# abrdn Asian Income Fund Limited

## Targeting the income and growth potential of Asia's most compelling and sustainable companies

Performance Data and Analytics to 31 October 2023

## Investment objective

To provide investors with a total return primarily through investing in Asia Pacific securities, including those with an above average yield. Within its overall investment objective, the Company aims to grow its dividends over time.

## Benchmark

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 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 Manager utilises two general regional indices, the MSCI AC Asia Pacific ex Japan Index (currency adjusted) and the MSCI AC Asia Pacific ex Japan High Dividend Yield Index (MXAPJ) (currency adjusted) for Board reporting.

## Cumulative performance (%)

| | as at 31/10/23 | 1 month | 3 months | 6 months | 1 year | 3 years | 5 years |
|---|---|---|---|---|---|---|---|
| Share Price | 185.0p | (5.8) | (11.6) | (7.9) | 3.2 | 11.1 | 22.4 |
| NAV[A] | 217.1p | (3.5) | (7.3) | (3.9) | 4.2 | 15.3 | 25.0 |
| MSCI AC Asia Pacific ex Japan | | (3.5) | (7.0) | (3.1) | 6.4 | (4.3) | 21.1 |
| MSCI AC Asia Pacific ex Japan HDY | | (3.0) | (2.6) | 1.4 | 14.2 | 28.4 | 27.6 |

## Discrete performance (%)

| | 31/10/23 | 31/10/22 | 31/10/21 | 31/10/20 | 31/10/19 |
|---|---|---|---|---|---|
| Share Price | 3.2 | (12.1) | 22.5 | (3.7) | 14.4 |
| NAV[A] | 4.2 | (11.0) | 24.3 | (1.5) | 10.1 |
| MSCI AC Asia Pacific ex Japan | 6.4 | (17.8) | 9.5 | 12.2 | 12.8 |
| MSCI AC Asia Pacific ex Japan HDY | 14.2 | (2.6) | 15.4 | (8.8) | 9.1 |

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: abrdn Investments Limited, Lipper and Morningstar.
**Past performance is not a guide to future results.**

[A] Including current year revenue.
[B]  The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. For more detailed information about Morningstar's Analyst Rating, including its methodology, please go to: http://corporate.morningstar.com/us/documents/MethodologyDocuments/AnalystRatingforFundsMethodology.pdf The Morningstar Analyst Rating for Funds is a forward-looking analysis of a fund. Morningstar has identified five key areas crucial to predicting the future success of a fund: People, Parent, Process, Performance, and Price. The pillars are used in determining the Morningstar Analyst Rating for a fund. Morningstar Analyst Ratings are assigned on a five-tier scale running from Gold to Negative. The top three ratings, Gold, Silver, and Bronze, all indicate that our analysts think highly of a fund; the difference between them corresponds to differences in the level of analyst conviction in a fund's ability to outperform its benchmark and peers through time, within the context of the level of risk taken over the long term. Neutral represents funds in which our analysts don't have a strong positive or negative conviction over the long term and Negative represents funds that possess at least one flaw that our analysts believe is likely to significantly hamper future performance over the long term. Long term is defined as a full market cycle or at least five years. Past performance of a security may or may not be sustained in future and is no indication of future performance. For detailed information about the Morningstar Analyst Rating for Funds, please visit http://global.morningstar.com/managerdisclosures.

## Morningstar Sustainability Rating™

## Morningstar Rating™

★★★

**[B] 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 holdings (%)

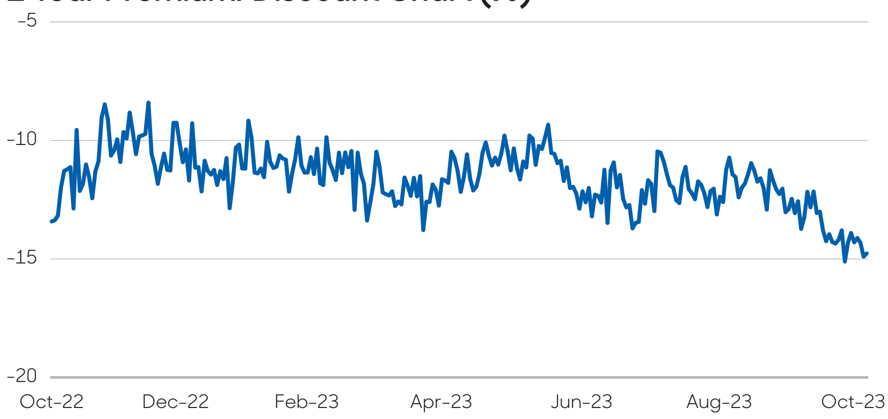
| | | |
|---|---|---|
| TSMC | Taiwan | 7.6 |
| Samsung Electronics | Korea | 5.9 |
| BHP | Australia | 4.1 |
| DBS | Singapore | 3.8 |
| Oversea-Chinese Banking | Singapore | 3.7 |
| Power Grid | India | 3.6 |
| Rio Tinto | Australia | 2.6 |
| United Overseas Bank | Singapore | 2.5 |
| Venture | Singapore | 2.4 |
| Taiwan Mobile | Taiwan | 2.3 |
| **Total** | | **38.5** |

**Total number of investments** **61**

All sources (unless indicated): abrdn: 31 October 2023.

# abrdn Asian Income Fund Limited

## 1 Year Premium/Discount Chart (%)




## Fund managers' report

### Market and portfolio review

Asian markets remained weak in October, in common with global equities, as investors turned more risk averse due to a spike in bond yields, concerns about higher-for-longer interest rates and the most recent conflict in the Middle East. Sentiment on China remained cautious despite better GDP and export data, fresh policy measures including 1 trillion yuan (£112 billion) in planned government bond issuance and improving US-China dialogue with a Biden-Xi meeting now seen as possible in November. Elsewhere, the Indonesian market was among the weakest in the region as trade data fell by more than expected year-on-year, and the central bank unexpectedly raised rates by 25 basis points. Downbeat updates from Tesla, GM and Ford weighed on the Korean market because of concerns over slowing demand for electric vehicles that will also affect the supply chain. The Indian market fell by less than the wider region, and Taiwan also proved resilient as exports to all its markets rose in September, reinforcing a recovery in technology exports.

In corporate news, many of our holdings reported earnings in October that were in line with our expectations despite the challenging global macroeconomic backdrop. It was good to see resilient performances across a range of different sectors. In the technology sector, both Samsung Electronics and Taiwan Semiconductor Manufacturing Company (TSMC) reported better-than-expected third-quarter results. At TSMC, the company saw some stabilisation in demand which provided some confidence that the semiconductor cycle was near the bottom and 2024 should see more healthy growth generally. Samsung's results also gave a clear signal that earnings were steadily improving.

In Taiwan, the Fair Trade Commission (FTC) approved the merger of Taiwan Mobile and Taiwan Star Telecom Corp (TStar). The FTC imposed three conditions on the new merged entity, including the protection of customer

**Fund managers' report continues overleaf**

[C] Expressed as a percentage of average daily net assets for the year ended 31 December 2022. 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.
[D] With effect from 1 January 2022 the management fee was moved to a tiered basis: 0.8% of the average value of net assets up to £350 million and 0.6% of the average value of net assets in excess of £350 million.
[E] Calculated using the Company's historic net dividends and month end share price.
[F] Net gearing is defined as a percentage, with net debt (total debt less cash/cash equivalents) divided by shareholders' funds.
[G] The 'Active Share' percentage is a measure used to describe what proportion of the Company's holdings differ from the benchmark index holdings.

## Country allocation (%)

| | Trust | Regional Index | Month's market change |
|---|---|---|---|
| Singapore | 20.6 | 3.2 | (4.1) |
| Taiwan | 19.4 | 14.5 | (1.1) |
| Australia | 16.5 | 15.7 | (4.6) |
| China | 8.3 | 28.8 | (3.7) |
| Korea | 8.0 | 11.4 | (6.4) |
| India | 7.1 | 15.3 | (2.4) |
| Hong Kong | 6.3 | 5.1 | (1.5) |
| Thailand | 5.7 | 1.8 | (2.6) |
| New Zealand | 4.1 | 0.4 | (5.3) |
| Indonesia | 1.0 | 1.8 | (7.7) |
| Japan | 1.0 | – | – |
| Malaysia | – | 1.4 | 0.5 |
| Philippines | – | 0.6 | (5.2) |
| Cash | 2.0 | – | – |
| **Total** | **100.0** | **100.0** | |

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: abrdn Investments Limited and MSCI.

## Fund risk statistics

| | 3 Years | 5 Years |
|---|---|---|
| Annualised Standard Deviation of Fund | 13.28 | 13.64 |
| Beta | 0.84 | 0.87 |
| Sharpe Ratio | 0.34 | 0.33 |
| Annualised Tracking Error | 5.75 | 5.67 |
| Annualised Information Ratio | 1.35 | 0.32 |
| R-Squared | 0.85 | 0.85 |

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. In addition, the risk analytics figures lag the performance figures by a month.

## Key information Calendar

| | |
|---|---|
| Year end | 31 December |
| Accounts published | April |
| Annual General Meeting | May |
| Dividend paid | February, May, August, November |
| Launch date | December 2005 |
| Fund manager | Asian Equities Team |
| Ongoing charges[C] | 1.01% |
| Annual management fee[D] | 0.80% (tiered) |
| Premium/(Discount) | (14.8)% |
| Yield[E] | 5.7% |
| Net gearing[F] | 9.0% |
| Active share[G] | 76.2% |

## Fund managers' report - continued

rights, the improvement of service and network quality, and the promotion of fair market competition. The deal will now go to the Taiwan Stock Exchange for approval and the merger is due to be completed by the end of the year.

Third-quarter figures from Singapore's United Overseas Bank showed growth in net interest income and a good recovery in fees. Low to mid-single digit profit growth might still be achievable in 2024 and the dividend yield should hold above 6%. In the same sector, TISCO Financial Group (TISCO) beat expectations with a 5.8% rise in third-quarter net profits and said it will maintain its dividend in 2024, even if net profits fall, by increasing the dividend payout ratio. The half-yearly dividend payment was also expected to continue.

Mining giant BHP reported a stronger-than-expected operating result in the third quarter despite the usual scheduled maintenance in the first quarter across most assets. Copper production, iron ore shipments and nickel production were all better than expected, but coal production was much weaker.

There were no major portfolio changes in October.

As part of our ongoing ESG engagement, we engaged with Rio Tinto to discuss proposed changes to its remuneration policy, which are due to be tabled at the 2024 Annual General Meeting. We had questions about several aspects of the proposals, especially those related to performance measures and vesting thresholds for the long-term incentive plan, as well as the share deferral requirements for the annual bonus. We will continue our engagement in order to seek further clarification on those matters and to reiterate our views.

### Outlook

We still see significant potential for China's economy and market to spring back, given that much of the bad news has been priced in, while a fundamental recovery is gathering pace. The rollout of more supportive policies in a coordinated manner sends a strong signal to the market that the government is intensifying its effort to prop up the economy. The government's decision to raise the budget deficit to around 3.8% of GDP and approve a 1 trillion yuan sovereign bond issue bodes well for the economy and stock market in the months ahead. Outside of China, the rest of Asia is benefiting from global supply chain diversification. India is in the early stages of a cyclical upswing. As AI-related apps and chips start to proliferate, rising demand will boost the region's semiconductor and consumer electronics segments.

Asian valuations remain attractive versus markets like the US, along with expectations of better earnings performance in the fourth quarter and early 2024. There is also dividend support. Dividends of companies in the regional MXAPJ benchmark have been growing steadily, with Asia having the best dividend growth across major markets compared with pre-Covid levels. In addition, Asia's 2024 dividend growth is likely to be healthy. Consensus estimates suggest that MXAPJ dividend growth is set to accelerate from a forecast 0.3% for 2023 to an expected 6.7% for 2024, led by consumer services, insurance, and staples retail.

At the portfolio level, a "higher for longer" rate environment could pressure growth stocks and we have a relatively lighter positioning here. We remain focused on ensuring our conviction is appropriately reflected in our positioning. We are finding the most attractive opportunities around these structural themes: Aspiration, Building Asia, Digital Future, Going Green, Health & Wellness and Tech Enablers. We continue to favour fundamental themes, which we believe will deliver good dividends for shareholders over the long run.

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

### AIFMD Leverage Limits

| | |
|---|---|
| Gross Notional | 2.5x |
| Commitment | 2x |

### Assets/Debt (£m)

| | |
|---|---|
| Equities | 399.8 |
| Fixed Income | 3.5 |
| Gross Assets | 405.5 |
| Debt | 40.8 |
| Cash & cash equivalents | 8.0 |

### Capital structure

| | |
|---|---|
| Ordinary shares | 168,013,353 |
| Treasury Shares | 26,920,036 |

### 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).

### Trading details

| | |
|---|---|
| Reuters/Epic/ Bloomberg code | AAIF |
| ISIN code | GB00B0P6J834 |
| Sedol code | B0P6J83 |
| Stockbrokers | Stifel Nicolaus Europe Limited |
| Market makers | SETSmm |

### Factsheet

Receive the factsheet by email as soon as it is available by registering at www.invtrusts.co.uk/signup www.asian-income.co.uk

### Contact

**Private investors**
0808 500 4000

**Institutional investors**
InvestmentTrustInvestorRelations-UK@abrdn.com

+44 (0)20 7463 5971
+44 (0)131 222 1863

## 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.
- The Company may charge expenses to capital which may erode the capital value of the investment.
- 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.
- Derivatives may be used, subject to restrictions set out for the Company, in order to manage risk and generate income. The market in derivatives can be volatile and there is a higher than average risk of loss.

**Other important information:**

An investment trust should be considered only as part of a balanced portfolio. The information contained in this document should not be considered as an offer, solicitation or investment recommendation to deal in the shares of any securities or financial instruments. It is not intended for distribution or use by any person or entity who is a citizen or resident of or located in any jurisdiction where such distribution, publication or use would be prohibited. Nothing herein constitutes investment, legal, tax or other advice and is not to be relied upon in making an investment or other decision. No recommendation is made, positive or otherwise, regarding individual securities mentioned. This is not an invitation to subscribe for shares and is by way of information only. Subscriptions will only be received and shares issued on the basis of the current Key Information Document (KID). These can be obtained free of charge from abrdn Investments Limited, PO Box 11020, Chelmsford, Essex, CM99 2DB or available on www.invtrusts.co.uk. Any data contained herein which is attributed to a third party ("Third Party Data") is the property of (a) third party supplier(s) (the "Owner") and is licensed for use by abrdn*. Third Party Data may not be copied or distributed. Third Party Data is provided "as is" and is not warranted to be accurate, complete or timely. To the extent permitted by applicable law, none of the Owner, abrdn* or any other third party (including any third party involved in providing and/or compiling Third Party Data) shall have any liability for Third Party Data or for any use made of Third Party Data. Neither the Owner nor any other third party sponsors, endorses or promotes the fund or product to which Third Party Data relates. * abrdn means the relevant member of abrdn group, being abrdn plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

The MSCI information may only be used for your internal use, may not be reproduced or redisseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis, should not be taken as an indication or guarantee of any future performance analysis forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI" Parties) expressly disclaims all warranties (including without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages (www.msci.com).

Issued by abrdn Fund Managers Limited, registered in England and Wales (740118) at 280 Bishopsgate, London, EC2M 4AG.
abrdn Investments Limited, registered in Scotland (No. 108419), 10 Queen's Terrace, Aberdeen AB10 1XL. Both companies are authorised and regulated by the Financial Conduct Authority in the UK.

abrdn Asian Income Fund Limited has a registered office at JTC House, 28 Esplanade, St Helier, Jersey JE4 2QP, JTC Fund Solutions (Jersey) Limited acts as the administrator, and the Collective Investment Fund is regulated by the Jersey Financial Services Commission.