

# The Scottish Oriental Smaller Companies Trust Plc

## Client Update

30 April 2012



**Susie Rippingall** Susie has been part of the Asian Equities team since 1995, when she joined Stewart Ivory & Co Ltd. Between 1991 and 1995 Susie worked at Lehman Brothers Global Asset Management and prior to

that she was a graduate trainee in the Corporate Finance Department at Credit Lyonnais Securities. She graduated in Economics at Edinburgh University. Susie was appointed Portfolio Manager of The Scottish Oriental Smaller Companies Trust PLC on 19th October 2000. She moved from Edinburgh to Singapore in January 2001, and then to Hong Kong in August 2002.

### Investment Objective

To achieve long term capital growth by investing mainly in smaller Asian quoted companies with market capitalisations under US\$ 1,000m at the time of investment, or the equivalent. Asia is deemed to include the Indian subcontinent but excludes Japan and Australasia.

### Fund Information

|                          |               |
|--------------------------|---------------|
| Launch Date              | 29 March 1995 |
| NAV per share (p)        | 643.0         |
| Share price (p)          | 628.0         |
| Discount (%)             | 2.3           |
| Shares in issue          | 30,213,650    |
| Total Assets £m          | 214.3         |
| Net assets £m            | 194.3         |
| Market capitalisation £m | 189.7         |
| Debt £m                  | 20.0          |
| Sedol                    | 783613        |

### The Board

James Ferguson (Chairman), Alexandra Mackesy, Janet Morgan, Anne West.

### Top 10 holdings

| Stock name                       | % of total assets |
|----------------------------------|-------------------|
| Aeon Credit Service              | 2.5               |
| TK Corp                          | 2.2               |
| Aeon Company                     | 2.1               |
| Ezion Holdings                   | 2.0               |
| Vietnam Enterprise Investments   | 1.9               |
| Asia Satellite Telecommunication | 1.8               |
| Venture Corp                     | 1.7               |
| Amorepacific                     | 1.6               |
| Hana Tour Service                | 1.6               |
| Texwinca                         | 1.6               |
| <b>Total</b>                     | <b>18.9</b>       |

### Cumulative Performance

| Time Period         | 3 mths | 6 mths | 1 yr  | 3 yrs | 5 yrs | 10 yrs |
|---------------------|--------|--------|-------|-------|-------|--------|
| NAV %               | 6.0    | 11.8   | 2.3   | 119.3 | 98.0  | 351.4  |
| Benchmark* %        | -0.2   | 4.3    | -7.7  | 51.6  | 53.0  | 172.2  |
| Small Cap Index** % | 0.2    | 1.7    | -15.7 | 58.8  | 40.0  | 169.5  |
| Share price %       | 13.2   | 14.4   | 4.7   | 142.9 | 101.4 | 408.5  |

\* MSCI AC Asia (ex Japan) Index

\*\* MSCI Asia (ex Japan) Small Cap Index



### Investment Report

#### Review

There was a mixed performance from Asian stockmarkets in April with the renewed concerns over Europe's sovereign debt crisis and a possible slowdown in the global economy. China was one of the best performing markets supported by evidence of only a modest slowdown in economic activity, with first quarter real GDP growth falling to 8.1% yoy from 8.9% yoy in the previous quarter. India continued to underperform despite a higher than expected reduction in interest rates by the Central Bank. Taiwan was also weak, responding negatively to the Government's proposal to impose capital gains tax on stockmarket transactions starting at the beginning of next year.

Asian smaller companies generally underperformed their larger counterparts over the month with significant declines in India, South Korea and Taiwan.

#### Outlook

The short term direction of Asian equities is likely to remain dictated by events in Europe and the US rather than fundamental changes in the underlying economies or corporate profits in the Region. Inflationary pressures remain despite a recent correction in the price of some commodities. The prospect of slower economic growth has deterred Central Banks from raising rates but this policy would not be viable in the event of a sustained rise in inflation. Higher interest rates at a time of slowing economic growth could result in lower than expected corporate earnings and a corresponding downward revision to analyst forecasts. In addition, a number of companies are choosing to absorb higher costs thereby sacrificing profit margins in order to either maintain sales or market share.

All performance data as at 30th April 2012. Top 10 holdings, fund size, sector and country breakdowns: First State's own records.

Further details: Issued by First State Investment Management (UK) Limited, authorised and regulated by the Financial Services Authority. Registered in Scotland, number: 47708.

Registered address: 23 St Andrew Square, Edinburgh, EH2 1BB.

# The Scottish Oriental Smaller Companies Trust Plc

## Client Update

30 April 2012

### Special Report

Asia Satellite (China)

December 2012 PE 10x

P/BV 1.5x

Dividend Yield 3.6%

Asia Satellite is Asia's largest privately owned commercial satellite operator. The Company presently owns and operates four satellites, which provide satellite transponder capacity primarily to the broadcasting and telecommunications markets, both public and private. More than 50% of revenues are derived from China, Hong Kong and Taiwan and its 'footprint' covers approximately two thirds of the world's population. The Company is currently experiencing strong demand for its transponder capacity owing to new demand from direct to home as well as high definition television. Asia Satellite is currently under a general offer from management to privatise the Company at a price of HK\$22 per share. The shares are currently attractively valued given that earnings are expected to grow by more than 10% per annum over the medium term.

| Sector Weightings          | % of total   |
|----------------------------|--------------|
| Stock name                 | assets       |
| Consumer Discretionary     | 31.6         |
| Financials                 | 23.2         |
| Industrials                | 14.1         |
| Information Technology     | 9.5          |
| Health Care                | 8.6          |
| Consumer Staples           | 6.1          |
| Energy                     | 3.4          |
| Utilities                  | 1.5          |
| Materials                  | 0.6          |
| Telecommunication Services | 0.5          |
| <b>Gearing</b>             | <b>-10.3</b> |
| <b>Cash</b>                | <b>11.2</b>  |
| <b>Total</b>               | <b>100.0</b> |

| Country Weightings | Trust        | Benchmark    | Small Cap Index |
|--------------------|--------------|--------------|-----------------|
| Country            | (%)          | (%)          | (%)             |
| China              | 15.6         | 24.9         | 16.7            |
| Hong Kong          | 9.9          | 11.3         | 10.3            |
| Taiwan             | 13.7         | 14.7         | 21.3            |
|                    | <b>39.2</b>  | <b>50.9</b>  | <b>48.3</b>     |
| India              | 1.4          | 8.6          | 8.5             |
| Indonesia          | 5.3          | 3.8          | 5.6             |
| Malaysia           | 9.7          | 4.6          | 5.7             |
| Philippines        | 4.3          | 1.1          | 1.6             |
| Singapore          | 16.6         | 7.1          | 8.6             |
| Sri Lanka          | 1.6          | 0.0          | 0.0             |
| South Korea        | 11.1         | 21.0         | 17.1            |
| Thailand           | 8.0          | 2.9          | 4.6             |
| Vietnam            | 1.9          | 0.0          | 0.0             |
| <b>Gearing</b>     | <b>-10.3</b> | <b>0.0</b>   | <b>0.0</b>      |
| <b>Cash</b>        | <b>11.2</b>  | <b>0.0</b>   | <b>0.0</b>      |
| <b>Total</b>       | <b>100.0</b> | <b>100.0</b> | <b>100.0</b>    |

### How to contact us

Client Services team: 0131 538 6610

E-mail: [admin@patplc.co.uk](mailto:admin@patplc.co.uk)

Website: [www.scottishoriental.com](http://www.scottishoriental.com)

The Scottish Oriental Smaller Companies Trust ("Scottish Oriental") is an investment trust, incorporated in Scotland with registered number SC156108, whose shares have been admitted to the Official List of the London Stock Exchange plc. Scottish Oriental's investment manager is First State Investment Management (UK) Limited ("First State Investments").

The information contained has been prepared for the use of those people who are United Kingdom residents for tax and investment purposes. First State Investments believes that the information provided is accurate as at the date of its publication, but no representation or warranty of accuracy is given by First State Investments and therefore no liability in respect of any error or omission by a third party is accepted by First State Investments or its affiliates or any of their directors, employees, consultants or agents.

This Factsheet and its contents have been issued and approved by First State Investments, in its capacity as Scottish Oriental's investment manager. First State Investments is authorised and regulated in the United Kingdom by the Financial Services Authority. Any comments expressed reflect the views of First State Investments and should not be taken as any kind of recommendation or advice.

Please remember that the value of investments and the income from them may go down as well as up and that you may not get back the amount you originally invested. Past performance is not necessarily a guide to future performance. Changes in exchange rates will affect the value of investments overseas. Gearing, where borrowing is used to fund further investment, can increase the returns in rising markets and decrease the returns in market downturns. Any tax reliefs mentioned, such as for PEPs and ISAs, are subject to change. Their value depends on the circumstances of each individual investor. Scottish Oriental's shares have not been and will not be registered under the United States Securities Act 1933. The information in this website is not intended for distribution and does not constitute an offer to sell or the solicitation of any offer to buy any securities in the United States of America to or for the benefit of any United States persons. Investments in emerging markets may involve a higher risk than investments in more developed markets. Investors should consider whether or not an investment in funds or companies which invest in such markets is either suitable for or should constitute a substantial part of an investor's portfolio. Investments in Scottish Oriental may be less liquid than the securities of a larger company, or an investment trust which invests in larger companies, or in more developed economic regions. Securities in smaller companies or an investment trust (such as Scottish Oriental) which invests in emerging markets may possess greater potential for capital appreciation, but also involve risks, such as limited product lines, markets and financial or managerial resources and trading in such securities may be subject to more abrupt price movements than trading in the securities of larger companies.

If you are in any doubt about any of the information, please consult your independent financial or other such adviser authorised to give investment advice under the Financial Services and Markets Act 2000.