



Richard Evans
Director, Asia and global
emerging markets team

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MARTIN CURRIE ASIA PACIFIC FUNDS

PERFORMANCE

As at 30 April 2010	Martin Currie Asia Pacific Fund	MSCI AC Asia Pacific ex Japan index	Difference
1 month	1.8%	0.4%	+1.4%
3 months	16.0%	15.6%	+0.4%
YTD	8.0%	9.2%	(1.2%)

Source: Lipper Hindsight. Bid to bid basis with net income reinvested over periods shown. These figures do not include initial charges. Performance of 'A' shares (retail class) in sterling. Past performance is not a guide to future returns.

Q1 earnings season was encouraging for most of our portfolio holdings. On average, our stocks delivered around a 10% positive earnings surprise, and perhaps more importantly were rewarded for it by the market. This contrasted with the broader Asian markets where earnings came approximately in-line with expectations, and helped to highlight the attractive discount valuations of many high quality franchises.

More focused portfolio reflects higher conviction

We have started 2010 with meaningfully higher levels of conviction expressed in our portfolios than at any time in the previous two quarters. As our confidence in earnings visibility has recovered, we have reduced the number of holdings to below 50 once more. The active money measure (the aggregate of all stock positions relative to their weights in the benchmark) has risen from a low of around 120% to a much more normal level of 140%. This is the clearest evidence we can give of our rising confidence levels, as the market environment begins to become more supportive of our investment approach.

Markets

Asian markets are near to recent highs. The most recent sovereign debt risk was followed by a quick sell off across the board but most Asian markets remained buoyant, supported by relatively strong fiscal positions.

Thailand – Despite the high profile protests, the economy and corporate profitability remain robust. Thai stocks have weathered this storm well so far, and still offer some very attractive value opportunities. With a small overweight position in the fund at present, we would consider adding exposure as the political situation stabilises.

China – Government policy remains focused on the real estate sector, with tighter mortgage lending requirements and punitive restrictions on speculation. At this point the administration appears to be keen to avoid any rush to hike interest rates, and is moving incrementally rather than aggressively. Inflation remains the key risk for accelerated tightening, currently hovering just below the 3% target. We are zero-weighted in the property sector currently.

Fund strategy

We continue to favour a combination of strong domestic franchises and exporters that are consolidating market share. These are the businesses with the most robust return profiles in the market, many of which are trading at a discount to average market valuations as a legacy of 2009. We are seeing strong and consistent delivery of earnings across the strategy's holdings. Several investment themes are particularly important.

1. Selective exposure to the domestic consumer
2. Beneficiaries of capital expenditure
3. Selective exposure to winners in the export space

(For more detail on each of these we can provide you with a copy of our strategy update published in April 2010).

Fund positioning

The beta of the strategy continues to be managed close to 1, and the fund is relatively neutral in its sensitivity to any particular macro scenario. Active stock specific risk is back to 75% (versus 25% market-derived risk) which is where we would normally expect it to be.

The fund retains a strong quality bias, and many of these stocks, with the most dependable earnings delivery profiles, are trading at attractive valuations relative to regional and global averages. We expect the market to re-rate these companies over time.

The portfolio is overweight Korea, Indonesia and Malaysia, and in terms of sectors automobiles, leisure and technology. We are underweight Australia, Taiwan, Singapore, materials and insurance. Our process is bottom-up and country/sector weights are largely determined by the stocks we pick.

Outlook

- Asia has handled the second round of sovereign debt risks in April relatively well, reflecting our lack of exposure to European debt problems.
- We expect Asia to outperform relative to the world over the medium and long term.
- We do however expect high levels of volatility to persist over the coming months.

CONTACT FOR FURTHER INFORMATION

Alan Burnett,
Head of UK intermediary sales
44 (0) 20 7907 1666
or your local account manager

Eric Bateman,
Head of European sales
44 (0) 131 479 5963

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Investors in the Netherlands should note the following:

- (a) Martin Currie Global Funds is a UCITS collective investment scheme registered in the Netherlands with the Netherlands Authority for Financial Markets in Amsterdam.
- (b) The value of your investments may fluctuate as a result of the investment policy.
- (c) The Prospectus of Martin Currie Global Funds is available from www.martincurrie.com;
- (d) Please also see the Simplified Prospectuses of Martin Currie Global Funds.

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Investors in Sweden should note the following:

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- (b) Past performance is no guarantee of a particular return in the future. The money invested in a fund can increase or decrease in value, and it is not certain that the whole of your invested capital will be repaid.

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Investors in Ireland should note the following:

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- (d) The Prospectus of Martin Currie Global Funds is available from www.martincurrie.com and also from Dolmen Butler Briscoe of 4 Earlsfort Terrace, Dublin 2, Ireland.

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Investors in Germany should note the following:

The Prospectus of Martin Currie Global Funds is available free of costs at the German Paying and Information Agent, Joh. Berenberg, Gossler & Co. KG, Neur Jungfernstieg 20, 20354 Hamburg.

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Registered office: Saltire Court, 20 Castle Terrace, Edinburgh EH1 2ES Tel: 0808 100 21 25 Fax: 0131 222 2532 Dealing: 0845 60 250 16 www.martincurrie.com

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