

# abrdrn Asia Focus plc

## A fundamental, high conviction portfolio of well-researched Asian small caps

Performance Data and Analytics to 31 December 2024

### Morningstar Rating™



<sup>8</sup> 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 (%)

Aegis Logistics	India	4.0
FPT Corp	Vietnam	3.9
Kfin Technologies	India	3.8
Zhejiang Shuanghuan Driveline	China	3.1
John Keells	Sri Lanka	3.1
Taiwan Union Technology	Taiwan	3.0
Chroma Ate	Taiwan	3.0
Precision Tsugami China	China	2.9
Affle India	India	2.8
Vijaya Diagnostic Centre	India	2.7
<b>Total</b>		<b>32.3</b>

### Country allocation (%)

	Trust	MSCI AC Asia ex Japan Small Cap Index	Month's market change
India	30.7	34.2	0.2
Taiwan	13.3	24.1	0.7
China	12.2	11.2	5.4
Korea	8.1	11.6	(3.1)
Vietnam	7.2	-	-
Indonesia	7.1	2.2	(2.8)
Hong Kong	5.5	3.8	1.7
Philippines	4.2	0.8	5.3
Sri Lanka	3.1	-	-
Thailand	2.7	3.5	1.3
Malaysia	2.6	3.4	6.8
United Kingdom	2.1	-	-
Singapore	0.0	5.2	0.2
Cash	1.2	-	-
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	

MSCI AC Asia ex Japan Small Cap. 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: abrdrn Investments Limited and MSCI.

All sources (unless indicated): abrdrn: 31 December 2024.

### Investment objective

The Company aims to maximise total return to shareholders over the long term from a portfolio made up predominantly of quoted smaller companies in the economies of Asia excluding Japan.

The full investment policy is available for download on the Company's website.

### Comparative benchmark

With effect from 1 August 2021 the MSCI AC Asia ex Japan Small Cap Index (currency adjusted) has been adopted as the comparative index and performance is also measured against the peer group. Given the Manager's investment style, it is likely that performance will diverge, possibly quite dramatically in either direction, from the comparative index. The Manager seeks to minimise risk by using in depth research and does not see divergence from an index as risk.

### Cumulative performance (%)

	as at 31/12/24	1 month	3 months	6 months	1 year	3 years	5 years	Since BM Change 31/7/21
Share Price	293.0p	3.5	3.8	5.5	13.1	9.3	54.8	22.9
Diluted NAV <sup>a</sup>	363.3p	3.5	6.1	7.6	19.1	20.7	66.6	29.1
Composite Benchmark		0.8	(0.7)	(0.2)	9.0	13.2	65.4	18.8

### Discrete performance (%)

	31/12/24	31/12/23	31/12/22	31/12/21	31/12/20
Share Price	13.1	6.6	(9.4)	28.1	10.6
Diluted NAV <sup>a</sup>	19.1	11.3	(8.9)	27.4	8.3
Composite Benchmark	9.0	15.2	(9.8)	19.2	22.5

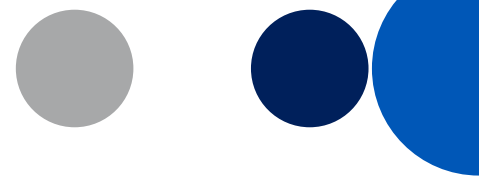
Total return; NAV cum income, with net income reinvested, GBP. Share price total return is on a mid-to-mid basis. Dividend calculations are to reinvest as at the ex-dividend date. NAV returns based on NAVs with debt valued at fair value. Source: abrdrn Investments Limited and Morningstar.

**Past performance is not a guide to future results.**

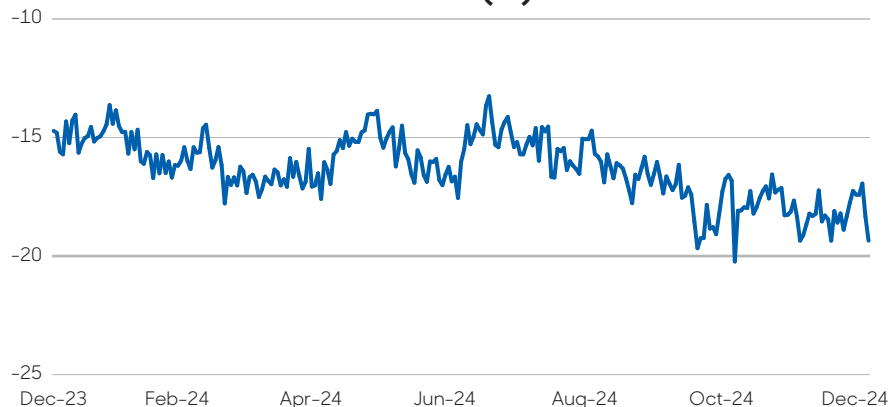
<sup>a</sup> Including current year revenue.

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## 1 Year Premium/Discount Chart (%)



## Fund managers' report

### Market review

Asian smaller companies rose in sterling terms in December, outperforming the majority of other regions which were impacted by cautious investor sentiment in the run-up to US President-elect Donald Trump's inauguration on 20 January and the potential impact of tariff policies. Sentiment was also dampened by the US Federal Reserve's more hawkish stance for 2025 despite delivering a 25bps cut. The Fed indicated that interest rates are likely to be 'higher for longer', driven by renewed inflation concerns. Rate cut expectations were dialled back to two cuts in 2025, down from four as recent as in September.

China equities, however, rebounded on the back of onshore buying and a strong information technology sector, posting also their first annual gain in three years. Elsewhere, Taiwan performed well, buoyed by semiconductor stocks but South Korea lagged significantly amid political turmoil and a weak currency.

At the stock level, Indian smaller companies rose only marginally. The Trust's slightly lower-than-benchmark exposure and better stock selection made India the largest positive contributor to performance for the month. Top contributors included KFin Technologies, Newgen, Affle, JB Chemicals and Prestige. However, after a very strong run, Indian diagnostics chain Vijaya Diagnostic Centre paused for breath selling off more than the wider Indian market.

Smaller companies in Korea fell in December due to political turmoil. Despite this, our holdings contributed thanks to their quality business models and export focus with US dollar-linked revenues. Top stocks included Leeno and Hyundai Marine Solution.

Elsewhere, we benefitted from our off-benchmark position in Vietnam, and in particular from our holding in FPT Corporation.

What didn't go well for us was stock selection in China, where we did not own some software and data centre-related names that performed strongly.

### Fund managers' report continues overleaf

<sup>c</sup> Expressed as a percentage of average daily net assets for the year ended 31 July 2024. 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.

<sup>d</sup> with effect from 1 August 2021, 0.85% per annum for the first £250 million of the Company's market capitalisation, 0.6% per annum for the next £500 million, and 0.5% per annum for market capitalisation of £750 million and above, based on the closing Ordinary share price quoted on the London Stock Exchange multiplied by the number of Ordinary Shares in issue (excluding those held in treasury), valued monthly.

<sup>e</sup> Calculated using the Company's publicly announced target dividend yield of 6.4p for the year ending 31 July 2022 and month end share price.

<sup>f</sup> Net gearing is defined as a percentage, with net debt (total debt less cash/cash equivalents) divided by shareholders' funds.

<sup>g</sup> The 'Active Share' percentage is a measure used to describe what proportion of the Company's holdings differ from the benchmark index holdings.

Total number of investments 59

### Fund risk statistics

	3 Years	5 Years
Annualised Standard Deviation of Fund	11.83	14.99
Beta	0.92	0.88
Sharpe Ratio	0.29	0.55
Annualised Tracking Error	3.65	5.31
Annualised Information Ratio	0.76	(0.00)
R-Squared	0.91	0.89

Source: abrdrn & 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.

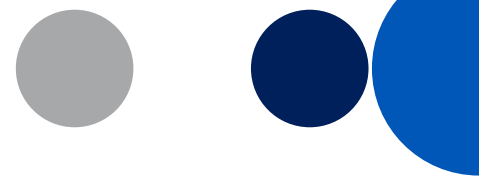
### Key information

#### Calendar

Year end	31 July
Accounts published	October
Annual General Meeting	December
Dividends paid	March, June, September, December
Launch date	October 1995
Fund managers	Flavia Cheong, Gabriel Sacks, Xin-Yao Ng,
Ongoing charges <sup>c</sup>	0.89%
Annual management fee <sup>d</sup>	0.85% Market Cap (tiered)
Premium/(Discount) with debt at fair value	(19.4)%
Yield <sup>e</sup>	2.5%
Net cash/(gearing) with debt at par <sup>f</sup>	(10.8)%
Active share <sup>g</sup>	96.3%

### AIFMD Leverage Limits

Gross Notional	2.5x
Commitment	2x



## Fund managers' report – continued

In terms of key portfolio activity in December, we initiated a position in Kingdee International, which is the leader in enterprise resource planning (ERP) software products for SMEs in China. The company has first mover advantage and is poised to benefit from the rapid adoption of ERP software and cloud solutions, as SMEs become increasingly open to utilising home-grown digital technology.

We also initiated a position in Philippine Seven Corp as a proxy for consumer exposure in the Philippines. The company runs 7-Eleven's dominant convenience store chain network in the Philippines, with scale, strong execution over the years and healthy cash generation. Competition exists but the industry has a good runway for growth given low levels of penetration. The retail format of convenience store chains has also worked well across the country, driven by rising urbanisation and a growing middle class. Its management seems forward-looking and has the benefit of being able to leverage off innovations across the global 7-Eleven network.

Against these, we exited Alchip Technologies and CE Info Systems in view of better opportunities elsewhere.

### Outlook

Sentiment towards Asian equities appears volatile in the short term given the looming inauguration of Donald Trump as US President on 20 January 2025 and what that might mean in terms of tariff risks, especially for China. The implications of Trump 2.0 for the broader region are complex. Trump is likely to drive uncertainty and volatility, which could create opportunities for long-term investors. Higher tariffs and trade barriers are expected, hurting China and prompting aggressive domestic growth efforts. Export markets may face pressure from higher tariffs and limited US rate cuts. Geopolitical tensions remain challenging, with potential shifts in Asia if Trump follows his first-term playbook. This period of change promises to be noisy. However, Asia's diversity means the entire region should not be painted with a broad brush. Economies like India, driven largely by domestic factors, may benefit from supply diversification away from China, which is also benefitting ASEAN. Intra-regional trade remains strong, and Asia lacks the macro imbalances seen in the West, ensuring resilience and growth. Quality companies should remain well-positioned.

From a portfolio perspective, we believe we are well prepared for a Trump presidency due to our quality-focused stock picking approach. We have tightened quality characteristics, adding names with greater near-term earnings visibility and steady cash flow generation, while reducing and exiting names with less visible earnings. We have managed down our exposure to tariff-related risks. For our China exposure, we have focused on each holding's ability to defend and grow market share, expand overseas with limited tariff risks, and deliver shareholder returns through dividends and buybacks. We maintain our conviction in our holdings and their ability to navigate market crosswinds, given their quality and fundamentals.

Finally, Asian earnings have shown resilience, even amid global economic uncertainties. Current valuations are relatively cheap, presenting attractive opportunities for investors. Historically, quality stocks in Asia have outperformed during market recoveries. Under a Trump presidency, this trend could continue, as his policies often focus on economic growth and deregulation, benefitting high-quality companies with strong balance sheets and consistent earnings growth. The inherent strengths of the Asian market, such as robust domestic consumption, technological innovation and a growing middle class, further support the case for investing in the region. In summary, the combination of resilient earnings, attractive valuations and a supportive policy environment suggests that quality stocks in Asia could be poised for continued positive returns, offering stability and growth for investors.

**The risks outlined overleaf relating to gearing, 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**

### Assets/Debt (£m)

Gross Assets	610.1
Debt (CULS + bank loan)	66.3
Cash & cash equivalents	7.6

### Capital structure

Ordinary shares	150,550,155
Treasury shares	58,187,090
Convertible Unsecured Loan Stock 2025 (CULS) at nominal value	£36,558,783

### Allocation of management fees and finance costs

Capital	75%
Revenue	25%

### Trading details

Reuters/Epic/Bloomberg code	AAS
ISIN Code	GB00BMF19B58
Sedol code	BMF19B5
Stockbrokers	Panmure Liberum
Market makers	SETSmm



### Factsheet

Receive the factsheet by email as soon as it is available by registering at [www.abrdn.com/trustupdates](http://www.abrdn.com/trustupdates) [www.abrdn.com/AAS](http://www.abrdn.com/AAS)



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# abrdn Asia Focus plc

## Statement of Operating Expenses

Publication date: 19 December 2024

Recurring Operating Expenses (£000s)	Year ending 30 Jul 2024	% of NAV	Year ending 30 Jul 2023	% of NAV	% Change (YOY)
Management Fee (inc AIFM)	3,076	0.63%	3,012	0.65%	2.1%
Custody fees	364	0.07%	278	0.06%	30.9%
Promotional activities	210	0.04%	219	0.05%	-4.1%
Directors remuneration	173	0.04%	161	0.03%	7.5%
Depository fees	49	0.01%	46	0.01%	0.0%
Auditors' remuneration	52	0.01%	48	0.01%	8.3%
Other administrative expenses	426	0.09%	509	0.11%	-16.3%
Ongoing Operating Expenses (ex indirect fund management expenses)	4,350	0.89%	4,273	0.92%	1.8%
Expenses relating to investments in other collective investments		0.00%		0.00%	
Ongoing Operating Expenses (inc indirect fund management expenses)	4,350	0.89%	4,273	0.92%	1.8%
Average Net Asset Value	488,772		462,127		5.8%
<b>Operating Expense Ratio (ex indirect fund management expenses)</b>	<b>0.89%</b>		<b>0.92%</b>		
<b>Operating Expense Ratio (inc indirect fund management expenses)</b>	<b>0.89%</b>		<b>0.92%</b>		

Transaction costs and other one-off expenses (£000s)	Year ending 30 Jul 2024	% of NAV	Year ending 30 Jul 2023	% of NAV	% Change (YOY)
Transaction costs	703	0.14%	254	0.05%	176.8%
Performance fees		0.00%		0.00%	
Other non-recurring expenses	32	0.01%	67	0.01%	-52.2%
<b>Total</b>	<b>735</b>	<b>0.15%</b>	<b>321</b>	<b>0.07%</b>	<b>129.0%</b>

## Current Service Providers

AIFM	abrdn Fund Managers Limited
Investment Manager	abrdn Asia Limited
Company Secretary	abrdn Holdings Limited
Fund Accounting Services	BNP Paribas Fund Services UK Limited
Auditor	PricewaterhouseCoopers LLP
Depository & Custodian	BNP Paribas S.A. London Branch
Registrar	Equitini Limited
Corporate Broker	Panmure Gordon & Co

## Summary of Current Key Commercial Arrangements

The Company has appointed abrdn Fund Managers Limited ("aFML"), a wholly owned subsidiary of abrdn plc, as its alternative investment fund manager. aFML has been appointed to provide investment management, risk management, administration and company secretarial services and promotional activities to the Company.

The Company's portfolio is managed by abrdn Asia Limited ("abrdn Asia") by way of a group delegation agreement in place between aFML and abrdn Asia. aFML has sub-delegated administrative and secretarial services to abrdn Holdings Limited, promotional activities to abrdn Investments Limited ("aIL") and fund accounting services to BNP Paribas Fund Services UK Limited.

The management agreement may be terminated by either the Company or the Manager on the expiry of three months' written notice. On termination, the Manager would be entitled to receive fees which would otherwise have been due to that date.

Investment management fees are charged 25% to revenue and 75% to capital.

No performance fee.

Fee scale	% of Market Cap
£0-£250m	0.85%
£250m-£750m	0.60%
>£750m	0.50%

Directors fee rates (£)	Year ending 30 Jul 2024	Year ending 30 Jul 2023	% Change (YOY)
Chair	42,000	37,500	12.0%
Chair of Audit & Risk Committee	34,000	32,000	6.3%
Senior Independent Director	30,000	28,500	5.3%
Director	30,000	28,500	5.3%
Number of Directors	7	6	

## Important Information

The Statement of Operating Expenses is designed to help investors understand the impact of operating expenses on financial performance.

Operating expenses are NOT deducted from the value of an investor's shareholding, which is derived from the share price.

The market value (share price) of all publicly traded companies reflects a wide range of factors, including the estimated impact of operating expenses on future financial performance.

The market value of an investment trust may diverge materially, both positively and negatively, from the reported net asset value.

## 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.
- The Company invests in smaller companies which are likely to carry a higher degree of risk than larger companies.
- 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.
- Specialist funds which invest in small markets or sectors of industry are likely to be more volatile than more diversified trusts.
- 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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