



# Martin Currie Asia Unconstrained Trust



31 AUGUST 2018

## PROFILE

Objective	To achieve returns commensurate to Asia ex Japan nominal GDP growth
Benchmark	Unconstrained
Sector	Asia Pacific - excluding Japan
Launch	1985

## PORTFOLIO

### Country allocation

	31 Jul	31 Aug
India	22.2%	22.0%
Hong Kong	20.5%	20.4%
China	19.9%	19.9%
South Korea	12.5%	13.0%
Singapore	14.1%	12.0%
Taiwan	4.5%	4.7%
Malaysia	4.0%	3.9%
Thailand	3.0%	3.3%
Indonesia	1.6%	1.4%
Cash	0.9%	2.6%
Gearing*	(3.1%)	(3.1%)

### Top 10 holdings (52.3% of total portfolio)

AIA	6.6%
Samsung Electronics	6.3%
Tencent Holdings	5.8%
Infosys	5.3%
Guangdong Investment	5.0%
Tata Consultancy Services	5.0%
HSBC	4.9%
Taiwan Semiconductor	4.7%
United Overseas Bank	4.7%
HDFC Bank	4.0%
Number of holdings	30
Number of countries	9

### Key facts

Total net assets	£160.1m
Share price (p)	380.0
Net asset value per share (p)	443.3
Discount (premium)	14.3%
Historic net yield <sup>†</sup>	4.3%

## PERFORMANCE

### Cumulative performance over periods to 31 August 2018

	One month	Three months	Six months	One year	Three years	Five years
Share price	0.2%	2.2%	5.1%	4.7%	75.2%	67.7%
NAV	0.0%	0.5%	2.8%	2.6%	65.1%	55.3%

### 12-month performance

	To end Q2 2018	To end Q2 2017	To end Q2 2016	To end Q2 2015	To end Q2 2014
Share price	3.9%	39.3%	(1.0%)	9.9%	0.5%
NAV	4.6%	28.7%	8.5%	5.7%	(3.9%)

### Past performance is not a guide to future returns.

Source: Martin Currie. The NAV basis used is cum-income in £. Please note prior to July 2017 the NAV basis used was ex-income NAV in £. Ex-income NAVs exclude current-year income, while cum-income NAVs include current-year income. These figures do not include the cost of buying and selling shares in an investment trust. If these were included, performance figures would be reduced.

On 11 July 2014 the investment policy changed from benchmark relative Asia Pacific including Japan to an unconstrained Asia ex Japan strategy.

## MANAGER'S COMMENTARY

Asian equities were flat in August, with the MSCI AC Asia ex Japan index down a marginal 0.1% in sterling terms. The Philippines and Thailand were the strongest markets, with China the standout underperformer among the larger markets. By sector, healthcare and telecoms were the best performers, while consumer discretionary and utilities were the weakest. The company's NAV rose by 0.2% over the month.

At a stock level, in absolute terms, Korean IT giant Samsung Electronics was the strongest performer despite the weakness that followed its first-half results at the end of July. The direction of Samsung's stock is now heavily dependent on the memory market, given both the profitability of this division and the huge cash flow it is generating - and the market appears to have taken a more sanguine view on where we are in the cycle at month end. China Mobile was also strong, following robust first-half results, with service revenue up 5.5% year on year. Meanwhile, Hong Kong-listed retailer Dairy Farm rebounded in August after the release of a solid set of interim results, particularly in

its Health & Beauty division.

On the other side, Chinese gas distributor ENN Energy was the largest detractor, giving up some of its strong year-to-date performance. Besides possible valuation concerns, selling appears to have been triggered by a broker note claiming that ENN and its peers had stated publicly that they expected connection fees to be capped and regulated - subsequently, this was publicly rebutted by the company. Global bank HSBC was weak on a set of unimpressive second-quarter results, in part explained by foreign-currency translation effects. Indian automotive firm Maruti Suzuki also weighed on performance over the month.

In terms of portfolio activity, we bought Chinese automotive-parts firm Minth Group and sold Singapore telecom business Singtel.



Andrew Graham

\*The risk outlined at the end of this document relating to gearing is particularly relevant to this company but should be read in conjunction with all warnings and comments given.

<sup>†</sup>Source for historic yield: Martin Currie as at 31 August 2018. The historic yield reflects dividends declared for the 12 months to 31 March 2018 as a percentage of the mid-market share price, as at the date shown. Investors may be subject to tax on their dividends.

The NAV stated in our reporting is inclusive of current year revenue. All sources (unless indicated): Martin Currie as at 31 August 2018.

## CAPITAL STRUCTURE

Ordinary shares 36,124,496

## BOARD OF DIRECTORS

Harry Wells (chairman) Anja Balfour  
Peter Edwards Martin Shenfield  
Gregory Shenkman

## KEY INFORMATION

Year end 31 March  
Annual general meeting July  
Dividend paid August and December  
Investment management fee as at 31 March 2018<sup>†</sup> 0.75%  
(0.75% on net assets up to £150m  
0.60% on net assets over £150m)  
Ongoing charge – 31 March 2018<sup>§</sup> 1.08%  
TIDM code MCP  
Reuters code MCP.L  
Sedol code 0569512

<sup>†</sup>Percentage of net assets, calculated quarterly.

<sup>§</sup>Percentage of shareholders' funds. Includes annual management fee.

## Net asset value and dividend – 10-year history

Year end	Share price	NAV per share	Discount/ (premium)	Dividend per share
2009	169.5p	209.3p	19.0%	3.30p
2010	236.5p	291.1p	18.8%	3.70p
2011	274.3p	320.7p	14.5%	4.50p
2012	276.5p	330.0p	16.2%	5.50p
2013	298.5p	359.4p	17.0%	6.50p
2014 <sup>†</sup>	263.8p	313.4p	15.8%	7.50p
2015	320.8p	361.2p	11.2%	7.50p
2016	280.0p	327.2p	14.4%	7.75p
2017	364.5p	427.3p	14.7%	16.28p
2018	384.0p	438.0p	12.3%	16.70p

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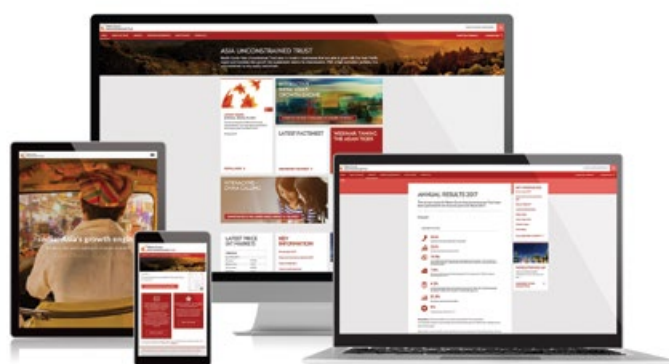
<sup>†</sup>From 2014 the company year end changed to 31 March.

## MANAGER'S BIOGRAPHY

Andrew joined Martin Currie in 2010 and heads our Asia team. Alongside the Martin Currie Asia Unconstrained Trust he is lead manager on the Martin Currie Asia Pacific and Asia Long-Term Unconstrained strategies. He joined us from Sofaer Global Research, bringing with him over 20 years' experience of managing Asia-Pacific equities. At Sofaer, where he was a partner, Andrew managed the company's Japan absolute return fund and co-managed its Pacific-region absolute return fund. Prior to this he spent five years as senior vice president at Putnam Investments, where he co-managed its International Capital Opportunities Fund, focusing particularly on the Asia-Pacific region. Earlier in his career Andrew held portfolio management roles at both Scottish Widows Investment Partnership and Kemper Investment Management.

## WEBSITE

The company has its own website at [www.martincurrieasia.com](http://www.martincurrieasia.com). There you will find further details about the company, information on Martin Currie and daily share prices (and associated risks).



[www.martincurrieasia.com](http://www.martincurrieasia.com)



## IMPORTANT INFORMATION

This information is issued and approved by Martin Currie Investment Management Limited. It does not constitute investment advice. Market and currency movements may cause the capital value of shares, and the income from them, to fall as well as rise and you may get back less than you invested. Please note that, as the shares in investment trusts are traded on a stockmarket, the share price will fluctuate in accordance with supply and demand and may not reflect the value of underlying net asset value of the shares.

Depending on market conditions and market sentiment, the spread between purchase and sale price can be wide. As with all stock exchange investments the value of investment trust share purchases will immediately fall by the difference between the buying and selling prices, the bid-offer spread. The value of investments and the income from them may go down as well as up and is not guaranteed. An investor may not get back the amount originally invested. Investment trusts may borrow money in order to make further investments. This is known as 'gearing' and can enhance shareholder returns in rising markets but, conversely, can reduce them in falling markets.

The majority of charges will be deducted from the capital of the company. This will constrain capital growth of the company in order to maintain the income streams.

Martin Currie Investment Management Limited, registered in Scotland (no SC066107) Martin Currie Fund Management Limited, registered in Scotland (no SC0104896). Registered office: Saltire Court, 20 Castle Terrace, Edinburgh EH1 2ES.

Tel: 0808 100 2125 Fax: 0870 888 3035 [www.martincurrie.com](http://www.martincurrie.com)

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