	2.7	7.4	(3.2)	2.0	76.0	83.2
Warrant 2013 Price	44.3p	0.6	(1.7)	(8.8)	(3.3)	254.0	52.6
MSCI AC Asia Pacific ex Japan		1.2	4.6	(14.3)	(14.8)	61.0	45.4

## Discrete performance (%)

Year ending:	31/12/11	31/12/10	31/12/09	31/12/08	31/12/07
Share Price	2.7	30.8	40.0	(3.1)	2.7
Diluted NAV <sup>A</sup>	2.0	29.4	33.4	(8.6)	13.9
Warrant 2013 Price	(3.3)	51.2	142.0	(45.1)	(21.6)
MSCI AC Asia Pacific ex Japan	(14.8)	22.1	54.6	(33.0)	34.9

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 par.

Source: Aberdeen Asset Managers Limited, Factset and Morningstar.

<sup>A</sup> Excluding current year revenue.

Past performance is not a guide to future performance. The value of shares may go down as well as up and an investor may not get back the amount invested.

## Fund managers' report

### Market Review

Asian equities posted modest gains in December but ended the year with double-digit losses. Eurozone debt worries and the possibility of further sovereign credit rating downgrades depressed sentiment but losses were mitigated by an injection of liquidity into Europe's banking system and better-than-expected US economic data.

Regional economies showed further signs of slowing, with Indian industrial output contracting for the first time in more than two years. Chinese factory production and exports decelerated, while forward-looking manufacturing indicators pointed to slowdowns in Taiwan and Korea.

Moderating inflationary pressures allowed central banks to hold or ease policy rates. Australia and Thailand cut benchmark rates, while mortgage rates were loosened for first-time homebuyers in Beijing and Shanghai.

In politics, North Korean dictator Kim Jong-Il's death caused uncertainty in regional markets. India had to backpedal after its attempt to open the retail sector faced a backlash, though it did ratify an earlier decision to open up its market to foreign single-brand retailers.

### Portfolio Review

In portfolio activity, we introduced Singapore-headquartered conglomerate Keppel Corporation, which has a growing pipeline of business in its key offshore and marine division; and Westfield, a property trust that manages retail properties in Australia, the UK and the US. Conversely, we sold AIA on the strength of its share price.

In corporate news, DiGi.Com was allotted 20MHz of the 4G services spectrum which will be rolled out by 2013. Siam Cement will raise its stake in Thai Plastic & Chemical from 46% to 69% and acquire TPC's remaining shares following the mandatory tender offer.

### Outlook

Asian stock markets will continue to face more of the same external headwinds in the year ahead. Global growth is likely to slow in 2012. Europe appears headed for a recession under

Fund managers' report continued overleaf ►

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

IMPORTANT INFORMATION OVERLEAF

## Ten largest holdings

	Country	%
Deutsche Bank AG Indonesian Credit Linked Note <sup>B</sup>	Indonesia	5.2
Taiwan Semiconductor	Taiwan	4.9
Guinness Anchor	Malaysia	4.5
Taiwan Mobile	Taiwan	4.2
QBE Insurance	Australia	3.9
British American Tobacco	Malaysia	3.7
Oversea-Chinese Banking Corp.	Singapore	3.5
Swire Pacific	Hong Kong	3.3
Digi.com	Malaysia	3.2
Telstra	Australia	3.1
<b>Total</b>		<b>39.5</b>

**Total number of investments** 42

<sup>B</sup> Credit linked note issued by Deutsche Bank AG and linked to the Indonesian Government Bond 10% 15/07/17 as the underlying asset.

## Country allocation (%)

	Trust	Regional Index	Month's market change
Singapore	20.6	5.0	(1.4)
Australia	20.4	25.8	(0.3)
Malaysia	14.4	3.6	5.3
Thailand	10.2	2.0	3.6
Hong Kong	9.9	8.4	3.2
Taiwan	9.0	11.2	4.2
Indonesia	5.2	3.1	4.6
China	5.0	18.2	3.7
Japan	2.3	0.0	-
New Zealand	1.5	0.4	4.5
Korea	0.0	15.3	(0.5)
India	0.0	6.3	(4.9)
Philippines	0.0	0.8	4.9
Cash	1.5	-	-
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	

Month's market change represents the individual country returns calculated using the MSCI Index series (£) Market change is Total Return in GBP.

Index may not add up to 100 due to rounding.

Source: Aberdeen Asset Managers Limited and MSCI.

## Portfolio characteristics

Three years to 31 December 2011 (£)

	Trust	Regional Index
<b>Annualised statistics</b>		
Rate of return	20.7	17.2
Standard deviation	14.1	21.1
Tracking Error	8.7	-
Information Ratio	0.2	-
<b>Monthly statistics</b>		
Max return	9.9	14.2
Min return	(7.0)	(9.6)
Average return	1.7	1.5
<b>Regression statistics</b>		
Beta	0.6	1.0
Correlation to index	1.0	1.0

Source: Aberdeen Asset Managers Limited and Russell Mellon Analytical Services. Market Proxy: MSCI AC Asia Pacific ex Japan.

Risk-free proxy is Sterling 3 months Interbank Rate.

Private investors 0500 00 00 40  
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All sources (unless indicated):  
Aberdeen Asset Managers Limited 31 December 2011.

## Aberdeen Asian Income Fund Limited

### Fund managers' report - continued

the weight of austerity measures, while the US is still deleveraging, despite the recent improvement in short-term economic data. Asia is unlikely to escape these external problems unscathed. Yet, Asia's long-term prospects remain undiminished. This is because inflationary pressures appear to be ebbing, allowing central banks greater leeway in supporting growth. At the same time, governments in the region are in much better fiscal shape than those in developed countries, affording them the policy tools necessary to stimulate their flagging economies should the need arise.

### Important information

#### Risk factors you should consider prior to investing:

- Investment in the Company should be regarded as medium to long-term in nature and may not be suitable as a short-term investment.
- In common with most investment companies, investment trusts 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 a relatively small movement, down or up, in the value of a trust's assets will result in a magnified movement, in the same direction, of that NAV. There is no guarantee the company will realise its investment objective. The exercise of Warrants will result in a dilution of Shareholders' interests if the net asset value of the Ordinary Shares exceeds the exercise price payable on the exercise of a Warrant at the relevant time.
- The Company may invest in securities that are not readily tradable or may accumulate investment positions that represent a significant multiple of the normal trading volumes of an investment, which may make it difficult for the Company to sell its investments and may lead to volatility in the market price of the Ordinary Shares.
- Any debt securities that may be held by the Company will be affected by general changes in interest rates that will in turn result in increases and decreases in the market value of those instruments. When interest rates decline, the value of the Company's investments in fixed rate debt obligations can be expected to rise and, when interest rates rise, the value of those investments may decline. Adverse changes in the financial position of an issuer of debt securities or general economic conditions may impair the ability of the issuer to meet interest payments and repayments of principal. Accordingly, any debt securities that may be held by the Company will also be subject to the inherent credit or default risks associated with debt securities and there can be no assurance as to the levels of default and/or recovery that may be experienced with regard to such investments.
- Movements in exchange rates can impact on both the level of income received and the capital value of your investment. If the currency of your country of residence strengthens against the currency in which the underlying investments of the Company are made, the value of your investment will reduce and vice versa.
- 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. In some circumstances the underlying investments may become illiquid which may constrain the Investment Manager's ability to realise some or all of the portfolio. The registration and settlement arrangements in emerging markets may be less developed than in more mature markets so the operational risks of investing are higher. Political risks and adverse economic circumstances are more likely to arise putting the value of your investment at risk.
- The Company invests in small companies, and / or companies investing in technology or venture and development capital stocks where the potential volatility may increase the risk to the value of your investment. Above average price movements may be expected.
- The value of shares and the income from them can go down as well as up and you may get back less than the amount invested.
- Past performance is not a guide to the future.
- There is no guarantee that the market price of shares in the Company will fully reflect their underlying Net Asset Value. As with all stock exchange investments on purchase, the value of investment trust shares will immediately fall by the difference between the buying and selling prices, the bid-offer spread.
- As with all stock exchange investments the value of investment trust shares purchased will immediately fall by the difference between the buying and selling prices, the bid-offer spread.

#### Other important information:

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### Key information

Calendar	
Year end	31 December
Accounts published	April
AGM	May
Warrants exercisable	2011 - 2013
Exercise price	120p
Dividend paid	February, May, August, November
Launch date	December 2005
Fund manager	Asian Equities Team
Total expense ratio <sup>c</sup>	1.4%
<sup>c</sup> Year ended 31 December 2010.	
Annual management fee	1.0%
Premium/(Discount)	3.7%
Yield	4.0%
Gearing <sup>d</sup>	4.7%
Assets/Debt	
£m	
Gross assets	243.1
Debt	11.0
Prior charges	nil
<sup>d</sup> Gearing is expressed as a percentage of gross assets, which includes current year revenue, divided by shareholders' funds.	
Capital structure	
Ordinary shares	136,928,071
Warrants 2013	6,160,930
Allocation of management fees and finance costs	
Capital	60%
Revenue	40%
Borrowing policy	
Up to 25% of net assets (measured at the time any borrowings are drawn down). The Company will not have any fixed, long-term borrowings.	
Trading details	
Bloomberg/Epic/Reuters code	AAIF
Stockbroker	Canaccord Genuity
Market makers	SETSmm

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