



Martin Currie Asia Unconstrained Trust



31 OCTOBER 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

	30 Sep	31 Oct
China	22.0%	24.2%
India	21.0%	20.0%
Hong Kong	20.2%	19.1%
South Korea	13.3%	13.0%
Singapore	12.5%	13.0%
Taiwan	5.0%	4.9%
Malaysia	3.6%	3.7%
Thailand	3.4%	3.4%
Indonesia	1.3%	1.0%
Cash	0.9%	1.2%
Gearing*	(3.2%)	(3.6%)

Top 10 holdings (53.7% of total portfolio)

AIA	6.7%
Tencent Holdings	6.2%
Samsung Electronics	6.2%
Guangdong Investment	5.8%
HSBC	5.2%
Infosys	4.9%
Taiwan Semiconductor	4.9%
United Overseas Bank	4.7%
China Mobile	4.6%
Singapore Technologies Engineering	4.5%
Number of holdings	29
Number of countries	9

Key facts

Total net assets	£141.9m
Share price (p)	341.0
Net asset value per share (p)	393.3
Discount (premium)	13.3%
Historic net yield [†]	4.8%

PERFORMANCE

Cumulative performance over periods to 31 October 2018

	One month	Three months	Six months	One year	Three years	Five years
Share price	(8.3%)	(13.2%)	(9.4%)	(8.6%)	44.7%	32.6%
NAV	(9.0%)	(11.2%)	(9.8%)	(9.3%)	41.4%	30.8%

12-month performance

	To end Q3 2018	To end Q3 2017	To end Q3 2016	To end Q3 2015	To end Q3 2014
Share price	3.1%	20.4%	32.4%	(9.3%)	1.5%
NAV	4.4%	15.3%	35.5%	(9.1%)	0.2%

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 down in September, with the MSCI AC Asia ex Japan index falling 9.0% in sterling terms. Korea was the weakest market over the month, followed by Malaysia. The Philippines was the only country to finish the month in positive territory market, while Indonesia also held up relatively well. By sector, healthcare stocks lagged the most, while utilities fared the best, although were still down over the month.

At a stock level, Guangdong Investment (GDI) was positive for absolute returns. Its share price showed resilience due to the defensive nature of the company's earnings. GDI is the sole supplier of drinking water to Hong Kong and a very large proportion of sales and operating profit come from this contract, where pricing is fixed (regardless of volume) with yearly escalators agreed in advance every three years. Pan-Asian retailer Dairy Farm also held up to the wider market, with the primary reason being the resilience of its business model in a potentially weaker spending environment - although the announcement it is acquiring the remaining position in Filipino healthcare chain Rose Pharmacy was also a positive development. Chinese clean energy distributor ENN also showed resilience to market falls in the month.

On the other side, Tencent was the worst performer. Its shares fell sharply on the combination of general concerns over the Chinese economy, regulatory developments (the Chinese government has frozen new game authorisations until 2019) and general weakness in tech names globally. Korean water-filter manufacturer Coway was the worst relative performer. Investors were concerned by news a private equity group was selling a 22% stake in the company to a consortium which had previously held shares in Coway. The concerns centred on the consortium's history of corporate mismanagement (it had to sell its previous stake in order to repair its highly leveraged balance sheet) and that Coway's dividend could be cut. AIA was also a notable detractor.

In terms of portfolio activity, we sold Hong Kong auto-parts company Johnson Electric Holdings, due to concerns that raw material and labour costs will hit margins. There were no new purchases.



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.

[†]Source for historic yield: Martin Currie as at 31 October 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 October 2018.

CAPITAL STRUCTURE

Ordinary shares 36,084,496

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[^] 0.75%
(0.75% on net assets up to £150m
0.60% on net assets over £150m)
Ongoing charge – 31 March 2018[§] 1.08%
TIDM code MCP
Reuters code MCP.L
Sedol code 0569512

[^]Percentage of net assets, calculated quarterly.

[§]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 [*]	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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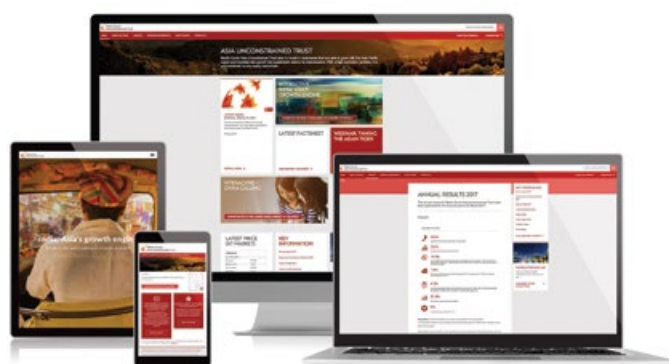
^{*}From 2014 the company year end changed to 31 March.

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. There you will find further details about the company, information on Martin Currie and daily share prices (and associated risks).



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.

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Both companies are authorised and regulated by the Financial Conduct Authority. Please note that calls to the above number may be recorded.