



# abrdrn Asia Focus plc (AAS)

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

Gabriel Sacks, Investment Director, Aberdeen

July 2025

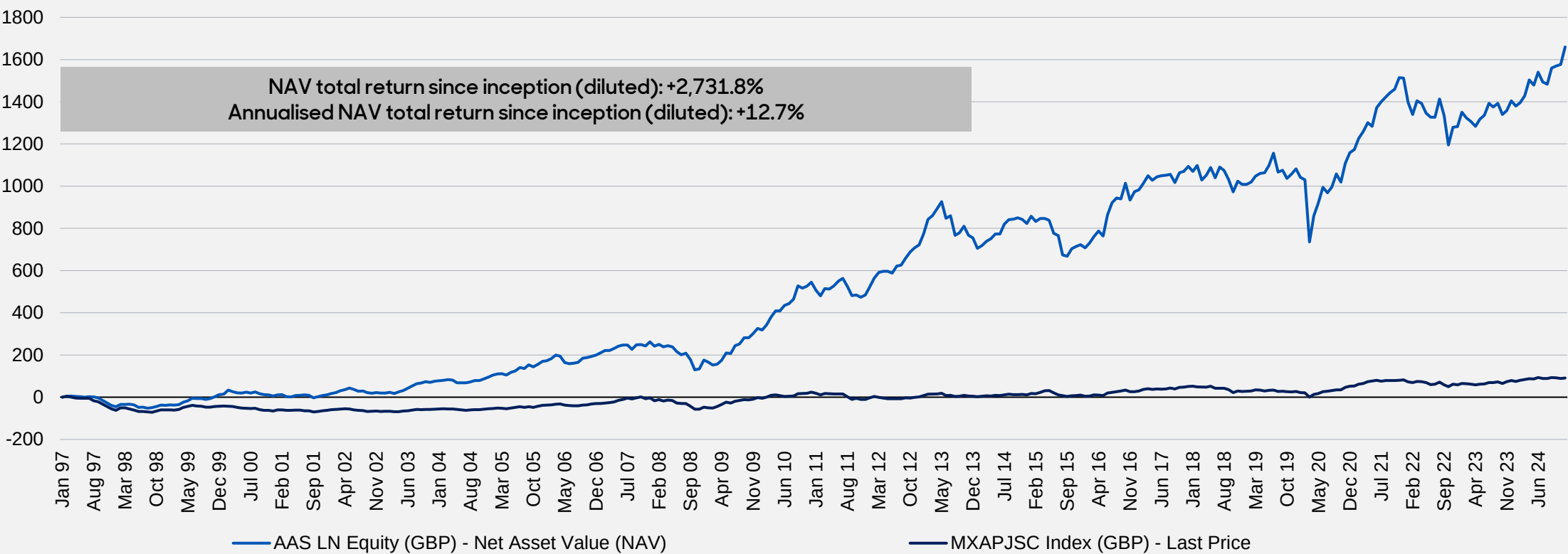
# Strong long-term performance since inception

A virtue of patience and a disciplined investment process

★★★★★  
Morningstar Rating™  
Morningstar rates fund 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.



Normalised returns (%) from January 1997 to December 2024

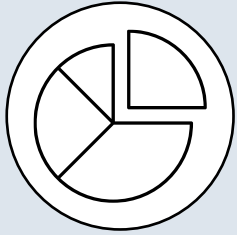


Source: Bloomberg. For illustrative purposes only. No assumptions regarding future performance should be made.  
Note: Fund data only available on Bloomberg from January 1997 onwards. Inception date: 19 October 1995

Past performance does not predict future returns

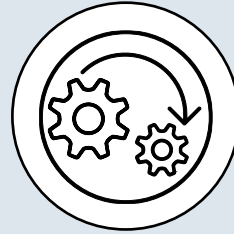
# Why Asia Smaller Companies?

## 3 reasons to back the asset class



### 1. Truly differentiated

- Asia smaller companies offer exposure to different risks from those faced by their large cap peers
- Attractive complement to Asia large cap companies



### 2. Reduction in risk

- Outperformance can be delivered in a lower risk manner
- Asia small caps provide diversification benefits to the large cap universe



### 3. Outperformance potential

- Longer term growth opportunity
- A highly inefficient market, where active management can add significant value

# Truly differentiated and high conviction Asian portfolio

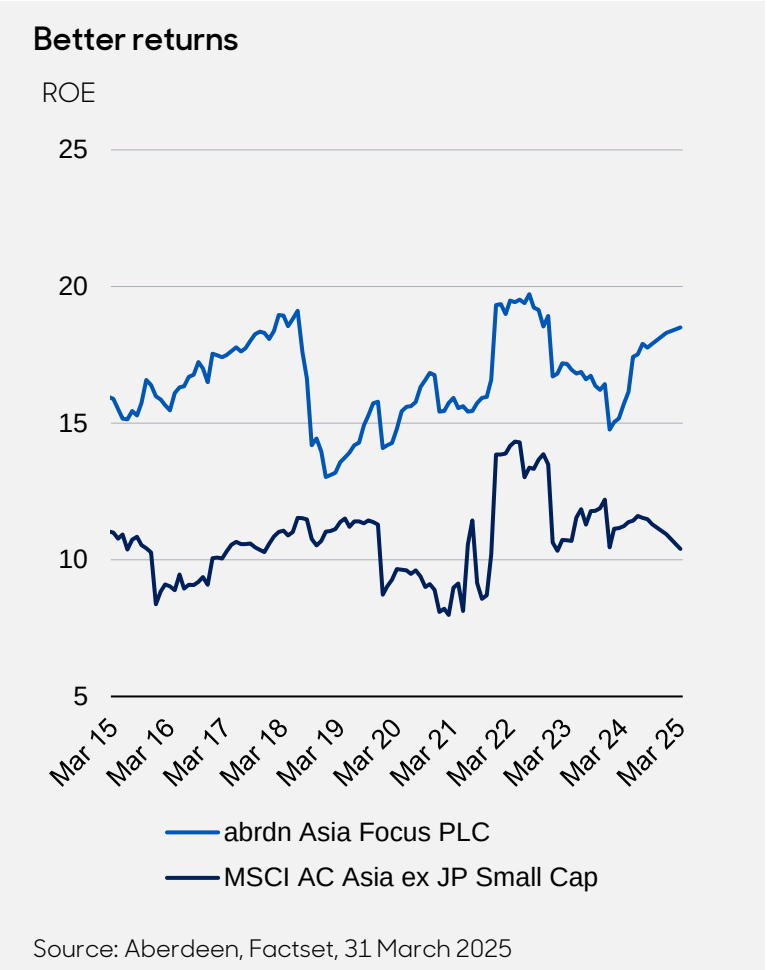
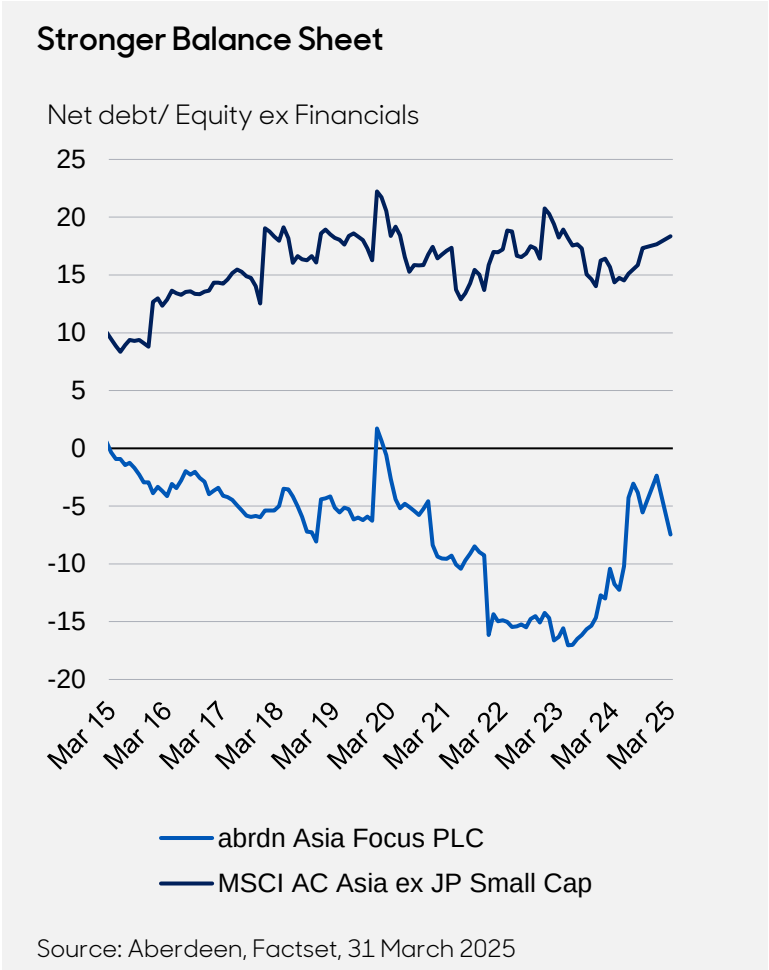
|                                | MSCI Asia ex Japan                                              | MSCI Asia ex Japan Small Cap                          | abrdn Asia Focus plc                                 |
|--------------------------------|-----------------------------------------------------------------|-------------------------------------------------------|------------------------------------------------------|
| Number of companies            | 1,020                                                           | 1,632                                                 | 60                                                   |
| Average market cap             | \$13.3 billion                                                  | \$1.1 billion                                         | \$2.3 billion                                        |
| Exposure : Top 10 stock weight | 30.8%                                                           | 3.6%                                                  | 29.5%                                                |
| Exposure: Top 3 sectors        | c. 63%<br>IT/Financials/Consumer Discretionary<br>(24%/23%/16%) | c. 48%<br>IT/Industrials/Health Care<br>(19%/18%/11%) | c. 47%<br>IT/Industrials/Financials<br>(18%/16%/13%) |
| Exposure: China                | c. 36%                                                          | c. 13%                                                | c. 13%                                               |
| Exposure: India                | c. 21%                                                          | c. 32%                                                | c. 28%                                               |
| Exposure: ASEAN                | c. 9%                                                           | c. 15%                                                | c. 22%                                               |

Source: MSCI, Aberdeen, 31 March 2025. Figures denoted in GBP

Indexes are unmanaged and have been provided for comparison purposes only. No fees or expenses are reflected. Individuals cannot invest directly in an index.

# Focus on quality helps to mitigate downside risks

Delivering stronger fundamentals and higher returns

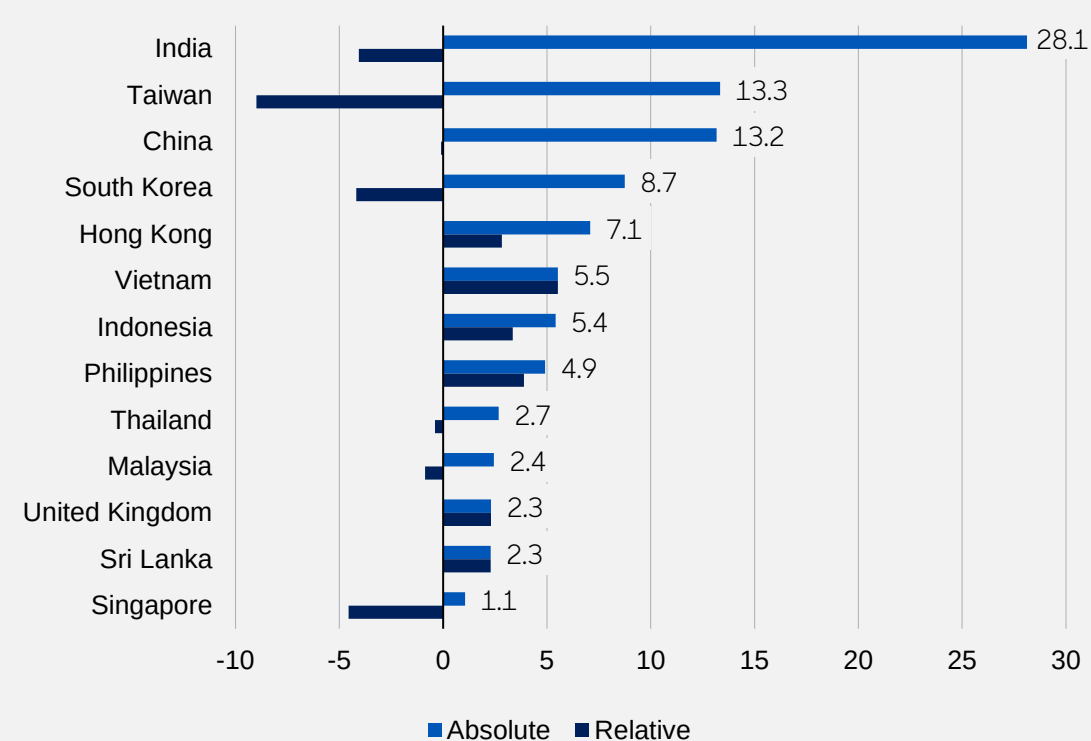


Past performance does not predict future results

# Portfolio allocation by country & sector

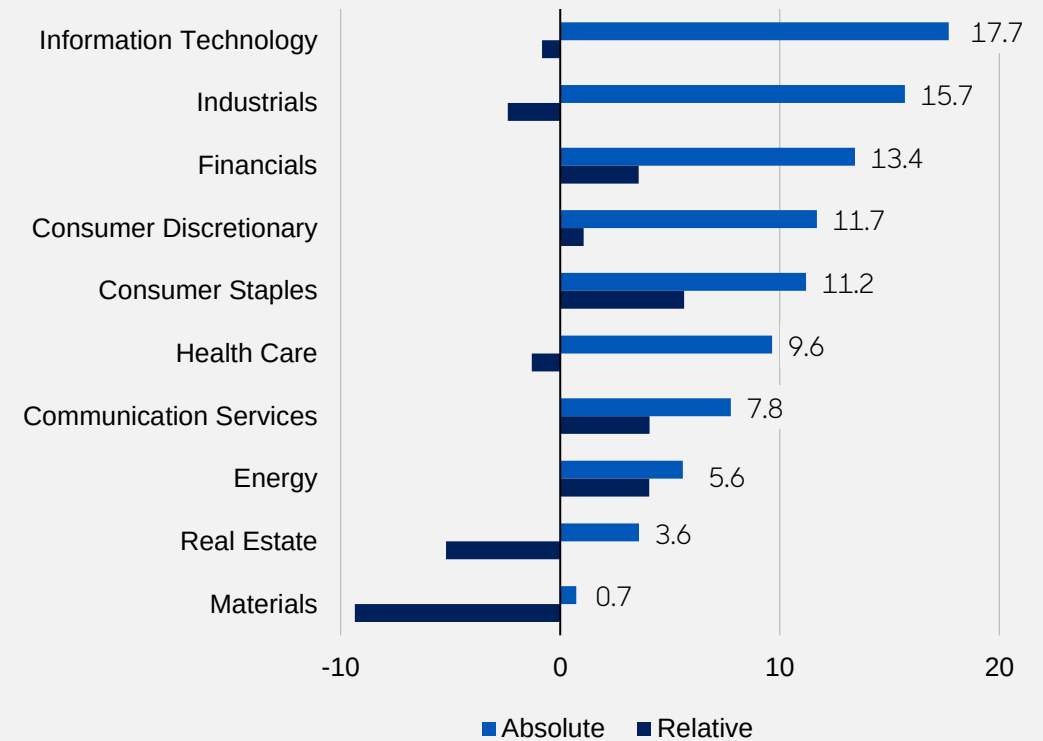
Diversified to capture several growth themes in Asia

Country Allocation (%)



Source: Aberdeen, Factset, 31 March 2025. Benchmark: MSCI AC Asia ex JP Small Cap. Country exposure is subject to change. The countries shown have been used for illustrative purposes only to demonstrate the investment management style, not as an indication of performance and should not be considered as a recommendation to buy or sell.

Sector Allocation



Source: Aberdeen, Factset, 31 March 2025. Benchmark: MSCI AC Asia ex JP Small Cap. Sector exposure is subject to change. The sectors shown have been used for illustrative purposes only to demonstrate the investment management style, not as an indication of performance and should not be considered as a recommendation to buy or sell.

# Top 10 holdings

abrdn Asia Focus plc

## Top 10 Holdings

| Rank         | Holding                        | Country   | Sector                         | Fund (%)    | Benchmark (%) | No. of yrs held in Aberdeen portfolios |
|--------------|--------------------------------|-----------|--------------------------------|-------------|---------------|----------------------------------------|
| 1            | AEGIS Logistics                | India     | Energy Storage & Distribution  | 3.7         | 0.1           | 8                                      |
| 2            | Precision Tsugami              | China     | Industrial Machinery           | 3.4         | --            | 6                                      |
| 3            | Zhejiang Shuanghuan Driveline  | China     | Automobile Components          | 3.1         | --            | 1                                      |
| 4            | Kfin Technologies              | India     | Diversified Financial Services | 3.0         | 0.1           | 2                                      |
| 5            | FPT Corporation                | Vietnam   | IT Services                    | 2.9         | --            | 8                                      |
| 6            | Taiwan Union Technology        | Taiwan    | Electronic Components          | 2.8         | 0.1           | 4                                      |
| 7            | Chroma ATE                     | Taiwan    | Testing Equipment              | 2.7         | 0.3           | 7                                      |
| 8            | Affle India                    | India     | Digital Advertising            | 2.7         | 0.1           | 5                                      |
| 9            | JB Chemicals & Pharmaceuticals | India     | Pharmaceuticals                | 2.5         | 0.1           | <1                                     |
| 10           | Dah Sing Financial Holdings    | Hong Kong | Banks                          | 2.5         | 0.1           | 20                                     |
| <b>Total</b> |                                |           |                                | <b>29.4</b> | <b>0.9</b>    |                                        |

Source: Aberdeen, Factset, 31 March 2025

Benchmark: MSCI AC Asia ex Japan Small Cap Index. With effect from 1 August 2021, the MSCI AC Asia ex Japan Small Cap Index (currency adjusted) has been adopted as the benchmark. This information should not be considered a recommendation to purchase or sell any security. There is no assurance that any securities discussed herein will remain in the fund at the time you receive this report or that securities sold have not been repurchased. Securities discussed do not represent the entire fund and, in the aggregate, may represent only a small percentage of the fund's holdings. Holdings are subject to change. Weightings are subject to change and provided for informational purposes only. Figures may appear not to add due to rounding.

# Top 10 holding: KFINTECH



## Providing capital markets infrastructure for domestic mutual funds in India

### Investment Case

Earnings compounder driven by:

- 1) Rising wealth – as people's wealth and income increase in India, an increasing portion of savings will be invested in capital markets
- 2) Recurring fee model – Kfintech provide the infrastructure for domestic mutual funds and growth is tied to AUM growth of the asset management industry in India

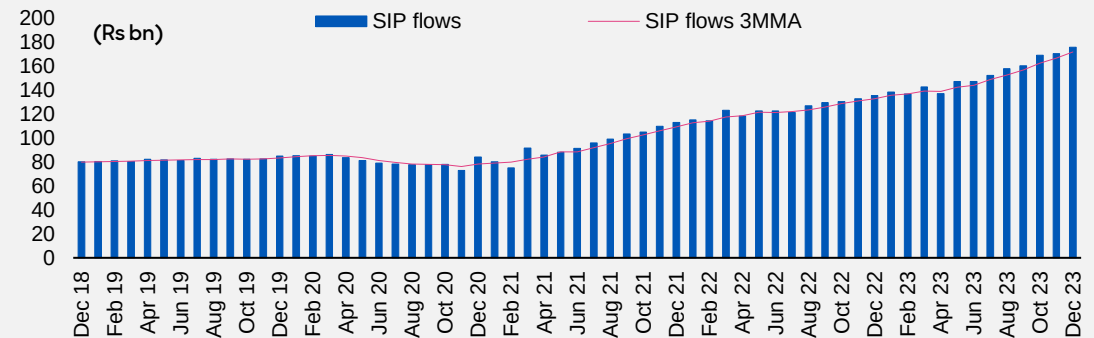
### Exposure to theme

- Since de-monetization and covid, we have seen a sharp mobilisation of wealth towards domestic mutual funds and away from physical assets like gold
- The company should act like a proxy to flows and price appreciation of equity and debt markets in India without a concentrated customer profile
- Management are executing well on a diversification strategy to broaden-out their services domestically and also venturing overseas with their core RTA business where they have a right to win given their lower cost structure

Source: Aberdeen

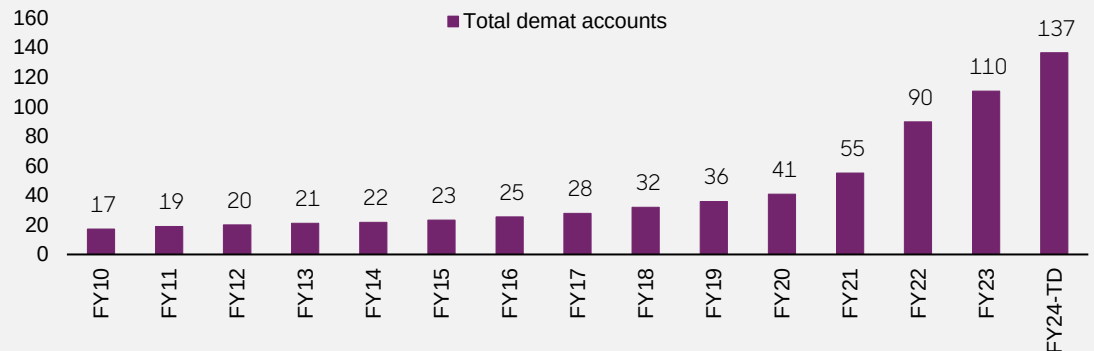
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### In India SIP flows show no sign of a slowdown...



Source: CLSA, February 2024

### ... whilst Demat accounts touched a new high

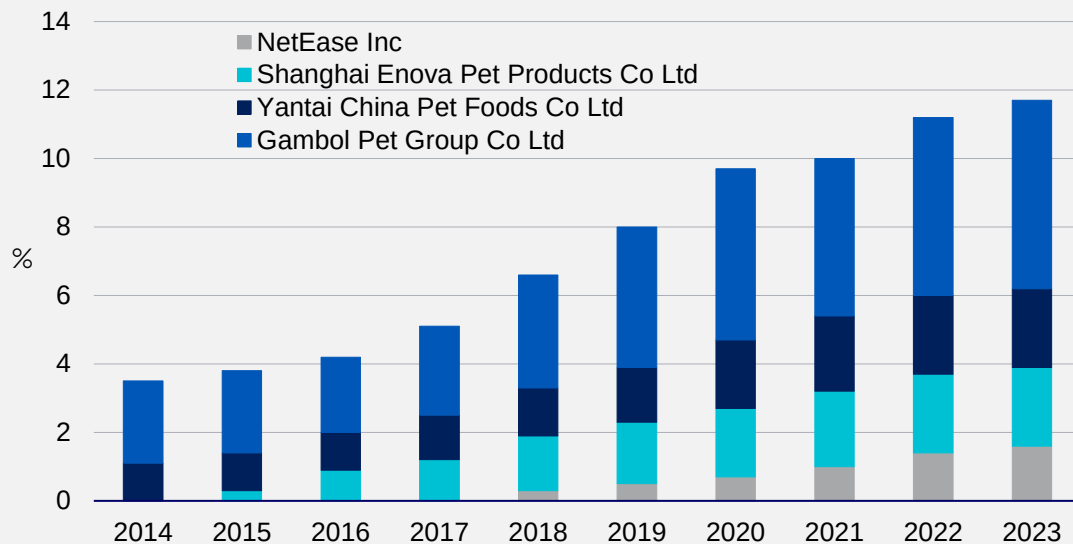


Source: CLSA, February 2024

# Portfolio Activity: New holdings in China

## Tapping into shifting consumer trends

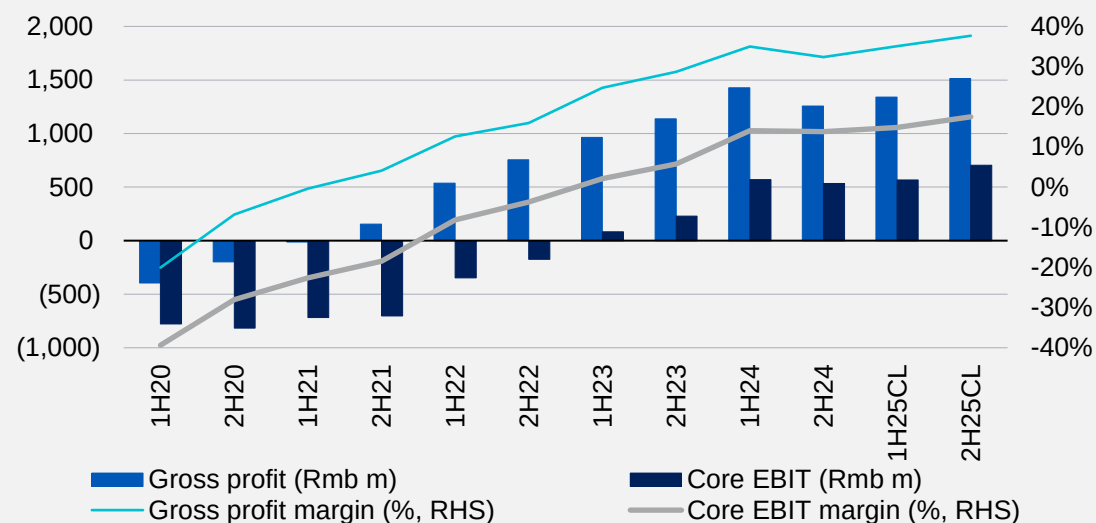
Yantai China Pet Foods – a rising local brand



1. **Pet ownership is rising in China** from 59m households in 2010 to 187m in 2024 driven by shifts in demographic and consumer trends
2. **Despite this, penetration is still low** with only 22% of household owning cats & dogs, significantly lower than the 70% in the US, 40% in UK and 28% in Japan
3. **Consolidation is likely** as the market is still fragmented. In 2023, the three largest petfood companies accounted for 20% of the market; the top five for 25%. Domestic brands are expected to continue to gain share

Source: Euromonitor, CLSA, December 2023. For illustrative purposes only.

Netease Cloud Music – improving profitability



1. **Attractive subscription model with consumer's rising propensity to spend on online music:** Music paying users reached >56m in 2024 (+21% y/y) with a 27% paying ratio
2. **Benign competitive environment** with Cloud Music a strong No. 2 player and strong mindshare with younger cohorts
3. **Disciplined spend and improving paying user ratios** is driving an improvement in margins. Minimal capex means net cash equates to 33% of market cap

Source: Company, CLSA estimate, February 2025. Company selected for illustrative purposes only to demonstrate the investment management style described herein and not as an investment recommendation or indication of future performance.

# Portfolio characteristics

## A defensive strategy historically, offering good value

|                                        |  | To end Mar 25 |      |
|----------------------------------------|--|---------------|------|
| Discount to NAV                        |  | 12.3%         |      |
| Gearing                                |  | 10.6%         |      |
| Dividend yield                         |  | 2.6%          |      |
| Weighted average market capitalisation |  | GBP\$2.3bn    |      |
| Active share                           |  | 96.5%         |      |
| To end Mar 25                          |  | 3Y            | 5Y   |
| Capture Ratio – Upside (%)             |  | 100.7         | 86.2 |
| Capture Ratio – Downside (%)           |  | 78.4          | 69.0 |

| Fund characteristics               | Fund               | Benchmark          |
|------------------------------------|--------------------|--------------------|
| P/E 2024 <sup>2</sup>              | 19.2x              | 16.0x              |
| P/E 2025 <sup>2</sup>              | 17.7x              | 14.5x              |
| Price/book <sup>1</sup>            | 2.2x               | 1.3x               |
| Historic 3yr EPS growth            | 18.5%              | -1.5%              |
| Return on equity <sup>1</sup>      | 18.6%              | 10.4%              |
| Net debt/equity <sup>1</sup>       | -7.5% <sup>3</sup> | 18.3% <sup>4</sup> |
| Predicted beta                     | 0.78               | --                 |
| Volatility (% pa)                  | 11.2%              | 12.3%              |
| Tracking error (% pa) <sup>5</sup> | 6.4%               | --                 |

Source: Aberdeen, Factset, annual report, 31 March 2025

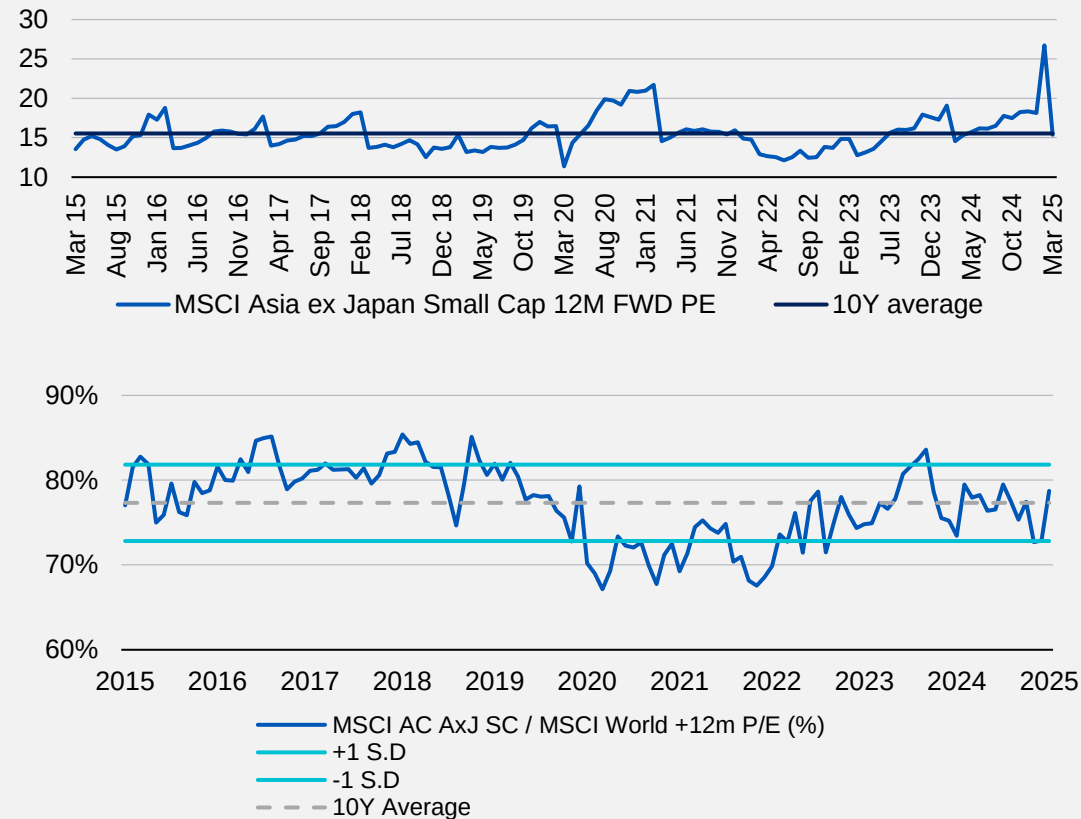
<sup>1</sup> Historic <sup>2</sup> Estimates are offered as opinion and are not reflective of potential performance. Estimates are not guaranteed and actual events or results may differ materially

<sup>3</sup> Net cash (Ex banks and insurance companies) <sup>4</sup> Ex banks and insurance companies <sup>5</sup> Based on APT. Inception date: 1<sup>st</sup> January 2004

Benchmark: MSCI AC Asia ex JP Small Cap. With effect from 1 August 2021, the MSCI AC Asia ex Japan Small Cap Index (currency adjusted) has been adopted as the benchmark

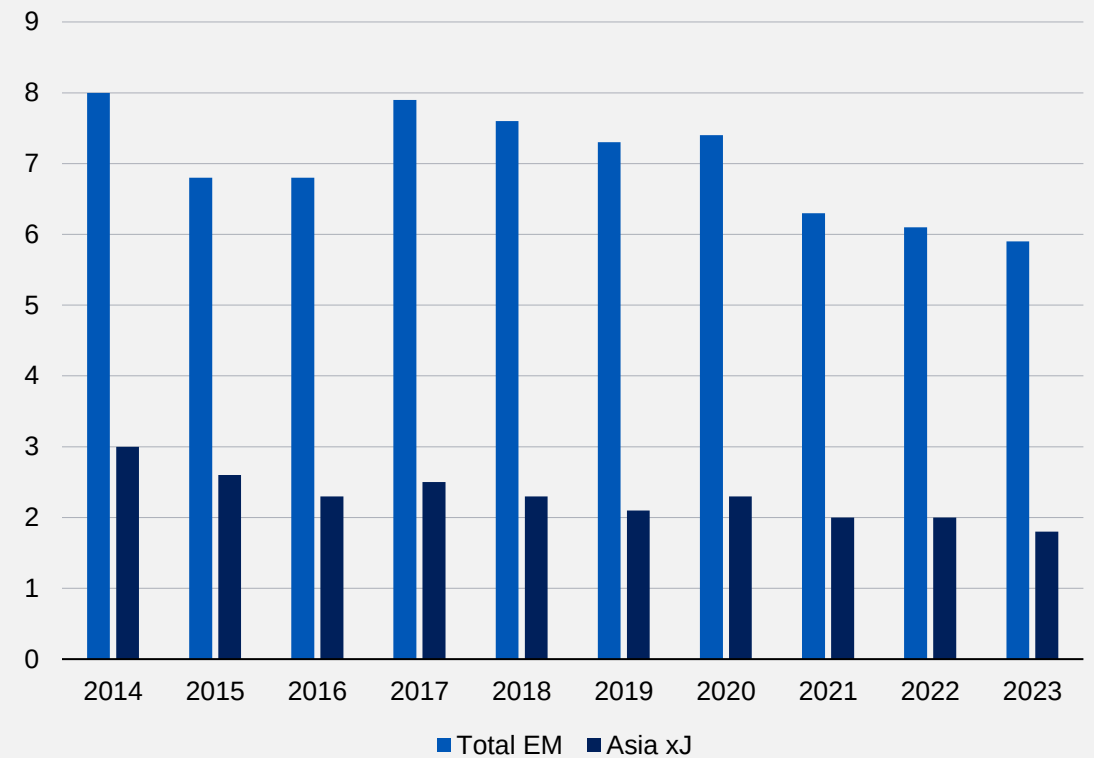
# Undervalued and Under owned

Relative discount remains substantial...



Source: Bloomberg, March 2025  
For illustrative purposes only. No assumptions regarding future performance should be made.

Fund allocations to AxJ Equities are at decade lows



Source: EPFR Global. Excludes onshore funds, June 2023. For illustrative purposes only.

# Performance

| Annualised Performance (%) to 31 May 2025 |            |            |            |                      |                      |
|-------------------------------------------|------------|------------|------------|----------------------|----------------------|
|                                           | YTD        | 6 months   | 1 year     | 3 years <sup>3</sup> | 5 years <sup>3</sup> |
| NAV <sup>1</sup>                          | -3.8       | -0.4       | 8.6        | 7.7                  | 12.7                 |
| Benchmark                                 | -4.1       | -3.3       | -0.2       | 5.1                  | 11.3                 |
| <b>Relative performance<sup>2</sup></b>   | <b>0.3</b> | <b>2.9</b> | <b>8.8</b> | <b>2.6</b>           | <b>1.5</b>           |

| Discrete performance (%)<br>To 31 May |      |      |      |      |      |
|---------------------------------------|------|------|------|------|------|
| Year ending                           | 2025 | 2024 | 2023 | 2022 | 2021 |
| NAV <sup>1</sup>                      | 8.6  | 15.0 | 0.0  | 6.0  | 37.6 |
| Benchmark                             | -0.2 | 18.3 | -1.8 | 1.4  | 45.2 |

Source: Aberdeen, Factset, Morningstar, Total return, NAV to NAV, net income reinvested, GBP. Share price total return is on a mid-to-mid basis

<sup>1</sup> Including current year revenue <sup>2</sup> Difference between NAV and Benchmark <sup>3</sup> Annualised

With effect from 1 August 2021, the MSCI AC Asia ex Japan Small Cap Index (currency adjusted) has been adopted as the benchmark. Dividend calculations are to reinvest as at the ex-dividend date. NAV returns based on NAVs with debt valued at fair value. Where performance is shown gross of fees, it does not reflect investment management fees. Had such fees been deducted, returns would have been lower. Costs may increase or decrease as a result of currency and exchange rate fluctuations. This may impact what you might get back

# Risk factors

## **Risk factors you should consider prior to investing:**

The value of investments and the income from them can fall 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 the securities of 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.

## **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.

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