Asia Dragon Trust plc

Capturing growth from world-class Asian companies

Performance Data and Analytics to 31 May 2022

Investment objective

To achieve long term capital growth through investment in Asia. The company's benchmark is the MSCI AC Asia ex Japan Index. Investments are made mainly in stock markets in the region, with the exception of Japan and Australasia, principally in large companies. When appropriate, the trust will utilise gearing to maximise long term returns.

Benchmark

MSCI AC Asia ex Japan Index. This benchmark excludes Japan, Australia, New Zealand and Sri Lanka.

Cumulative performance (%)

	as at 31/05/22	1 month	3 months	6 months	1 year	3 years	5 years
Share Price	436.0p	(1.2)	(8.0)	(12.3)	(16.4)	17.5	31.4
NAV[A]	493.2p	0.8	(4.7)	(11.3)	(14.5)	16.8	30.4
MSCI AC Asia ex Japan		0.1	(1.3)	(6.6)	(11.3)	19.8	28.7

Discrete performance (%)

	31/05/22	31/05/21	31/05/20	31/05/19	31/05/18
Share Price	(16.4)	45.7	(3.5)	3.9	7.7
NAV[A]	(14.5)	40.4	(2.8)	1.7	9.8
MSCI AC Asia ex Japan	(11.3)	32.2	2.3	(5.9)	14.1

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: Aberdeen Asset Managers Limited, Lipper and Morningstar.
Past performance is not a guide to future results.

Morningstar Analyst Rating™

Bronze ™

[B] **Morningstar Analyst Rating™**
Morningstar analysts assign the ratings globally on a five-tier scale with three positive ratings of Gold, Silver and Bronze.

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 equity holdings (%)

TSMC	Taiwan	10.1
Samsung Electronics Pref.	Korea	7.5
AIA	Hong Kong	5.1
Tencent	China	5.0
Housing Development Finance	India	4.1
Bank Central Asia	Indonesia	3.0
Alibaba	China	2.5
DBS Group	Singapore	2.5
Kweichow Moutai	China	2.2
Oversea-Chinese Banking Corp	Singapore	2.2
Total		**44.2**

Total number of investments 66

[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.
[C] Holding includes investment in both 'A' and 'H' shares.

All sources (unless indicated): abrdn: 31 May 2022.

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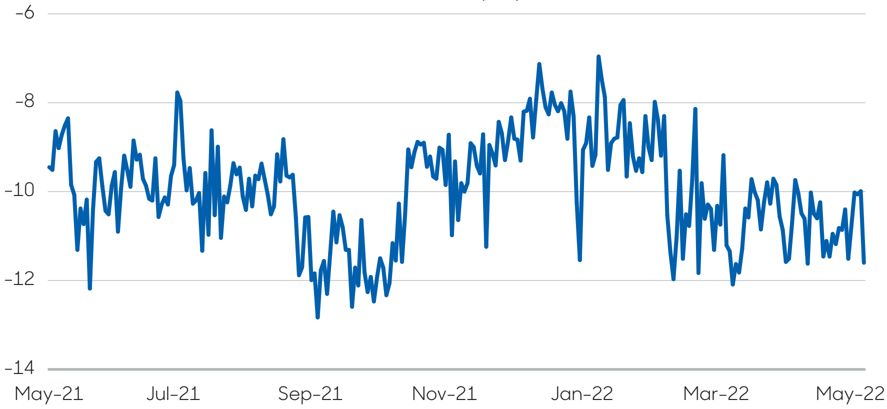
1 Year Premium/Discount Chart (%)



Fund managers' report

Market and portfolio review

After a torrid start to the year, Asian markets received some brief respite in May, with flat monthly returns bolstered by positive gains in the key North Asian markets of China, Hong Kong, Taiwan and South Korea. Although it was a volatile month, a loosening of monetary policy, coupled with a pledge by the Chinese government to bolster economic growth, propped up the mainland market towards the month-end, while Taiwan benefitted from a global recovery in foundry stocks. Elsewhere, the European Union agreed a partial ban on Russian oil imports, which caused a further spike in oil prices. The US Federal Reserve (Fed) raised interest rates by 0.5%, its largest hike since 2000, and signalled similar increases at each of its next two meetings.

In China, the government outlined plans to stabilise the economy, including tax cuts and greater support for small businesses, and unveiled a comprehensive energy roadmap that included the extensive development of domestic wind and solar capacity. The central bank cut a key mortgage interest rate that could help support the struggling property sector. Indian equities retreated after the Reserve Bank of India's surprise off-cycle policy rate increase to contain price pressures. Central banks in South Korea and the Philippines also raised rates. On a more positive note, equities in the Philippines and Thailand performed well. Growth stocks, however, continued to fare badly due to uninspiring earnings releases from large US technology companies.

In earnings news, Korea's Samsung Electronics announced solid first-quarter results. It benefitted from favourable currency moves. The memory business beat forecasts thanks to strong server demand, while the foundry operation posted strong double-digit growth with end-customer diversification and yield improvements. While near-term demand is harder to predict given ongoing supply-chain pressures, rising inflation and the Covid-19 lockdowns in China, Samsung remains well placed to benefit from structural growth trends over the longer term. Another core holding, China's Tencent, posted weaker than expected results, dragged down by cyclical factors such as the weak macro environment and lockdowns in China. While we could still see a few more weak quarters, its long-term investment thesis of a strengthening eco-system and strong monetisation potential across its social media and payment platforms remains intact.

Fund managers' report continues overleaf

[D] Represents the individual country returns calculated using the MSCI Index Series (£). Market change is total return in GBP.
[E] Expressed as a percentage of average daily net assets for the year ended 31 August 2021. 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.

Country allocation (%)

	Trust	Regional Index	Month's market change[D]
China	31.3	35.0	0.8
Taiwan	16.5	18.2	3.2
India	15.7	14.6	(6.1)
Korea	11.1	14.5	1.5
Hong Kong	8.9	7.4	2.4
Singapore	4.7	3.4	(3.2)
Indonesia	4.2	2.1	(3.6)
Philippines	2.3	0.9	1.0
Thailand	2.1	2.2	2.0
Vietnam	1.6	–	–
Malaysia	–	1.7	(2.6)
Cash	1.6	–	–
Total	**100.0**	**100.0**	

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

Fund risk statistics

	3 Years	5 Years
Annualised Standard Deviation of Fund	14.07	13.28
Beta	1.04	1.00
Sharpe Ratio	0.31	0.46
Annualised Tracking Error	4.16	3.98
Annualised Information Ratio	0.15	0.13
R-Squared	0.91	0.91

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 August
Accounts published	November
Annual General Meeting	December
Dividend paid	December
Launch date	1987
Fund managers	Adrian Lim, Pruksa Iamthongthong
Ongoing charges[E]	0.83%
Annual management fee	0.85% on net assets up to £350m; 0.5% on net assets above £350m
Premium/(Discount) with debt at fair value	(11.6)%

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Fund managers' report – continued

Meanwhile, Hon Hai recently released its long-term governance goals for ESG, focusing on sustainability and governance. The 14 goals lay out the milestones for 2025 and beyond, which include raising female board representation, increasing the number of key electronics suppliers using 100% renewable energy, ensuring zero use of conflict materials, and improving the disclosure of corruption and law violations via an employee app. In addition, the group has set up a sustainability committee to promote ESG. We are taking a closer look at its new ESG roadmap and intend to engage with Hon Hai on these goals shortly.

We opened three new positions in the Trust. In addition to Zhongsheng, which is China's leading automotive dealer on account of its scale advantage and unrivalled portfolio of premium car brands, we purchased two Indian stocks. We participated as an anchor investor in the Initial Public Offering of Delhivery, the largest, fastest growing and only fully integrated logistics player in India. Delhivery is disrupting the domestic logistics industry through its uniquely successful network design, technology and automation capabilities, efficient business integration and significant time and data advantage. All this has enabled better asset utilisation and cost efficiencies, which has in turn resulted in the company being the clear price leader within the core express-parcel business. It has used this to pressure competitors and gain market share. Another addition was Infosys, one of India's best software developers, which continues to impress with its sustainable business model, strong management team and solid balance sheet.

Outlook

We expect Asian markets to remain volatile in the shorter term given the prevailing stress points of rising inflation, the war in Ukraine, monetary policy normalisation and Covid-19 resurgences. In China, we are seeing positive signals from policymakers that could bolster market sentiment. The government has restated its support for the economy, with the latest being an increase of 800 billion yuan (US$120 billion) in the credit quota for policy banks to support infrastructure spending. The central bank also delivered a larger-than-expected cut of 0.15% to a key interest rate, which should provide relief for the real estate sector. Beijing and Shanghai have eased Covid-19 restrictions, with the latter unveiling a slew of supportive measures. Elsewhere, the economic recovery in Southeast Asia continues to gain momentum as countries like Singapore and Thailand reopen after the removal of restrictions.

Asian markets now clearly face macroeconomic and geopolitical pressures, but we believe that there has not been a significant deterioration of fundamentals across the region. Some of the companies we hold have warned about the challenges posed by higher input costs and rising interest rates. However, encouragingly, the earnings of many of our holdings have either met or exceeded our expectations in the latest results reporting season. Also, volatility in certain markets has created opportunities for investors like us who are there for the long run, both through identifying new ideas and increasing our weighting to quality long-term holdings.

We remain positioned around structural growth themes, such as domestic consumption, technology and green energy. Indeed, many of our holdings in these areas now look even more attractive to us given the recent sharp rotation away from growth stocks. As always, our focus is on quality companies with strong balance sheets and sustainable earnings prospects that should emerge stronger from tough times.

[F] Calculated using the Company's historic net dividends and month end share price.
[G] Net gearing is defined as a percentage, with net debt (total debt less cash/cash equivalents) divided by shareholders' funds.
[H] The 'Active Share' percentage is a measure used to describe what proportion of the Company's holdings differ from the benchmark index holdings.
[I] Includes current year revenue.

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

Key information continued

Yield[F]	1.5%
Net gearing with debt at par[G]	8.8%
Active share[H]	76.2%

AIFMD Leverage Limits

Gross Notional	2.5x
Commitment	2x

Assets/Debt (£m)

Gross[I]	660.3
Debt	65.0
Cash & cash equivalents	12.7

Capital structure

Ordinary shares	120,708,033
Treasury shares	38,903,644

Allocation of management fees and finance costs

Capital	75%
Revenue	25%

Trading details

Reuters/Epic/ Bloomberg code	DGN
ISIN code	GB0002945029
Sedol code	0294502
Stockbrokers	WINS Investment Trusts
Market makers	SETSmm

Factsheet

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