

Scottish Oriental Smaller Companies

Long-term investment in Asian small caps

Scottish Oriental Smaller Companies Trust (SST) aims to generate long-term capital growth by investing in a portfolio of small-cap Asia ex-Japan equities. Vinay Agarwal is the interim lead fund manager while Wee-Li Hee is on maternity leave; he is assisted by Martin Lau, Scott McNab and the broader First State Stewart Asia team. Stocks are selected on a bottom-up basis, with a view to preserving capital on the downside as well as achieving capital growth. SST has significantly outperformed the peers and the MSCI AC Asia ex-Japan and MSCI AC Asia ex-Japan Small Cap indices over both five and 10 years.

| 12 months ending | Share price (%) | NAV (%) | MSCI AC Asia ex-Japan (%) | MSCI AC Asia ex-Japan Small Cap (%) | FTSE All-Share (%) |
|------------------|-----------------|---------|---------------------------|-------------------------------------|--------------------|
| 31/10/12 | 26.8 | 23.4 | 7.0 | 4.2 | 9.8 |
| 31/10/13 | 26.0 | 19.6 | 10.8 | 15.3 | 22.8 |
| 31/10/14 | 1.8 | 9.5 | 6.4 | 5.6 | 1.0 |
| 31/10/15 | (9.8) | (5.4) | (3.6) | (1.7) | 3.0 |
| 31/10/16 | 33.8 | 34.9 | 35.2 | 28.3 | 12.2 |

Source: Thomson Datastream. Note: All % on a total return basis in GBP.

Investment strategy: Bottom-up stock selection

The First State Stewart Asia team adopts a rigorous fundamental investment process aiming to select stocks with quality management teams, strong financials and reasonable valuations. Meeting with company managements is a key element of the investment process. Bottom-up stock selection means that sector/geographic exposure may be meaningfully different from the benchmark. Most of the portfolio is invested in companies with a market cap of less than \$1.5bn, although up to 20% may be invested in larger companies with a market cap of up to \$3.0bn (at the time of first investment). A gearing facility of £20m is in place, but at end-September 2016 SST had a net cash position of 6.3%.

Market outlook: Higher growth in Asia

The relatively higher economic growth estimates for Asia are intact. In its latest World Economic Outlook, the IMF maintained 2017 forecasts for emerging and developing Asia of 6.3% versus 3.4% for world output. Factors include a rising middle class, which is driving consumption, and robust infrastructure spending. While the gap has narrowed in recent months, on a forward P/E multiple Asia ex-Japan equities remain attractively valued compared with world equities.

Valuation: Continued widening trend

SST's current 14.4% share price discount to cum-income NAV is wider than the averages of the last one, three, five and 10 years (range of 6.3% to 13.3%). The discount has been widening over the last three years as emerging market equities have been out of favour, hence there is the scope for it to narrow if investor appetite for Asian equities increases. There is no formal discount control mechanism in place, but SST has repurchased shares in the last couple of years. SST aims to at least maintain the level of its annual dividend, paying out of revenue reserves when necessary; the current dividend yield is 1.2%.

Investment trusts

10 November 2016

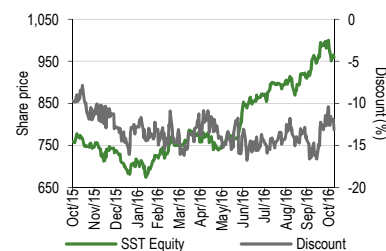
Price 929.0p
Market cap £288m
AUM £361m

NAV* 1,072.9p
Discount to NAV 13.4%
NAV** 1,085.0p
Discount to NAV 14.4%

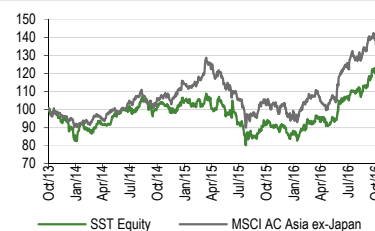
*Excluding income. **Including income. As at 9 November 2016.

Yield 1.2%
Ordinary shares in issue 31.0m
Code SST
Primary exchange LSE
AIC sector Asia Pacific ex-Japan
Benchmark MSCI AC Asia ex-Japan

Share price/discount performance



Three-year performance vs index



52-week high/low 1,000.0p 674.5p
NAV** high/low 1,145.0p 788.2p

**Including income.

Gearing

Gross* 6.1%
Net cash* 6.3%

*As at 30 September 2016.

Analysts

Mel Jenner +44 (0)20 3077 5720
Sarah Godfrey +44 (0)20 3681 2519
investmenttrusts@edisongroup.com

[Edison profile page](#)

Scottish Oriental Smaller Companies Trust is a research client of Edison Investment Research Limited

Exhibit 1: Trust at a glance

Investment objective and fund background

Scottish Oriental Smaller Companies Trust's objective is to provide shareholders with long-term capital growth through investment in smaller Asian (excluding Japanese and Australasian) quoted companies. Its assets are invested in a diversified portfolio of securities, substantially in the form of equities. While the manager takes account of cultural, political and economic factors, stock-specific features are the main driver of portfolio selection with the aim of identifying good-quality companies with solid long-term growth prospects.

Recent developments

- 14 October 2016: Results for 12 months ended 31 August 2016 – NAV TR of 31.5% compared with 33.0% for MSCI AC Asia ex-Japan index.
- 25 April 2016: Vinay Agarwal appointed as interim lead fund manager effective 20 July 2016, to cover manager Wee-Li Hee's maternity leave.
- 13 April 2016: Results for six months ended 29 February 2016 – NAV TR of 5.9% compared with 3.1% for MSCI AC Asia ex-Japan index.

Forthcoming

| | |
|-------------------|---------------|
| AGM | December 2016 |
| Interim results | April 2017 |
| Year end | 31 August |
| Dividend paid | February |
| Launch date | March 1995 |
| Continuation vote | None |

Capital structure

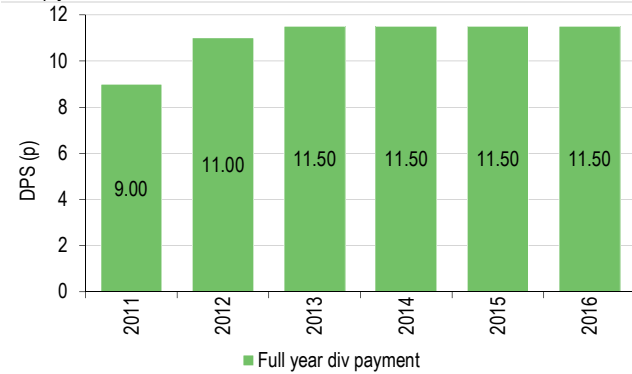
| | |
|-----------------|-----------------------------|
| Ongoing charges | 1.04% |
| Net cash | 6.3% |
| Annual mgmt fee | 0.75% |
| Performance fee | Yes (see page 7) |
| Trust life | Indefinite |
| Loan facilities | £20m at 3.135% (see page 7) |

Fund details

| | |
|---------|--|
| Group | First State Stewart Asia |
| Manager | Vinay Agarwal |
| Address | 10 St Colme Street, Edinburgh, EH3 6AA |
| Phone | +44 (0) 131 473 2200 |
| Website | www.scottishoriental.co.uk |

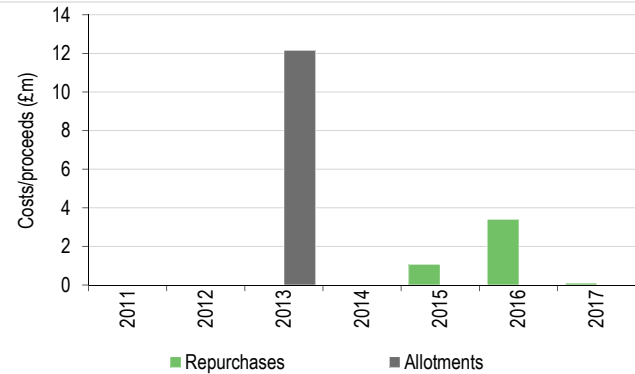
Dividend policy and history

One annual dividend paid in February. The board intends to at least maintain this level of dividend, using reserves if necessary, unless company distributions fall sharply.

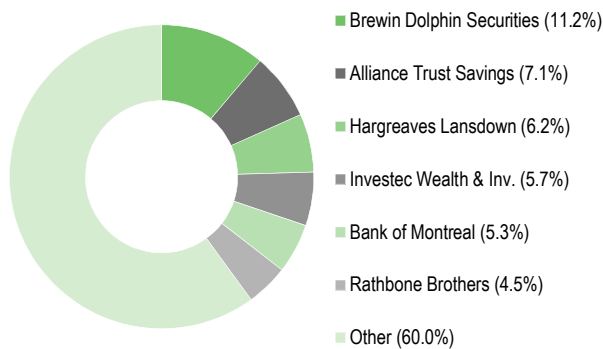


Share buyback policy and history

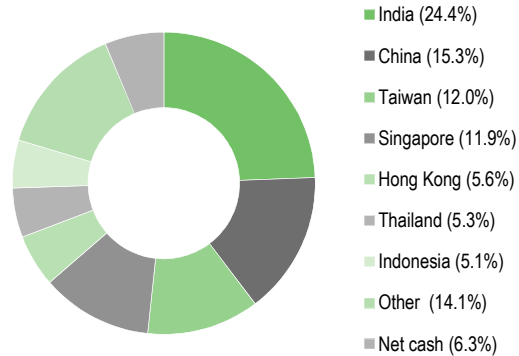
The board has a repurchase authority (14.99%), which can be used where it judges necessary to manage the discount. Financial years shown.



Shareholder base (as at 28 October 2016)



Portfolio exposure by geography (as at 30 September 2016)



Top 10 holdings (as at 30 September 2016)

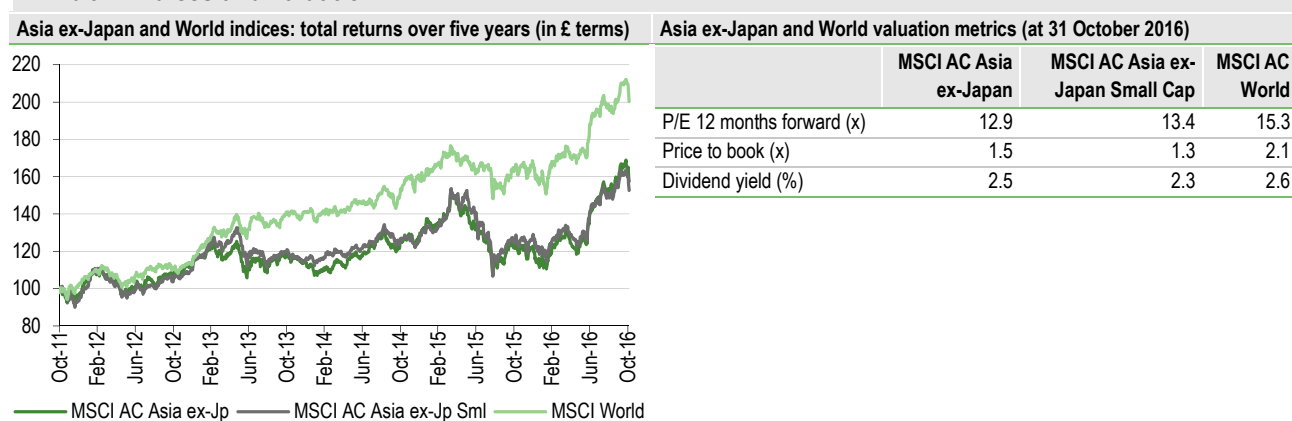
| Company | Country | Sector | Portfolio weight % | |
|-----------------------|-------------|------------------------|--------------------|--------------------|
| | | | 30 September 2016 | 30 September 2015* |
| Tong Ren Tang | China | Healthcare | 3.3 | 2.6 |
| Amorepacific | South Korea | Consumer staples | 2.9 | 3.1 |
| Standard Foods | Taiwan | Consumer staples | 2.8 | 2.3 |
| Minth | China | Consumer discretionary | 2.8 | 2.3 |
| Towngas China | China | Utilities | 2.7 | N/A |
| Taiwan Familymart | Taiwan | Consumer discretionary | 2.6 | 2.9 |
| Delta Electronics | Thailand | Industrials | 2.5 | N/A |
| Raffles Medical Group | Singapore | Healthcare | 2.5 | 2.9 |
| Godrej Industries | India | Materials | 2.3 | N/A |
| Vitasoy International | Hong Kong | Consumer staples | 2.2 | N/A |
| Top 10 | | | 26.6 | 26.4 |

Source: Scottish Oriental Smaller Companies Trust, Edison Investment Research, Bloomberg, Morningstar. Note: *N/A where not in September 2015 top 10.

Market outlook: Superior growth outlook continues

Exhibit 2 (left-hand side) shows the performance of Asian ex-Japan and World indices in sterling terms over the last five years. A major contribution to the upward moves during the second half of 2016 is a result of sterling weakness following the UK's Brexit vote. Asia ex-Japan indices have lagged the World index, which is heavily dominated by the outperforming US stock market. The superior economic growth outlook for the Asian region remains intact; in its October World Economic Outlook, the International Monetary Fund maintained 2017 forecasts for emerging and developing Asia and world output of 6.3% and 3.4% respectively. Factors for higher growth in Asia include a better demographic profile and infrastructure spending. While the gap has narrowed somewhat in recent months, on a forward P/E basis, Asia ex-Japan equities are still looking more attractively valued than the world market (Exhibit 2, right-hand side), although both large- and small-cap Asia ex-Japan equities now have a modestly lower dividend yield (earlier in 2016, the MSCI AC Asia ex-Japan index had a higher dividend yield than the MSCI AC World index).

Exhibit 2: Indices and valuation



Source: Thomson Datastream, Edison Investment Research

Fund profile: Small-cap investment with long-term view

SST was launched in March 1995 and aims to generate long-term capital growth via investment in Asia Pacific equities excluding Japan and Australasia. It is managed by First State Stewart Asia, which has c £17bn of assets under management. This is an autonomous team within First State Investments, which has c £120bn of assets under management and is owned by Commonwealth Bank of Australia. Since 2003, SST has been benchmarked against the MSCI AC Asia ex-Japan index. While this is not an ideal benchmark as it is dominated by larger companies, it is widely recognised as a regional index and predates the trust's inception. SST also uses the MSCI AC Asia ex-Japan Small Cap index as a reference as it covers most of the relevant markets. Performance versus the FTSE All-Share index is also considered, given that most of SST shareholders are based in the UK. SST currently holds a portfolio of 75 holdings, selected on a bottom-up basis, diversified by country and sector. It mainly invests in companies with a market cap of less than \$1.5bn, although up to 20% of the portfolio may be invested in companies with a market cap between \$1.5bn and \$3.0bn (at the time of first investment). No more than 15% may be invested in the securities of any one company or group of companies. Gearing of up to 50% of net assets is permitted, although in practice the level has been much lower. In April 2016, it was announced that Vinay Agarwal (director of First State Stewart Asia) had been appointed interim lead portfolio manager, effective 20 July 2016, to cover maternity leave for Wee-Li Hee; he is supported by Martin Lau (managing partner of First State Stewart Asia), Scott McNab (senior investment analyst) and the First State Stewart Asia team.

The fund manager: Vinay Agarwal

The manager's view: Growth is hard to find

The manager and his team regularly meet with company managements; the prevailing message is that in most markets growth is hard to find. Preferred investments are companies that are run for the long term by a management team that can be trusted, which have defensible 'moats' and a focus on return on capital and good corporate governance. The manager suggests that it is difficult to find good-quality companies at reasonable valuations.

In recent years, the high-quality companies in which SST traditionally invests have become more highly valued, such as the consumer staples sector. This is in an environment where interest rates are at the lowest ever. However, the manager is concerned about interest rates normalising; if earnings growth does not accelerate meaningfully, equity valuations will become even less attractive. There are select pockets of value in the stock market; the manager purchased two gas utilities in India that were trading on modest EBITDA multiples: Mahanagar Gas and Gujarat Gas; however, they too have recently re-rated.

A recent purchase was Indonesian retailer Mitra Adiperkasa, a retailer with a wide range of franchises including Starbucks, Zara, Marks & Spencer and Domino's Pizza. Over the last two to three years it has been affected by high rents and wages, a slowing economy and the speed of its expansion; these factors have put pressure on margins. The business is being restructured and margins are now improving, yet the manager was able to purchase stock at an attractive valuation. Another recent purchase was Philippines air conditioning and refrigeration company Concepcion Industrial, which has longstanding partnerships with key industry players such as United Technologies and Electrolux, and is launching new products. The business is considered to be very well managed with a focus on distribution and customer aftercare, which are very important in a price-sensitive market. Although the stock is not cheap, the company is generating strong earnings growth that the manager considers will continue for some time.

Asset allocation

Investment process: Long-term investment in Asian small-caps

As well as aiming to generate long-term capital growth, SST seeks to preserve capital in both absolute and real terms. Stocks are selected on a bottom-up basis, following thorough fundamental research and analysis of a company's valuation. Sell-side research is a secondary consideration as Asian small-cap companies are not always well covered by analysts. Preferred investments are soundly managed and financially strong companies, which can be held for many years. The manager stresses the importance of considering the potential downside as well as the potential upside when making an investment decision. SST's portfolio is diversified by sector and geography, but is constructed without reference to the benchmark so exposures can diverge significantly. An important part of the investment processes is meeting with company managements; the team conducts c 1,000 meetings each year. Turnover is less than 50% pa. An external risk team within First State Investments monitors the portfolio; characteristics analysed include exposure to growth versus value and individual stock liquidity.

Current portfolio positioning

At end-September 2016, the top 10 positions represented 26.6% of the portfolio. This was broadly in line with 26.4% at end-September 2015; six names were common to both periods. The largest position is Tong Ren Tang, which is a well-established traditional Chinese medicine company. It has a strong product pipeline, is expanding its domestic sales both online and offline, and is increasing

its international exposure. The manager has been reducing the number of holdings, selling stocks that he considered value traps and some companies on very high valuations, or where there are question marks over long-term earnings growth.

Looking at SST from an economic activity basis, the majority of the portfolio is exposed to Asian consumption, both directly and indirectly. The balance is split between exporters, international trade-related/domestic capital-related and cash. As shown in Exhibit 3, around a third of the portfolio is invested in consumer companies, with the majority focused on domestic consumption.

| Exhibit 3: Portfolio sector exposure vs Asia ex-Japan indices (% unless stated) | | | | | | |
|--|------------------------|------------------------|------------------|---------------------------------|---------------------------------|---------------------------------------|
| | Portfolio end-Sep 2016 | Portfolio end-Sep 2015 | Benchmark weight | Active weight vs benchmark (pp) | MSCI AC Asia ex-Japan Small Cap | Active weight vs small-cap index (pp) |
| Consumer staples | 18.5 | 19.1 | 5.2 | 13.4 | 5.3 | 13.2 |
| Information technology | 15.3 | 10.4 | 27.7 | -12.4 | 18.5 | -3.2 |
| Industrials | 14.6 | 15.1 | 7.9 | 6.7 | 14.8 | -0.2 |
| Consumer discretionary | 13.8 | 18.9 | 9.5 | 4.3 | 18.3 | -4.5 |
| Financials | 7.7 | 13.1 | 23.5 | -15.8 | 8.4 | -0.7 |
| Healthcare | 7.1 | 6.5 | 2.5 | 4.6 | 9.9 | -2.8 |
| Materials | 6.6 | 6.2 | 4.2 | 2.4 | 8.6 | -2.0 |
| Utilities | 5.2 | 3.1 | 3.7 | 1.5 | 2.3 | 2.9 |
| Telecom services | 2.8 | 3.4 | 5.8 | -3.0 | 1.1 | 1.7 |
| Real estate* | 2.1 | N/A | 6.1 | -4.0 | 11.4 | -9.3 |
| Energy | 0.0 | 0.8 | 4.1 | -4.1 | 1.5 | -1.5 |
| Net cash | 6.3 | 3.4 | 0.0 | 6.3 | 0.0 | 6.3 |
| | 100.0 | 100.0 | 100.0 | | 100.0 | |

Source: Scottish Oriental Smaller Companies Trust, Edison Investment Research. Note: *Before 1 September 2016, real estate exposure was included in the financial sector.

SST remains significantly overweight consumer staples as this sector contains some high-quality companies with defensible franchises. However, the former largest position, Indian consumer products company Marico, has been reduced on valuation grounds. SST is significantly underweight financials versus the benchmark. The manager is concerned that some of the larger banks have been too loose with credit, which will lead to a non-performing loan cycle. As interest rates are so low, net interest margins have narrowed and profitability is tough. Indonesia and India have higher interest rates and spreads and still have growth potential, although profitability is not as good as it has been.

| Exhibit 4: Portfolio geographic exposure vs benchmark (% unless stated) | | | | | | |
|--|------------------------|------------------------|-------------|------------------|---------------------------------|-----------------------------------|
| | Portfolio end-Sep 2016 | Portfolio end-Sep 2015 | Change (pp) | Benchmark weight | Active weight vs benchmark (pp) | Trust weight/benchmark weight (x) |
| India | 24.4 | 23.7 | 0.7 | 9.9 | 14.5 | 2.5 |
| Singapore | 11.9 | 16.6 | -4.7 | 4.5 | 7.4 | 2.6 |
| Sri Lanka | 3.5 | 3.1 | 0.4 | 0.0 | 3.5 | N/A |
| Thailand | 5.3 | 4.4 | 0.9 | 2.6 | 2.7 | 2.0 |
| Philippines | 4.3 | 1.8 | 2.5 | 1.5 | 2.8 | 2.9 |
| Indonesia | 5.1 | 3.2 | 1.9 | 3.2 | 1.9 | 1.6 |
| Vietnam | 0.4 | 0.0 | 0.4 | 0.0 | 0.4 | N/A |
| Bangladesh | 0.1 | 0.0 | 0.1 | 0.0 | 0.1 | N/A |
| Malaysia | 1.5 | 2.0 | -0.5 | 3.1 | -1.6 | 0.5 |
| Taiwan | 12.0 | 12.9 | -0.9 | 14.2 | -2.2 | 0.8 |
| Hong Kong | 5.6 | 8.3 | -2.7 | 12.3 | -6.7 | 0.5 |
| South Korea | 4.3 | 4.8 | -0.5 | 17.3 | -13.0 | 0.2 |
| China | 15.3 | 15.8 | -0.5 | 31.4 | -16.1 | 0.5 |
| Net cash | 6.3 | 3.4 | 2.9 | 0.0 | 6.3 | N/A |
| | 100.0 | 100.0 | | 100.0 | | |

Source: Scottish Oriental Smaller Companies Trust, Edison Investment Research

On a geographic basis, over the last 12 months, the largest increase in exposure is the Philippines. Despite a challenging political environment, the economy is growing and parts of the domestic economy remain underpenetrated. Although overweight versus the benchmark, exposure to Singapore was reduced as external demand is weak and the domestic economy is lacklustre. In addition, two companies were taken private: mechanical component manufacturer Interplex and

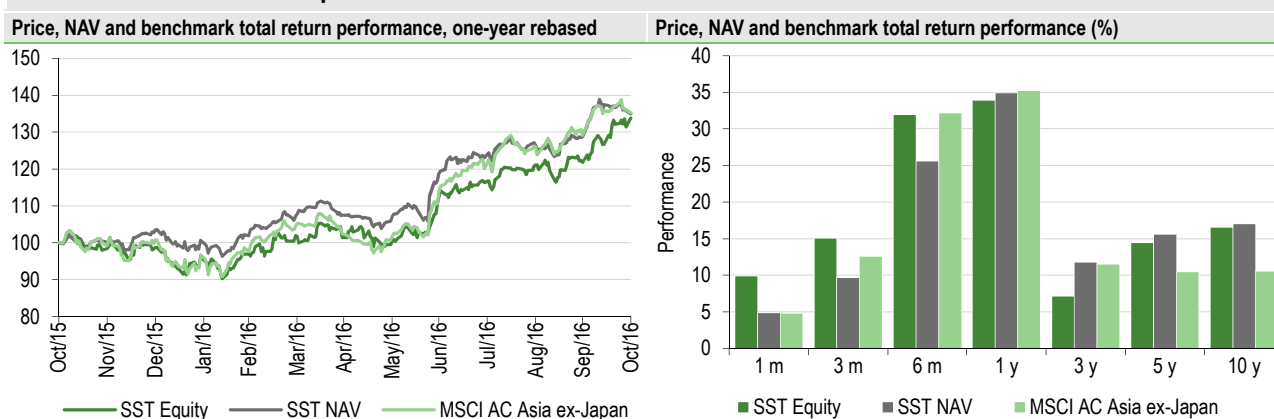
Chinese medicine retailer Eu Yan Sang. SST retains overweight exposure to India, where earnings growth is relatively higher and the manager considers that company managements are generally high quality. The largest underweight exposure is China, where the manager struggles to find attractive investment ideas. He argues that there is a lack of interest in minority shareholders and finding earnings growth is challenging.

Performance: Strong over last five and 10 years

For FY16 (ending 31 August), SST's NAV total return of 31.5% compared with 33.0% for the benchmark. The largest detractor to relative performance was underweight exposure to South Korea, a market that performed strongly over the period. On an individual stock basis the largest contributors to performance were Chinese auto part manufacturer Minth (+3.1pp) and Chinese optical products company Sunny Optical (+2.0pp). The largest detractors were South Korean tour company Hana Tour Service (-0.6pp) and Hong Kong company Pacific Basin Shipping (-0.4pp).

Looking at the longer-term track record, since inception on 28 March 1995 to end-September 2016 SST has outperformed the MSCI AC Asia-ex Japan index in 59.3% of months (38.1% of months when the market rallied and 84.0% where the market fell).

Exhibit 5: Investment trust performance to 31 October 2016



Source: Thomson Datastream, Edison Investment Research. Note: Three-, five- and 10-year performance figures annualised.

Exhibit 5 (right-hand side) illustrates how the weakness of sterling has added to absolute performance in recent months. Over the last 12 months, SST's share price and NAV total returns have been 33.8% and 34.9%. In our [last published note](#), 12-month absolute share price and NAV total returns to end-March 2016 were -8.8% and -5.7% respectively.

Exhibit 6: Share price and NAV total return performance, relative to indices (%)

| | One month | Three months | Six months | One year | Three years | Five years | 10 years |
|---|-----------|--------------|------------|----------|-------------|------------|----------|
| Price relative to MSCI AC Asia ex-Japan | 4.9 | 2.2 | (0.1) | (1.0) | (11.4) | 19.4 | 69.9 |
| NAV relative to MSCI AC Asia ex-Japan | 0.1 | (2.6) | (4.9) | (0.2) | 0.8 | 25.4 | 77.1 |
| Price relative to MSCI AC Asia ex-Japan Small Cap | 6.0 | 4.7 | 6.2 | 4.4 | (7.6) | 22.9 | 71.8 |
| NAV relative to MSCI AC Asia ex-Japan Small Cap | 1.1 | (0.2) | 1.1 | 5.2 | 5.0 | 29.1 | 79.2 |
| Price relative to FTSE All-Share | 9.3 | 10.4 | 17.6 | 19.3 | 5.3 | 24.8 | 170.2 |
| NAV relative to FTSE All-Share | 4.3 | 5.2 | 11.9 | 20.3 | 19.7 | 31.1 | 181.8 |

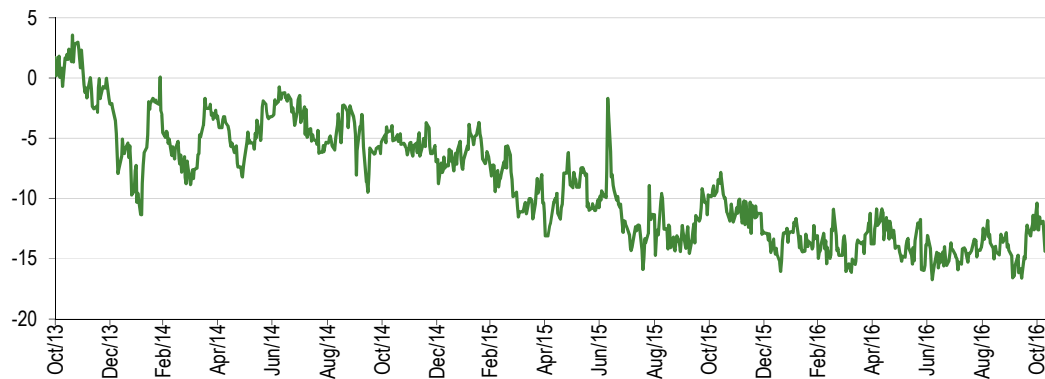
Source: Thomson Datastream, Edison Investment Research. Note: Data to end-October 2016. Geometric calculation.

Exhibit 6 shows SST's relative returns. While trailing in more recent periods, SST's NAV total return is ahead of the benchmark over three, five and 10 years, meaningfully so over five and 10 years. It is also ahead of the MSCI AC Asia ex-Japan Small Cap index over one, three, five and 10 years. Of interest to sterling-based investors, SST's NAV and share price total returns are ahead of the FTSE All-Share index over all periods shown.

Discount: Wider than long-term averages

SST's current 14.4% share price discount to cum-income NAV is modestly wider than the 13.3% average of the last 12 months (range of 7.9% to 16.7%). It is also wider than the averages of the last three, five and 10 years of 8.8%, 6.3% and 8.2% respectively. As shown in Exhibit 8, SST has a broadly similar discount to its nearest peer, the Aberdeen Asian Smaller Companies Trust.

Exhibit 7: Share price premium/discount to NAV (including income) over three years (%)



Source: Thomson Datastream, Edison Investment Research

Capital structure and fees

SST is a conventional investment trust with one class of share outstanding; there are currently 31.0m shares in issue plus an additional 0.4m held in treasury. The board has no formal discount control mechanism, but will repurchase shares opportunistically and issue new shares at a modest premium to NAV when in the interests of shareholders; during FY16, 0.47m shares were repurchased at an average price of 713.5p per share.

While SST has a net cash position (6.3% at end-September), it has gearing available via a £20m 3.135% fixed-rate loan with National Australia Bank, which is repayable on 14 August 2019.

First State Investment Management (UK) is paid an annual management fee of 0.75% of net assets, payable quarterly in arrears. In addition, an annual performance fee may be earned; the total fee payable is capped at 1.5% pa of net assets. The performance fee is payable if SST's share price total return exceeds the benchmark by 10pp over a rolling three-year period. The aim is to pay the investment manager 10% of the additional value generated. No performance fee was payable for FY16 versus £107k in FY15. For FY16, the ongoing charge was 1.04% versus 1.01% in FY15 (excluding performance fees) and 1.05% (including performance fees).

Dividend policy and record

In FY16, revenue per share was 9.50p versus 15.58p in the prior year. However, FY15 benefited from a special dividend amounting to 6.08p per SST share from Asia Satellite Telecom. If this is excluded, revenue per share would have been flat year-on-year.

The board has proposed an 11.5p dividend, which is in line with the prior three years; the 2.0p shortfall will be taken from the revenue reserve which, following the dividend payment, will be 20.9p per share. Based on the current share price the dividend yield is 1.2%.

Peer group comparison

Exhibit 8 shows the AIC Asia Pacific ex-Japan investment trusts with a market cap above £50m; SST is in the middle of the pack in terms of size. Its closest peer is Aberdeen Asian Smaller Companies Trust. Some other trusts in the sector have income mandates and/or the ability to invest in Australasia. SST's NAV total returns rank highly over the longer term; it is the best performing trust over 10 years and second over five years. Over one and three years it ranks seventh and eighth out of 15 funds respectively. It has outperformed its closest peer over three, five and 10 years. In terms of risk-adjusted returns as measured by the Sharpe ratio, SST is modestly below average over one year and in line over three years. Its ongoing charge is lower than average but, unlike most peers, a performance fee is payable (although none was paid in FY16). SST is one of only two trusts in the sector running a net cash position and, unsurprisingly, given its capital growth mandate, its dividend yield is below average. However, when the trusts with an income mandate are excluded, SST's dividend is in line with the peer group average.

Exhibit 8: Selected peer group as at 9 November 2016

| % unless stated | Market cap £m | NAV TR 1 Year | NAV TR 3 Year | NAV TR 5 Year | NAV TR 10 Year | Sharpe 1y (NAV) | Sharpe 3y (NAV) | Discount (ex-par) | Ongoing charge | Perf. fee | Net gearing | Dividend yield (%) |
|----------------------------------|---------------|---------------|---------------|---------------|----------------|-----------------|-----------------|-------------------|----------------|-----------|-------------|--------------------|
| Scottish Oriental Smaller Cos | 293.1 | 30.1 | 37.0 | 96.6 | 355.7 | 0.8 | 0.3 | (13.4) | 1.0 | Yes | 92 | 1.2 |
| Aberdeen Asian Income | 364.9 | 29.7 | 16.2 | 59.2 | 206.9 | 0.7 | (0.3) | (6.8) | 1.3 | No | 109 | 4.4 |
| Aberdeen Asian Smaller | 340.6 | 33.0 | 23.8 | 95.8 | 325.4 | 1.3 | (0.1) | (13.9) | 1.5 | No | 108 | 1.1 |
| Aberdeen New Dawn | 231.1 | 26.5 | 18.7 | 42.7 | 152.2 | 0.5 | (0.1) | (12.1) | 1.1 | No | 111 | 2.1 |
| Edinburgh Dragon | 590.4 | 27.6 | 23.1 | 45.6 | 170.3 | 0.6 | (0.0) | (12.7) | 1.2 | No | 108 | 1.1 |
| Fidelity Asian Values | 230.6 | 43.0 | 65.0 | 95.3 | 245.4 | 1.7 | 0.8 | (9.2) | 1.4 | No | 98 | 1.3 |
| Henderson Far East Income | 388.3 | 28.3 | 26.0 | 62.6 | 152.2 | 0.6 | 0.0 | 0.9 | 1.1 | No | 106 | 5.9 |
| Invesco Asia | 196.5 | 31.7 | 51.6 | 75.1 | 215.3 | 0.8 | 0.6 | (9.7) | 1.0 | No | 101 | 1.6 |
| JPMorgan Asian | 265.7 | 28.4 | 39.8 | 55.2 | 117.2 | 0.6 | 0.4 | (12.8) | 0.8 | No | 106 | 0.9 |
| Martin Currie Asia Unconstrained | 120.2 | 27.6 | 20.2 | 41.2 | 83.5 | 0.6 | (0.1) | (13.8) | 1.2 | No | 102 | 2.4 |
| Pacific Assets | 298.5 | 31.3 | 55.9 | 110.9 | 180.5 | 1.1 | 0.9 | 0.4 | 1.3 | No | 100 | 0.9 |
| Pacific Horizon | 124.5 | 24.1 | 31.7 | 50.3 | 117.8 | 0.4 | 0.2 | (10.8) | 1.1 | No | 103 | 0.2 |
| Schroder Asia Pacific | 583.7 | 32.7 | 48.2 | 80.8 | 207.8 | 1.0 | 0.6 | (13.1) | 1.1 | No | 101 | 1.2 |
| Schroder Asian TR Inv. Company | 187.5 | 30.1 | 46.3 | 59.7 | 147.0 | 1.1 | 0.7 | (5.0) | 1.0 | Yes | 112 | 1.5 |
| Schroder Oriental Income | 529.7 | 30.5 | 39.8 | 92.6 | 226.4 | 0.9 | 0.4 | (1.5) | 0.9 | Yes | 104 | 3.8 |
| Weighted average | | 30.4 | 35.7 | 73.1 | 202.9 | 0.9 | 0.3 | (8.6) | 1.1 | | 104 | 2.1 |
| SST rank in sector | 8 | 7 | 8 | 2 | 1 | 8 | 8 | 13 | 12 | | 15 | 9 |

Source: Morningstar, Edison Investment Research. Note: TR=total return. Sharpe ratio is a measure of risk-adjusted return. The ratios shown are calculated by Morningstar for the past 12- and 36-month periods by dividing a fund's annualised excess returns over the risk-free rate by its annualised standard deviation. Net gearing is total assets less cash and equivalents as a percentage of net assets.

The board

SST has four members on the board; all are non-executive and independent of the manager. Chairman James Ferguson and Alexandra Mackesy were elected in 2004. Dr Janet Morgan has been on the board since 1995 and Anne West since 2010. All directors hold shares in SST, ensuring that their interests are aligned with those of all other shareholders. SST is in the process of appointing an additional director; an announcement will be made in due course.

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