

Aberdeen Asian Smaller Companies Investment Trust PLC



Investment objective

The objective of Aberdeen Asian Smaller Companies Investment Trust PLC is to maximise total return to shareholders over the long term from a portfolio of smaller quoted companies (with a market capitalisation of up to approximately US\$750m at the time of investment) in the economies of Asia and Australasia, outside Japan.

Comparative Benchmark

Until recently there has been no meaningful smaller companies index, so the manager has used a general regional index MSCI AC Asia Pacific ex Japan for board reporting. Since 31 May 2007, MSCI has introduced the MSCI AC Asia Pacific ex Japan Small Cap Index and the board is reviewing the suitability of adopting the Small Cap Index as a benchmark for the Company. A decision on the Small Cap Index will be made shortly. In any event, it is likely performance will diverge, possibly quite dramatically, from either index. Performance is currently shown compared against both indices.

Cumulative performance (%)

	as at 30/09/08	1 month	3 months	6 months	1 year	3 years	5 years
Share Price	237.0p	(12.9)	(15.1)	(20.9)	(23.8)	(6.7)	64.8
Diluted NAV ^A	288.0p	(9.8)	(11.8)	(17.9)	(18.8)	16.6	82.8
Undiluted NAV ^A	315.1p	(10.1)	(12.2)	(18.6)	(21.1)	4.2	64.0
Warrant 2010 Price	133.0p	(20.1)	(25.6)	(30.7)	(39.0)	(20.1)	80.3
MSCI AC Asia Pacific ex Japan		(14.8)	(15.0)	(19.0)	(28.6)	18.5	83.2
MSCI AC Asia Pacific ex Japan Small Cap ^B		(18.1)	(20.3)	(27.6)	(37.2)	9.7	71.4

Discrete performance (%)

Year ending:	30/09/08	30/09/07	30/09/06	30/09/05	30/09/04
Share Price	(23.8)	18.6	3.3	47.3	19.8
Diluted NAV ^A	(18.8)	25.2	14.7	44.2	8.7
Undiluted NAV ^A	(21.1)	22.0	8.4	46.0	7.8
Warrant 2010 Price	(39.0)	24.9	4.8	68.6	33.9
MSCI AC Asia Pacific ex Japan	(28.6)	46.7	13.2	37.4	12.5
MSCI AC Asia Pacific ex Japan Small Cap ^B	(37.2)	51.7	15.1	40.5	11.2

^A Excluding current year revenue.

^B The MSCI AC Asia Pacific ex Japan Small Cap Index was first introduced by MSCI on the 31st of May 2007. However MSCI have subsequently gone back and created index values for this index dating back to the 31st of May 1994.

Total return; NAV to NAV, net income reinvested, GBP.

Source: Aberdeen Asset Managers Limited, Factset and Fundamental Data. 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.

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 equity markets fell sharply in September, following the financial sector upheaval, which has spread from the US to Europe, and US lawmakers' initial rejection of the Treasury's US\$700bn rescue package.

Fund managers' report continues overleaf

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.

Ten largest equity holdings

	Country	%
Bank NISP	Indonesia	4.6
Bukit Sembawang Estates	Singapore	4.1
AEON Credit	Malaysia	3.4
LPI Capital	Malaysia	3.0
AEON Stores	Hong Kong	2.7
ICI India	India	2.7
Siam Makro	Thailand	2.6
WBL	Singapore	2.6
Jollibee Foods	Philippines	2.5
United Plantations	Malaysia	2.5
Total		30.7
Total number of investments		68

Country allocation (%)

	Trust	Regional Index	Month's market change
Hong Kong	19.2	9.3	(15.4)
Malaysia	15.8	2.9	(6.7)
Singapore	13.8	5.2	(13.0)
India	12.8	7.5	(16.5)
Thailand	9.5	1.6	(9.9)
Indonesia	7.9	1.8	(19.0)
Philippines	6.4	0.5	(4.1)
Sri Lanka	3.7	0.0	-
Korea	3.2	14.7	(8.6)
New Zealand	1.5	0.4	(10.8)
Pakistan	1.5	0.2	(0.9)
Other Asia	1.3	0.0	-
Australia	0.0	28.2	(15.4)
China	0.0	16.1	(18.5)
Taiwan	0.0	11.6	(17.0)
Cash	3.4	-	-
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: Aberdeen Asset Managers Limited and MSCI.

Portfolio characteristics

Three years to 30 September 2008 (£)

	Trust	Regional Index
Annualised statistics		
Rate of return	5.3	5.8
Standard deviation	15.0	20.6
Monthly statistics		
Max return	7.0	11.9
Min return	(10.1)	(14.8)
Average return	0.5	0.7
Regression statistics		
Beta	0.6	1.0
Correlation to index	0.8	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.

Further information

Private investors **0500 00 00 40**
 Institutional investors **Kenneth Harper**
44 (0)131 528 4000
 Website **www.asian-smaller.co.uk**

Receive the factsheet of your choice by email as soon as they are available by registering at www.invtrusts.co.uk/ITemail

All sources (unless indicated): Aberdeen Asset Managers Limited 30 September 2008.

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Fund managers' report – continued

Regional economic growth continued to contract further as demand for exports from the West weakened. Taiwan launched an economic stimulus package, while Korea and Indonesia cut taxes.

Retreating commodity prices helped inflation moderate across most of the region, although prices rose in the Philippines and Malaysia. China and Taiwan cut interest rates (the former for the first time in more than six years), whereas Indonesia, the Philippines and Thailand raised rates.

In Thailand, Somchai Wongsawat took over as prime minister after Samak Sundaravej was forced out; Malaysian opposition leader Anwar Ibrahim, having served a five-year ban, was sworn in to parliament after winning a by-election.

Portfolio review

We top-sliced South Korea's Jeonbuk Bank to take profit and topped up cement maker Holcim Indonesia.

In corporate news, Hong Kong's AEON Stores saw interim profits rise sharply, driven by higher operating margins in China. Holcim Indonesia posted strong first-half earnings with revenue growth driven by higher domestic sales and increased sale prices. Meanwhile, Indonesia's Bank NISP confirmed that it has no direct exposure to the failed Lehman Brothers.

Outlook

Looking ahead, markets are likely to remain unsettled as the worsening credit crisis takes its toll on the global financial sector. Global economic growth is expected to slow further, particularly with the massive job losses from the rapid consolidation in the financial sector worldwide. Meanwhile, Asia's dependence on exports makes it susceptible to the slowdown in the West, even though it remains the fastest-growing region for now. On a brighter note, inflation appears to be receding, with the retreat in the prices of oil and other commodities. This should alleviate pressures on corporate margins and wages, and enable policymakers to pursue growth more freely. Although we expect corporate earnings growth to stall, we are optimistic that Asia, with its quality companies, will weather the downturn. In addition, any indiscriminate selling may present opportunities for us to add to our preferred holdings.

Key information

Calendar	
Year end	31 July
Accounts published	October
AGM	November
Warrants exercisable	30 November 2008 - 2010
Exercise price	100p
Dividend paid	November
Launch date	October 1995

Fund manager	Asian Equities Team
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Total expense ratio^c	1.7%
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^c Year ended 31 July 2008.

Annual management fee	1.2%
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Premium/(Discount)^d	(17.7)%
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^d Based on Diluted NAV.

Yield	2.6%
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Yield	1.5%
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(excluding special dividend)

Gearing^e	10.0%
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Assets	£m
Gross assets	110.8
Debt	10.1
Prior charges	nil

^e Gearing is expressed as a percentage of gross assets divided by shareholders' funds.

Capital structure	
Ordinary shares	31,260,408
Warrants	4,495,356
Treasury shares	1,390,736

Allocation of expenses and interest

Capital	0%
Revenue	100%

Trading details

Reuters/Epic/Bloomberg code	AAS
Market makers	SETSmm

Important information

Risk factors you should consider prior to investing:

- 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. 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.
- 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 Trust are made, the value of your investment will reduce and vice versa.
- The Trust 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 Trust 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 Trust will fully reflect their underlying Net Asset Value.
- As with all stock exchange investments, the value of investment trust shares on purchase will immediately fall by the difference between the buying and selling prices, known as the bid-offer spread.

Other Important Information:

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