

Aberdeen Standard Emerging Opportunities Fund

Monthly factsheet - performance data and analytics to 30 April 2019



Investment objective

To provide investors with high capital growth over the medium to long term (3-5 years) by seeking exposure to emerging stock markets worldwide or companies with significant activities in emerging markets.

Investment strategy

The Fund invests primarily in a concentrated portfolio of around 40-70 emerging market listed securities with the potential for capital growth and increased earning potential.

Our emerging markets equities managers, located in Sao Paulo, London, Singapore, Bangkok, Hong Kong, Jakarta and Kuala Lumpur, seek to identify and invest in good quality emerging markets equities through first hand company visits.

Performance (%)

	1 Month	3 Months	1 Year	Per annum		
				3 Years	5 Years	Since Inception ¹
Aberdeen Standard Emerging Opportunities Fund net returns ²	3.48	9.31	5.02	10.05	7.93	10.31
Aberdeen Standard Emerging Opportunities Fund gross returns ³	3.61	9.70	6.59	11.70	9.55	11.96
MSCI Emerging Markets Index (AUD unhedged)	3.07	6.95	2.22	14.71	10.32	9.19
Net returns ² vs index	0.41	2.36	2.80	-4.66	-2.39	1.12
Gross returns ³ vs index	0.54	2.75	4.37	-3.01	-0.77	2.77

1. This figure represents the annualised performance of the Fund from the first full month of operation.

2. 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.

3. 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.

Please note: Prior to June 2006 the Fund invested directly in the Luxembourg SICAV, the Aberdeen Standard Emerging Markets Fund.

Past performance is not a reliable indicator of future results.

Performance review

The Fund returned 3.61% in April (before fees), outperforming the benchmark by 0.54%.

Against this backdrop, the fund outperformed the benchmark in Australian-dollar terms.

For the second month running, the fund's stock selection in China was the largest contributor. Ping An Insurance was one of the top performers, as the Chinese insurance sector did well on the back of higher bond yields. Autohome also did well, as the broader autos sector rose despite sluggish but improving growth numbers.

In Latin America, stock selection in Brazil and Mexico contributed to the fund's relative outperformance. Mexico was one of the best performing markets during the month, with Banorte among the leaders, benefiting from rising investor optimism, as the AMLO administration pledged fiscal prudence by cutting government expenditure. The bank also announced decent first-quarter results, with net income exceeding expectations. Despite falling economic activity and weaker business and consumer confidence in Brazil, stock selection contributed positively to performance with poultry processor BRF one of the top performers. The company's shares rose as news of the African Swine Fever outbreak in China improved the demand outlook for Brazilian produce.

In EMEA, South African stock selection once again contributed to performance, as MTN benefited from positive newsflow, which included positive first-quarter results from its Ghanaian business. Our

Top ten holdings (%)

	Fund	Index
Aberdeen Standard SICAV I	13.1	0.0
Indian Equity fund		
Aberdeen Standard SICAV I	8.0	0.0
China A share fund		
Tencent Holdings	6.5	5.2
TSMC	5.3	3.8
Samsung Electronics	5.1	3.9
Ping An Insurance	3.9	1.2
Banco Bradesco	3.4	0.8
Alia Group	2.8	0.0
Naspers	2.3	2.1
Vale S.A.	2.2	0.7
Total	52.6	17.7

Sector breakdown (%)

	Fund	Index
Financials	42.6	24.2
Communication Services	12.0	12.5
Information Technology	10.9	14.8
Consumer Discretionary	9.6	13.6
Materials	6.8	7.1
Consumer Staples	5.7	6.4
Real Estate	5.4	3.1
Energy	3.8	7.9
Industrials	1.2	5.2
Health Care	0.6	2.6
Utilities	0.0	2.5
Cash	1.3	0.0
Total	100	100

4. Exposure to India via Aberdeen Standard SICAV I India Equity fund / Aberdeen Standard China via SICAV I China A share fund. GICS Sector Classification - Diversified Financial. Underlying holdings available upon request.

Figures may not always sum to 100 due to rounding.

Country breakdown (%)

	Fund	Index
China/Hong Kong	34.2	33.0
India	13.1	9.1
Brazil	10.9	7.0
South Korea	6.9	12.8
Indonesia	5.4	2.1
Taiwan	5.3	11.6
Mexico	4.9	2.7
South Africa	4.3	6.1
Philippines	3.2	1.1
Russia	2.9	3.8
Thailand	2.6	2.3
Chile	1.7	1.0
Turkey	0.9	0.5
Malaysia	0.9	2.1
Argentina	0.9	0.0
Others	0.6	4.5
Cash	1.3	0.0
Total	100	100

5. Exposure to India via Aberdeen Standard SICAV I India Equity fund / China via Aberdeen Standard SICAV I China A share fund. Underlying holdings available upon request.

The top 15 countries by portfolio weight are shown. The remaining countries are included with 'Others'. Figures may not always sum to 100 due to rounding.

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holdings in both Massmart and Truworths also contributed to performance with the former releasing its thirteen-week sales update, which showed a sustained improvement trend. However, the company remains cautious about the South African economic outlook for the first half of the year. Elsewhere, Lukoil detracted from performance as investors took profits following its year-to-date share-price appreciation.

In April, we initiated Moscow-based Sberbank, a compelling business with the prospect of increased profitability, as it gradually shifts towards retail banking. Its valuations are attractive and positive signs for the business include confirmation that market-friendly CEO, Herman Gref will serve another term and that it renegotiated the sale of Deniz Bank. We topped up Naspers on increased conviction in management's commitment to narrowing the discount, including the recent move to list its offshore internet assets on Euronext Amsterdam. We continued to build our position in recently-initiated Petrobras based on our confidence in its deleveraging process, its higher forecast for cost optimisation and an increase in its return-on-capital-employed. Against this, we pared Bank Central Asia to fund our recent initiation of Bank Rakyat Indonesia. We trimmed our positions in Massmart and Truworths due to continued weakness in South African consumer sentiment. We sliced Taiwan Semiconductor following share price strength and reduced our exposure to Lukoil and Yum China following robust year-to-date share price performance.

In other corporate news, Chinese insurer Ping An's net income rose 77% in the first quarter, boosting its share price, due to better operating profits, better performance and a jump in new business revenue. Meanwhile, Tencent partnered with Nintendo to release the Switch Console in China. In Brazil, Petrobras cancelled a planned diesel price increase, in response to pleas from the federal government. This was viewed negatively from a corporate-governance perspective, since a cornerstone of the company's investment strategy is its to maintain international pricing parity. Meanwhile, BRF's shares rose to the highest level since March 2018, as African Swine Fever in China improved the demand outlook for Brazilian produce, while Bradesco's first-quarter net income beat estimates due to loans growing at their quickest pace since 2014.

Market review

Emerging markets edged higher in April, as global investors remained upbeat amid a benign interest rate policy outlook. Better-than-expected economic data from the US and China, as well as increased hopes that the two sides were closer to putting an end to their trade dispute, also lifted markets. However, sentiment was hampered by the climb in crude prices, as supply concerns intensified from the US decision to end waivers on Iranian oil imports.

China led gains, responding well to the easing policy climate but investors remained concerned about the government's signal that it might cut back stimulus. The Indian market edged higher, with the Reserve Bank of India cutting rates to prop up growth but the rupee came under pressure from a rallying greenback and the rise in oil prices, reigniting inflation concerns. In Brazil, the pension reform bill crossed its first hurdle in Congress, but the market retreated as investors remained worried about the uphill battle ahead.

Outlook

Emerging markets appeared to regain their poise after a bruising 2018, as several risks that plagued investors last year moderated. The temporary trade truce between Washington and Beijing, with a fresh willingness to resolve key issues, should provide some cause for optimism. The Federal Reserve's accommodative policy stance could improve monetary conditions in emerging markets, reviving economic expansion. Meanwhile, the political outlook in Brazil and Mexico may prove encouraging. In addition, China's shift from deleveraging to consumption-led stimulus should cushion global growth. Against this backdrop, corporate earnings should recover, albeit modestly. Following last year's sell-off, the asset class remains attractively-priced relative to both its historical average and developed peers.

That said, a sharper-than-expected global downturn could catch investors off guard, while the US-China tensions could flare up again. Political developments will occupy the spotlight ahead of elections in key markets, such as Indonesia, India and South Africa. Beyond the near-term volatility, we will continue to focus on quality companies with healthy fundamentals and experienced management. That should yield sustainable returns to investors in the longer term.

Key information

ASX mFund Code	AFZ03
APIR Code	ETL0032AU
Benchmark	MSCI Emerging Markets Index (AUD unhedged)
Date of launch	June 2004
Income payable	30 June
Management costs	1.55% pa comprising: Management Fee 1.50% pa of the gross asset value of the Fund Indirect costs 0.05% pa of the net asset value of the Fund
Buy/Sell spread	+0.25%/-0.25%
Fund size	A\$931.19m
Redemption unit price	\$2.5244

Prior to 1 July 2006 the Fund was fully invested into the UK registered Aberdeen Standard Emerging Markets Fund.

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Important information

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Contact us

Telephone:
1800 636 888 or +61 2 9950 2853
if calling from outside Australia
Email:
client.service.aust@aberdeenstandard.com
Website:
aberdeenstandard.com.au