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Aberdeen investment trusts

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Martyn graduated in economics from Cambridge University in 1983 and began his career in commodity and financial futures broking. After four years he moved into equity fund management and enjoyed considerable success with funds at MGM Assurance, Lloyds Investment Managers, and finally Kleinwort Benson, which became RCM under the ownership of Allianz of Germany. For 12 years before joining Edison he was focused on company research within the European financial sector with RCM as a senior analyst and director. He has been a non-executive director of Independent Minds Research.

Andrew Mitchell

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Matthew Read

Analyst



Matthew graduated in economics from the University of York in 1995 and, following a period working in the Insurance broking industry, gained his MSc in Finance from Cass Business school in 2000. Matthew's career as a closed end fund analyst began 12 years ago when he then joined Teather & Greenwood, subsequently moving to Hardman and Co. before joining Edison in 2008.

Aberdeen Investment Trusts

3 July 2013

In this document we provide an overview of the UK-listed investment trusts managed by Aberdeen Asset Management and Aberdeen Private Equity Fund, which is managed by AberdeenSVG, with an introductory section that gives an insight into the investment processes used and discussion of the investment outlook for the market areas covered by the trusts.

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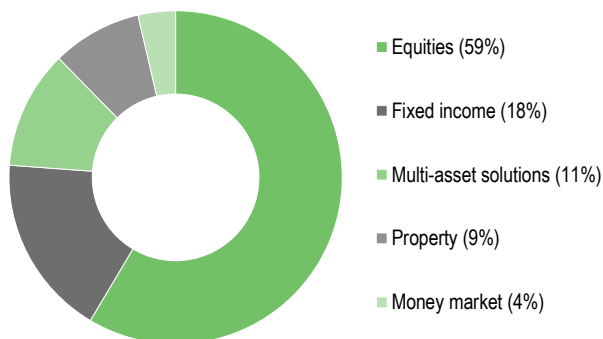
Section 1: Introducing the manager and trusts

We begin by profiling Aberdeen Asset Management Group to give an indication of the breadth and scale of resources the company brings as a manager to the individual investment trusts. We then set out the investment policy and process and review recent performance in the context of each trust's peers.

Aberdeen Asset Management: Group overview

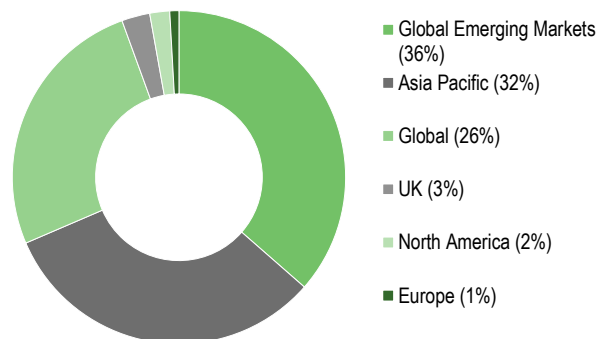
- Aberdeen is one of the largest UK-listed independent asset managers with £212.3bn (31 March 2013) of assets under management (AUM) in total.
- Assets under management have grown significantly; the six months to March 2013, for example, saw net inflows of nearly 8% of opening equities assets. Sensitive to the potential impact of this on performance, the group has taken measures to limit flows into those areas subject to capacity constraints.
- The group has over 2,000 staff including more than 230 investment professionals in the equity and fixed-income teams. There are offices in 23 countries with local investment teams based in 11 countries.
- The Singapore office was opened in 1992 and Asia, emerging markets and global equities are areas of strength for the group. Together they account for 91% of equity AUM and 57% of fixed income assets. The group also has significant capabilities in property and multi-asset management. Distribution is geographically broad and the client base is diverse.
- Exhibits 1 and 2, analysing the group's AUM, demonstrate the breadth of asset and geographical experience that the group offers as a manager.
- In terms of investor client domicile Aberdeen, unsurprisingly, still has a bias to the UK, which accounts for 26% of assets, although the rest of Europe (35%) is now larger and the Americas (19%), Asia Pacific (12%) and Middle East and Africa (8%) are each significant client locations.
- We discuss the investment process for the investment trusts in more detail later in this section, but, from a group perspective, common themes in the investment style and process are a long-only, long-term, bottom-up approach. In this respect we would regard the investment style as probably having greater consistency than at many other quoted managers providing management services to investment trusts. There is also an emphasis on teamwork, meaning investors in Aberdeen-managed trusts can expect a degree of consistency in approach over time and between trusts.

Exhibit 1: Analysis of total AUM by asset class



Source: Aberdeen Asset Managers. Note: As at end-March 2013.

Exhibit 2: Equity AUM by geography



Source: Aberdeen Asset Managers. Note: As at end-March 2013.

Aberdeen-managed investment trusts

Aberdeen Asset Management manages 16 UK-listed investment trusts, with combined assets of £5.8bn. This makes it one of the largest investment trust management groups in the UK market, accounting for over 5% of UK industry assets.¹ Including non-UK-listed funds, Aberdeen's total closed-end funds under management were £13.6bn at the end of March 2013. In this note the tables and company profiles also include Aberdeen Private Equity Fund, which is managed by AberdeenSVG, a strategic alliance between Aberdeen Asset Management and SVG Capital.

In Exhibit 3 below, we draw together some of the performance and valuation data for the trusts discussed later in this note and, opposite, set out the investment objectives of the trusts in the context of the Association of Investment Company sectors in which they are categorised.

Exhibit 3: Aberdeen-managed trusts: NAV total returns, NAV discount, yield, gearing and charges (%)								
Fund	NAV TR one-year	NAV TR three-year	NAV TR five-year	NAV discount	Dividend yield	Gearing	Ongoing charge	Performance fee
Asia ex-Japan – sector	28.3	44.9	85.2	-5.6	1.7	101.8	1.2	
Aberdeen Asian Income Fund	31.8	73.9	127.0	3.1	3.4	102.0	1.3	No
Aberdeen Asian Smaller Companies Investment Trust	50.5	111.4	229.0	3.0	0.9	104.0	1.5	No
Aberdeen New Dawn Investment Trust	29.3	42.4	82.1	-7.2	1.3	107.0	1.1	No
Edinburgh Dragon Trust	27.7	41.7	86.9	-6.7	0.8	109.0	1.3	No
Asia Pacific including Japan – sector	24.9	32.0	46.3	-10.2	1.7	103.7	1.1	
Aberdeen All Asia Investment Trust	27.2	37.7	58.3	-6.7	1.2	108.0	1.3	Yes
Country specialists: Asia Pacific – sector	20.1	9.3	46.1	-18.1	1.1	95.6	2.5	
Aberdeen New Thai Investment Trust	57.8	154.6	242.1	-10.8	1.3	97.0	1.6	No
New India Investment Trust	24.6	11.1	61.1	-13.8	N/A	99.0	1.5	Yes
Global Growth and Income – sector	30.0	47.9	45.7	-0.4	3.6	111.0	1.0	
Murray International Trust	31.4	56.8	78.7	8.3	3.4	110.0	0.7	Yes
Latin America – sector	13.5	8.1	-30.5	-9.6	3.7	113.0	2.2	
Aberdeen Latin American Income Fund	20.0	N/A	N/A	4.5	3.7	111.0	2.0	No
North America – sector	23.8	51.7	65.9	0.5	2.8	102.8	1.1	
The North American Income Trust	23.0	44.3	58.3	0.9	2.2	101.0	1.0	No
Private Equity – sector	1.8	13.7	-2.1	-17.4	2.7	90.9	7.4	
Aberdeen Private Equity Fund	3.9	20.6	9.8	-23.5	N/A	91.0	2.1	Yes
UK Growth – sector	29.1	45.4	42.1	-9.4	2.2	102.0	1.2	
Aberdeen UK Tracker Trust00	29.3	42.3	34.3	-4.4	3.1	100.0	0.3	No
UK Income – sector	35.5	59.6	49.6	-1.6	3.8	114.4	1.3	
Dunedin Income Growth Investment Trust	35.2	60.7	40.7	1.3	3.9	105.0	0.6	No
Murray Income Trust	34.2	59.6	45.6	1.2	3.8	107.0	0.8	No
Shires Income	43.0	69.0	50.4	-0.7	5.0	123.0	1.1	No
UK High Income – sector	38.3	72.4	65.9	-2.8	4.2	115.0	2.4	
Aberdeen Smaller Companies High Income Trust	40.7	81.5	45.8	-1.5	3.2	122.0	1.9	No
UK Smaller Companies – sector	35.5	59.6	49.6	-1.6	3.8	114.4	1.3	
Dunedin Smaller Companies Investment Trust	36.1	72.9	70.2	-5.0	2.6	103.0	1.0	Yes
Investment trust overall average	21.4	35.2	34.8	-4.4	2.3	105.1	1.6	

Source: Morningstar as at 31 May 2013. Note Aberdeen Private Equity Fund is managed by AberdeenSVG.

¹ AIC data as at end-May 2013.

Exhibit 4: Summary of Aberdeen-managed investment trust objectives

Trust/AIC sector	Investment objective/description	Assets (£m)
Asia ex-Japan	Sector trusts provide exposure to favourable relative growth in the Asian region with a choice of income, smaller company and ex-Australia alternatives	
Aberdeen Asian Income Fund	Seeks to generate total returns primarily through investing in Asia Pacific securities, including those with above-average yield. Trust shares yield over 3%.	410
Aberdeen Asian Smaller Companies Investment Trust	Targets total returns from investing in smaller companies in Asia/Australasia with the maximum initial market cap increased last year from \$0.75bn to \$1bn.	410
Aberdeen New Dawn Investment Trust	Aims for a high level of capital growth through equity investment in the Asia Pacific countries excluding Japan (includes Australia, which Edinburgh Dragon Trust excludes). The first Asian investment trust launched by Aberdeen in 1989.	260
Edinburgh Dragon Trust	Aims to provide long-term capital growth through investment in the Far East (excluding Japan and Australia). Investments are principally in large companies. The benchmark is the MSCI All Country Asia (ex Japan) index.	616
Asia Pacific including Japan and country specialist trusts	The All Asia trust gives a broad Asian exposure, including Japan, while the other two trusts have individual country mandates for those seeking a more targeted investment.	
Aberdeen All Asia Investment Trust	Aims to generate capital growth from a concentrated portfolio of companies domiciled, operating or generating revenue in the Asia Pacific region including Japan.	61
Aberdeen New Thai Investment Trust	Using mainly equity and equity related investments in Thailand, seeks a high level of long-term, above average capital growth.	110
New India Investment Trust	Invests in companies incorporated in India or which derive significant revenue or profit from India with the objective of long-term capital appreciation. While cash flow and dividend payments are important measures, yield itself is of secondary importance. The benchmark is the MSCI India Index in sterling terms.	143
Global Growth and Income	A broad international sector with trusts such as Murray International providing investors with a wide geographical exposure and generating income as well as growth.	
Murray International Trust	To meet its total return and income objectives the trust has a portfolio comprising relatively high yielding equities in a diversified mix of world markets. A globally diversified company with a strong balance sheet, above-average yield, sustainable earnings and attractive valuation is an ideal candidate for investment. To find such opportunities the manager draws on Aberdeen's country team buy lists.	1,432
Latin America	LATAM funds offer a play on growth in a region with favourable demographics. The Aberdeen fund is biased towards consumer-driven domestic growth rather than more cyclically sensitive commodity exporters.	
Aberdeen Latin American Income Fund	Aims for a total return including income through investing in LATAM quoted or exposed equities (c 60%) while fixed-income securities contribute most of the income element of returns.	76
North America	North American trusts give a diversified exposure to these markets, which include leading global companies. The Aberdeen trust includes an income objective.	
The North American Income Trust	Last year the trust changed from a passive to an active policy, seeking above-average dividend income and long-term capital growth with a portfolio consisting predominantly of S&P 500 US equities. The c 15% fixed-income component and an options writing strategy contribute to the target 3.5% net yield.	291
Private equity	Private equity trusts give investors exposure to an alternative asset class with a longer-term time horizon that is well suited to the closed-end structure and complementary to equity and fixed-income investments.	
Aberdeen Private Equity Fund	Seeks long-term capital gains primarily through investment in a diversified portfolio of private equity funds. It may also invest in hedge funds, specialty funds, unquoted companies and quoted securities. At the end of December the fund had 25 investments.	130
UK Growth	Categorised in UK growth sector, the Aberdeen fund tracks UK index capital and income performance.	
Aberdeen UK Tracker Trust	Runs a portfolio designed to track the FTSE All-Share Index both in terms of capital and income. Had an ongoing charge of 0.3% and does not use derivatives to track index performance. The only UK investment trust to offer a tracking strategy.	315
UK Income and UK High Income	The sectors are in a sweet spot in terms of investor appetite given the scarcity of attractive income options from fixed income and deposit offerings.	
Dunedin Income Growth Investment Trust	Aims to achieve growth of income and capital from a portfolio invested mainly in UK equities. The mandate now allows investment of up to 20% of gross assets overseas. The manager runs a focused portfolio while maintaining diversification of sector and business cycles to support long-term dividend growth.	431
Murray Income Trust	Aims to achieve high and growing income combined with capital growth through investment principally in UK equities. The trust may invest up to 20% of gross assets overseas.	531
Shires Income	Aims to provide shareholders with a high level of income, together with growth of both income and capital from a portfolio substantially invested in UK equities. It employs gearing (c 23% recently) to invest in income-generating preference and convertible shares and also uses option writing to increase returns.	86
Aberdeen Smaller Companies High Income Trust	The trust's objective is to combine high and growing dividends with capital growth by investing mainly in smaller company equities and UK fixed-income securities. The trust is unusual among peers in holding c 20% of assets in fixed income and preference stocks, which contribute to a relatively high yield.	52
UK Smaller Companies	Smaller-cap trusts give investors diversified exposure to a market segment that has outperformed the broader market for significant periods. While there is academic debate about the "small firm effect", the opportunity for a manager to select opportunities from a less intensely researched universe is appealing.	
Dunedin Smaller Companies Investment Trust	Aims for long-term growth with income through investing in UK smaller companies. Although UK-based, 45% of portfolio companies' turnover is from other countries. The trust may borrow up to £5m, but it is not currently deploying significant gearing.	98

Source: Investment Trusts, AIC, Edison Investment Research. Note: Total assets as at 13 June 2013.

Section 2: Investment philosophy and process

- Aberdeen's investment approach is bottom-up, based on fundamental research with management meetings an essential part of the process of exploring the quality of a company.
- A long-term view is taken, with portfolio turnover generally below average.
- Once a company has been added to the universe of potential investments, a valuation assessment determines whether it is bought or remains on the watch list.
- Diversification is monitored but the approach is not benchmark-driven.
- Management is conducted on a team basis with all members given the opportunity to contribute views.

The philosophy at Aberdeen Asset Management is that markets are not always efficient and that relative returns may be earned by identifying attractive investments on a fundamental basis. The active equity investment teams (excludes the Aberdeen UK Tracker Trust) follow a common bottom-up process in which no investment is made until an intensive due diligence process has been followed. This involves assessment of the quality of a company with considerations including experience and quality of management, corporate governance, the long-term growth potential for the business, cash flow generation and the prospects for dividend payments.

Meetings with management teams are seen as essential for both new and existing investments. Fund manager commentary for each of the trusts highlight that they typically meet management between two and four times a year; while the incremental information gained may sometimes be limited, these meetings are important in confirming that the investment case remains valid. Company visit notes are prepared for each meeting facilitating the sharing of information across the teams. The team approach adopted helps ensure that the investment case is fully debated and facilitates the rate of company meetings required by the process.

Once a company has been added to the Aberdeen universe, the management team assess whether the stock is cheap or expensive to determine whether it is a potential buy or should remain on the watch list. The final step in the process is portfolio construction, where the key determinant is the maintenance of diversification rather than a consideration of fund versus index weightings.

As a result weightings may diverge significantly from benchmarks if sector companies do not match Aberdeen's quality criteria. An example of this is in some of the UK trusts, where holdings of oil and gas and mining shares are limited. While the investment approach is index-agnostic (excluding the Aberdeen UK Tracker Trust), diversification of portfolio exposures is maintained.

In practice, measures of divergence from fund benchmarks do not all show significant differences from other investment trusts in each sector. In Exhibit 5 we have collated the tracking error (an annualised measure of the volatility of the difference between the trust's performance and its benchmark) for the Aberdeen investment trusts against their benchmarks and the average values for AIC sector trusts. As can be seen, three of the five regional Asian trusts do have higher than average tracking errors over three and five year periods, as might be expected with off-benchmark portfolios. However, there is no general pattern across all the funds and both the UK tracker and North American trust, previously a tracker, have low tracking errors reflecting their mandates. Tracking error is only one way of looking at how actively funds are run and, from an investor's perspective, the underlying process spelt out by the manager is clearly fundamentally-based.

Exhibit 5: Tracking errors for NAV returns vs fund benchmarks over one, three and five years

Trust/sector	One year	Three years	Five years
Asia ex-Japan – sector	5.7	6.3	7.6
Aberdeen Asian Income Fund	5.5	7.4	8.9
Aberdeen Asian Smaller Companies Investment Trust	8.4	10.4	12.2
Aberdeen New Dawn Investment Trust	4.4	5.2	6.7
Edinburgh Dragon Trust	3.2	5.8	7.1
Asia Pacific including Japan – sector	3.8	3.7	4.0
Aberdeen All Asia Investment Trust	4.9	4.8	5.9
Country specialists: Asia Pacific – sector	11.8	13.9	17.3
Aberdeen New Thai Investment Trust	6.0	8.7	8.8
New India Investment Trust	7.6	8.0	12.8
Global Growth and Income – sector	4.4	5.8	7.9
Murray International Trust	N/A	N/A	N/A
Latin America – sector	12.0	14.5	21.3
Aberdeen Latin American Income Fund	N/A	N/A	N/A
North America – sector	4.8	6.2	8.3
The North American Income Trust	4.0	2.4	2.2
Private Equity – sector	20.6	23.2	32.3
Aberdeen Private Equity Fund	14.5	23.4	33.0
UK Growth – sector	7.9	12.7	13.2
Aberdeen UK Tracker Trust	2.6	2.6	3.0
UK Income – sector	6.1	10.6	12.0
Dunedin Income Growth Investment Trust	4.7	4.7	6.3
Murray Income Trust	4.2	5.0	5.7
Shires Income	5.0	6.1	11.6
UK High Income – sector	6.7	7.5	10.6
Aberdeen Smaller Companies High Income Trust	7.4	6.5	10.6
UK Smaller Companies – sector	6.1	10.6	12.0
Dunedin Smaller Companies Investment Trust	8.1	6.9	10.3
Investment trust overall average	14.2	16.7	21.9

Source: Morningstar, Edison Investment Research. Note: As at 31 May 2013.

In Exhibit 6 we look at portfolio concentration compared with sector averages. While the index agnostic approach and quality-driven criteria might lead us to expect more concentrated portfolios than average, the pattern is mixed between the trusts and on average for Aberdeen-managed trusts (excluding the tracker fund), concentration is only slightly above average (36% versus 34%). However, the number of holdings is noticeably below the overall average, excluding the UK tracker (47 versus 81). These figures tend to confirm the ability to achieve diversification within the Aberdeen universe and the active stance reflected in the below-average number of holdings.

Exhibit 6: Portfolio concentration (top 10 holdings as % of total assets) and number of holdings

Trust/sector	Portfolio concentration (%)	Number of holdings
Asia ex-Japan – sector	33	63
Aberdeen Asian Income Fund	30	53
Aberdeen Asian Smaller Companies Investment Trust	29	71
Aberdeen New Dawn Investment Trust	46	47
Edinburgh Dragon Trust	41	48
Asia Pacific including Japan – sector	29	37
Aberdeen All Asia Investment Trust	33	53
Country specialists: Asia Pacific – sector	56	26
Aberdeen New Thai Investment Trust	48	36
New India Investment Trust	47	33
Global Growth and Income – sector	31	95
Murray International Trust	24	62
Latin America – sector	24	45
Aberdeen Latin American Income Fund	31	47
North America – sector	22	144
The North American Income Trust	31	60
Private Equity – sector	51	32
Aberdeen Private Equity Fund	53	24
UK Growth – sector	43	88
Aberdeen UK Tracker Trust	37	574
UK Income – sector	45	62
Dunedin Income Growth Investment Trust	31	41
Murray Income Trust	30	44
Shires Income	36	43
UK High Income – sector	35	88
Aberdeen Smaller Companies High Income Trust	28	52
UK Smaller Companies – sector	45	62
Dunedin Smaller Companies Investment Trust	34	42
Investment trust overall average	34	81

Source: Morningstar, Edison Investment Research. Note: As at 31 May 2013.

Flowing from Aberdeen's bottom-up, buy and hold approach an important common theme between the trusts is the relatively low turnover of the portfolios. We demonstrate this in Exhibit 7, which compares the turnover of each of the Aberdeen trusts with their respective sectors. As a broad indication, the average for the Aberdeen-managed trusts for the three years shown has been between 11% and 14%, which compares with the overall weighted average for investment trusts of between 30% and 32%.

Exhibit 7: Portfolio turnover as a percentage of net assets

Trust/sector	2010	2011	2012
Asia ex-Japan – sector	40.8	56.2	39.3
Aberdeen Asian Income Fund	12.3	11.5	18.0
Aberdeen Asian Smaller Companies Investment Trust	5.7	3.0	4.9
Aberdeen New Dawn Investment Trust	5.9	5.1	3.7
Edinburgh Dragon Trust	7.2	5.6	5.8
Asia Pacific including Japan – sector	53.6	38.7	23.0
Aberdeen All Asia Investment Trust	22.9	7.5	10.4
Country specialists: Asia Pacific – sector	21.9	26.7	25.7
Aberdeen New Thai Investment Trust	1.9	9.1	4.1
New India Investment Trust	10.5	9.4	6.3
Global Growth and Income – sector	27.1	22.2	45.8
Murray International Trust	13.4	14.7	7.1
Latin America – sector	26.0	25.2	31.5
Aberdeen Latin American Income Fund	0.0	30.4	33.2
North America – sector	130.1	104.1	26.2
The North American Income Trust	4.5	3.1	2.3
UK Growth – sector	50.6	42.2	39.2
Aberdeen UK Tracker Trust	2.1	2.1	3.3
UK Income – sector	27.5	27.5	30.9
Dunedin Income Growth Investment Trust	21.5	18.1	16.2
Murray Income Trust	15.5	12.3	16.8
Shires Income	21.5	7.7	8.0
UK High Income – sector	31.2	39.7	27.6
Aberdeen Smaller Companies High Income Trust	39.6	24.2	16.9
UK Smaller Companies – sector	27.5	27.5	30.9
Dunedin Smaller Companies Investment Trust	25.4	21.3	12.9
Investment trust overall average	30.9	31.8	30.2

Source: Morningstar, Edison Investment Research. Note: Private equity excluded as turnover not comparable.

In the next section we turn to the outcomes from the investment processes employed in the trusts, examining the investment performance of the trusts.

Section 3: Performance

In this section we have compiled performance figures for each of the investment trusts and the related AIC investment trust sectors.

The first performance table (Exhibit 8) shows the cumulative NAV total returns and Sharpe ratios² for one, three and five years. We would highlight the following points.

- Taking the group of seven Asian investment trusts together and focusing on the longer-term five-year NAV performance, all but one have matched or exceeded their sector averages, in some cases by a considerable margin. Five of the trusts have outperformed the sector averages over one, three and five years.
- While New India's performance over three years appears relatively muted (+11%), in the context of other Asian trusts it actually comfortably outperformed its benchmark (+21 percentage points).
- The other country specific trust, Aberdeen New Thai, appears particularly strong in this comparison and has also outperformed the buoyant Thai market index (up more than 150% over three years) by more than 20 percentage points for each of the periods shown.
- The largest trust, Murray International, has outperformed both its benchmark and peer average for global growth and income trusts over each period, indicating that the investment approach used by Aberdeen has also produced good results when applied across a broader geography and in a somewhat larger portfolio.
- Aberdeen Private Equity Fund has outperformed its peer sector, while the UK Tracker is best compared with the benchmark, which it has modestly lagged (0.6%-1.2%), as would be expected.
- The other UK companies show more varied performance when compared with the peer averages, but in the UK income category all three trusts either exceeded or nearly matched peer averages over all periods: all income trusts including Aberdeen Smaller Companies High Income Trust outperformed their benchmarks over one, three and five years. Dunedin Smaller Companies also outpaced the peer average and benchmark for these periods.
- A risk-adjusted performance measurement, such as the Sharpe ratio, is an important metric and we note that most trusts have recorded figures above peer averages for most periods, while for the one-year period the absolute level for all but two trusts (New India and Aberdeen Private Equity) is above one: a positive result.

² The Sharpe ratios we show are calculated by Morningstar by dividing a fund's annualised excess returns over the risk-free rate by its annualised standard deviation.

Exhibit 8: Trust performance: NAV total returns (%) and Sharpe ratios

Trust/sector	NAV TR one year	NAV TR three year	NAV TR five year	Sharpe one-year (NAV)	Sharpe three-year (NAV)	Sharpe five-year (NAV)
Asia ex-Japan – sector	28.3	44.9	85.2	1.8	0.9	0.6
Aberdeen Asian Income Fund	31.8	73.9	127.0	2.6	1.7	1.0
Aberdeen Asian Smaller Companies Investment Trust	50.5	111.4	229.0	4.0	1.8	1.2
Aberdeen New Dawn Investment Trust	29.3	42.4	82.1	1.5	0.7	0.5
Edinburgh Dragon Trust	27.7	41.7	86.9	1.4	1.0	0.7
Asia Pacific including Japan – sector	24.9	32.0	46.3	1.4	0.7	0.4
Aberdeen All Asia Investment Trust	27.2	37.7	58.3	1.5	0.7	0.5
Country specialists: Asia Pacific – sector	20.1	9.3	46.1	0.8	0.3	0.0
Aberdeen New Thai Investment Trust	57.8	154.6	242.1	3.7	2.1	1.1
New India Investment Trust	24.6	11.1	61.1	0.4	0.4	0.4
Global Growth and Income – sector	30.0	47.9	45.7	1.3	0.8	0.3
Murray International Trust	31.4	56.8	78.7	1.6	1.1	0.7
Latin America – sector	13.5	8.1	-30.5	1.4	0.0	-0.6
Aberdeen Latin American Income Fund	20.0	N/A	N/A	1.9	N/A	N/A
North America – sector	23.8	51.7	65.9	1.1	0.9	0.5
The North American Income Trust	23.0	44.3	58.3	1.3	0.9	0.5
Private Equity – sector	1.8	13.7	-2.1	0.3	0.5	-0.1
Aberdeen Private Equity Fund	3.9	20.6	9.8	0.9	0.8	0.1
UK Growth – sector	29.1	45.4	42.1	1.1	0.8	0.4
Aberdeen UK Tracker Trust	29.3	42.3	34.3	1.4	0.7	0.3
UK Income – sector	35.5	59.6	49.6	1.6	1.0	0.4
Dunedin Income Growth Investment Trust	35.2	60.7	40.7	1.4	0.9	0.3
Murray Income Trust	34.2	59.6	45.6	1.4	0.9	0.3
Shires Income	43.0	69.0	50.4	1.8	1.0	0.3
UK High Income – sector	38.3	72.4	65.9	2.0	1.1	0.5
Aberdeen Smaller Companies High Income Trust	40.7	81.5	45.8	2.6	1.2	0.3
UK Smaller Companies – sector	35.5	59.6	49.6	1.6	1.0	0.4
Dunedin Smaller Companies Investment Trust	36.1	72.9	70.2	2.4	1.4	0.5
Investment trust overall average	21.4	35.2	34.8	1.3	0.8	0.3

Source: Morningstar, Edison Investment Research. Note: As at 31 May 2013.

Our second performance table (Exhibit 9) sets out discrete calendar year performance, a useful indicator of how the trusts weathered the period as markets were hit by the financial crisis in 2008 and recovered over subsequent periods.

Again, we pick out a few points from the data.

- In 2008, when the FTSE All World Index was down 42%, most of Aberdeen's Asian trusts outperformed peer averages. In contrast the UK trusts lagged to a greater or lesser extent but then performed more strongly than average in the subsequent year.
- Aberdeen managers have commented that they typically underperform during market upturns, reflecting their focus on higher-quality companies and avoidance of cyclically geared stocks that benefit from "risk on" phases in the market. While this may be true over shorter periods, this is not entirely obvious from the calendar year comparisons. As noted, the UK trusts tended to be pro-cyclical compared with peer averages over this period, while the Asian trusts were split between out and underperformance in the recovery year, 2009 (four out of seven underperformed their benchmarks³ but only two underperformed the peer averages, one of these marginally).
- Last year was a strong one for most trusts with all but three active trusts outperforming peers.
- More broadly, most of the trusts have outperformed their sector averages over most of the years shown. Impressively, three trusts have managed this for all four years shown: Aberdeen Asian Smaller Companies, Aberdeen New Thai and Murray International.

³ Performance relative to benchmark not shown in Exhibit 9 – available on request.

Exhibit 9: Trust performance: discrete annual NAV total returns

Trust/sector	NAV TR 2008	NAV TR 2009	NAV TR 2010	NAV TR 2011	NAV TR 2012
Asia ex-Japan – sector	-28.6	50.4	27.8	-12.7	20.9
Aberdeen Asian Income Fund	-8.6	33.4	29.4	2.2	28.8
Aberdeen Asian Smaller Companies Investment Trust	-23.0	57.3	53.6	-7.8	43.2
Aberdeen New Dawn Investment Trust	-31.8	63.8	35.6	-16.0	22.2
Edinburgh Dragon Trust	-24.4	50.1	35.1	-14.2	22.8
Asia Pacific including Japan – sector	-25.3	29.6	25.4	-13.2	16.6
Aberdeen All Asia Investment Trust	-25.0	39.7	28.8	-13.8	20.1
Country specialists: Asia Pacific – sector	-23.5	25.8	13.4	-20.8	13.5
Aberdeen New Thai Investment Trust	-21.1	42.8	56.5	3.0	52.8
New India Investment Trust	-31.7	55.2	38.2	-25.5	14.4
Global Growth and Income – sector	-19.5	24.0	15.1	-2.7	12.8
Murray International Trust	-12.6	28.8	24.8	-1.6	15.7
Latin America – sector	-27.5	19.5	-5.1	-9.6	14.2
Aberdeen Latin American Income Fund	0.0	0.0	0.0	-10.9	18.0
North America – sector	-16.0	28.5	19.6	2.4	3.9
The North American Income Trust	-13.0	12.2	17.9	2.5	6.4
Private Equity – sector	-5.8	-8.8	6.2	1.8	0.2
Aberdeen Private Equity Fund	0.4	-17.5	7.9	11.2	5.7
UK Growth –sector	-28.6	38.3	21.1	-9.1	16.7
Aberdeen UK Tracker Trust	-31.1	32.0	14.3	-4.0	11.8
UK Income – sector	-31.8	27.0	17.6	-0.6	17.6
Dunedin Income Growth Investment Trust	-36.4	29.8	16.1	1.4	12.8
Murray Income Trust	-32.4	26.7	16.8	2.0	11.2
Shires Income	-39.9	30.7	17.9	-2.4	22.5
UK High Income – sector	-34.5	40.8	25.1	-4.1	25.7
Aberdeen Smaller Companies High Income Trust	-59.6	52.8	44.4	-11.3	32.5
UK Smaller Companies – sector	-31.8	27.0	17.6	-0.6	17.6
Dunedin Smaller Companies Investment Trust	-39.4	47.7	41.7	-11.6	30.5
Investment trust overall average	-15.9	16.1	13.3	-5.8	6.7

Source: Morningstar, Edison Investment Research. Note: As at 31 May 2013.

Section 4: Investment outlook

In this section we discuss the investment outlook for, and Aberdeen managers' views on the areas where the Aberdeen trusts invest: Asia Pacific, UK, global, Americas and private equity.

Asia-Pacific

As outlined previously, Aberdeen manages seven investment trusts with Asian mandates; Aberdeen Asian Income, Aberdeen Asian Smaller Companies and Aberdeen New Dawn all have an Asia ex-Japan mandate, while Edinburgh Dragon excludes both Japan and Australia. Aberdeen All Asia covers the whole of Asia Pacific, including Japan, and there are two country specialist funds: Aberdeen New Thai and New India.

Investment outlook

The familiar and still relevant rationale for investment in Asian markets and funds is to gain diversification and exposure to the structural growth the developing parts of the region offer. Drivers of growth in a number of countries in the region include relatively favourable demographics (population growth and profile), rising incomes per capita and the emergence of a larger middle class (generating higher levels of consumption). Additionally, in the wake of the financial crisis, the public and private sector balance sheets for many of the countries are more favourable than in the west.

As shown in Exhibit 10 below, economic forecasts (in this case from the IMF, as of April 2013⁴) point to significantly faster than average growth for several of the Asian countries even if regional growth rates are noticeably lower than have been experienced historically, prior to the financial crisis. Average estimated GDP growth from 2012 to 2018 for Asia of 6.4% compares with 2.1% for advanced countries and 4.0% globally. While estimates have tended to trend down more recently, the region's growth premium is still expected to persist over the medium term.

Exhibit 10: Economic indicators for Asia

	Ave GDP growth 2012-18e %	GDP per capita 2012 (US\$)	Inflation 2013e %	Unemployment 2013e %	Population 2012 (m)	Pop. growth 2012-2018e %	% of FTSE All- world index
Australia	3.2	67,723	2.5	5.3	22.8	7.7	3.6
Brunei	4.6	41,703	1.5	2.7	0.4	9.5	N/A
Cambodia	7.2	934	3.1	N/A	15.3	6.1	N/A
China	8.3	6,076	3.0	4.1	1,354.0	3.0	2.1
Hong Kong	3.8	36,667	3.5	3.2	7.2	5.2	1.4
India	6.2	1,492	10.8	N/A	1,223.2	8.2	0.9
Indonesia	6.4	3,592	5.6	6.1	244.5	8.9	0.4
Japan	1.4	46,736	0.1	4.1	127.6	(1.7)	8.9
Korea	3.5	23,113	2.4	3.3	50.0	2.8	1.7
Lao	7.9	1,446	7.3	N/A	6.4	8.7	N/A
Malaysia	5.2	10,304	2.2	3.0	29.5	10.6	0.5
New Zealand	2.5	38,222	1.4	6.6	4.4	4.9	0.1
Pakistan	3.2	1,296	8.2	9.2	178.9	12.5	0.0
Philippines	5.7	2,614	3.1	7.0	95.8	12.3	0.2
Singapore	3.5	51,162	4.0	2.0	5.4	10.9	0.7
Taiwan	3.8	20,328	2.0	4.2	23.3	2.4	1.3
Thailand	4.9	5,678	3.0	0.7	64.4	2.4	0.3
Vietnam	5.3	1,528	8.8	4.5	90.4	7.4	N/A
Asia	5.2	6,238	5.0		3,543.4	6.0	21.9
World	4.0	10,331	3.8		6,940.7	7.2	100.0

Source: IMF WEO April 2013, FTSE

⁴ Since April the IMF has lowered its expectation for China's 2013 GDP growth from 8% to approximately 7.75%. The impact on the average growth estimate of 8.3% shown will depend on how sustained the reduction in expectations proves to be. The OECD has made a similar reduction in its forecast.

This provides an encouraging long-term backdrop for investment in the region, although, as Aberdeen managers themselves note, there is no consistent relationship between macroeconomic and stock market trends. The impact of recent concerns over tapering of US quantitative easing, slower growth in China and the efficacy of Japanese reflationary measures highlights the near-term sensitivity of Asian markets to such macro developments.

As a valuation reference, the end-May 2013 FTSE All-World Asia-Pacific ex-Japan yield and historical P/E and price/book ratios of 2.9%, 13.9x and 1.7x respectively compared reasonably with world index values of 2.6%, 16.5x and 2.0x.

Importantly, there are wide differentials between countries, a point that can be taken to support the merits of investors gaining exposure through funds with well-resourced and experienced managers. Reflecting the benchmark agnostic approach, the exposure of the Aberdeen-managed trusts typically differs from the weightings. Details of geographical exposures for each trust are given in the individual company comments later in this report.

For Thailand, the latest GDP update, for Q113, disappointed expectations with a contraction of 2% from the previous quarter and an increase of 5.3% y-o-y. Factors contributing to this outcome included the high base resulting from the need for substantial rebuilding following the major floods at the end of 2011. While the government has reduced its full year GDP forecast to 4.2-4.5%, the medium-term prospects remain relatively robust. IMF estimates indicate that Thailand's growth may be somewhat slower than for Asia as a whole (4.9% 2012-18 average versus 5.2%), but this would still compare well with advanced economies and should be underpinned by the government's ability to finance significant increases in infrastructure spending, as proposed in the seven-year plan announced in March. The Thai stock market enjoyed a strong post-flood run and even year to date is up c 6% compared with the overall emerging markets average, which is down 3% (MSCI indices in US \$ terms to end May). Valuations⁵ may not therefore be as appealing as before, but the longer-term outlook remains encouraging.

India has seen a significant softening of growth since 2005-07, when GDP increased by 9-10% a year. For 2012, growth was 4% and much commentary has highlighted bureaucratic obstacles to business development, corruption and political logjams as barriers to faster growth. In the near term the national elections due by May 2014 may also slow progress on structural reforms. Having said this, India has the potential to benefit from a substantial demographic dividend as its relatively young age profile matures. Similarly, success in raising GDP per capita could stimulate a dramatic increase in consumer spending. The IMF GDP growth estimates shown above do not assume a significant step up from long-term historical averages so we would argue that there is potential for them to increase should political developments surprise positively.

Aberdeen's view and strategy for the Asian region trusts

Aberdeen shares the view that Asian economic growth is likely to outpace that of the West and believes it is easy to envisage Asia accounting for a larger proportion of global GDP in five years' time reflecting a combination of demographic factors, growth in the middle class and a starting point of stronger government and corporate balance sheets than in the West. Nevertheless, in the wake of the financial crisis, growth is likely to be slower than in earlier periods at 5-6% compared with mid-teens previously. Also, Aberdeen underlines the fallacy of equating strong economic growth with an investment opportunity. Here the salient example is China, where Aberdeen has taken little direct exposure, reflecting its concerns with corporate governance, in particular the treatment of shareholders.

As discussed in the section on investment philosophy and process, Aberdeen tends to buy and then hold investments that meet its investment criteria. Given a favourable secular background the key

⁵ Prospective P/E 12.4x, price/book 2.4x and yield 2.9% – MSCI end-May.

task for managers is filtering out poor investments. Hence, in the case of China, the trusts' primary exposure is through companies based in Hong Kong where corporate governance and other practices are deemed to be much more favourable. Likewise Singapore is the base for pan-Asian companies that are well run, long-established and feature in many Aberdeen-managed portfolios.

Another country that is typically under represented is Japan, where Aberdeen is wary of the degree of prioritisation of shareholder interests and has been deterred by the combination of valuations and lack of underlying growth. More recently, however, Aberdeen was able to add some investments that meet its criteria and offered attractive yields. In the wake of the very strong market performance, following the adoption of an aggressive monetary policy, the managers are not inclined to change position. Recent volatility in the market supports the idea that a revival of growth in Japan is not a done deal and that there is still significant risk in implementation.

Sectorally, a common theme is the focus on consumer-related sectors including financial stocks (selected banks in the region have significantly stronger balance sheets than western banks, post crisis). This emphasis is designed to exploit the theme of consumer growth as domestic consumption develops, driven by the macroeconomic factors outlined above.

Running through each of the trusts' latest update comments, we note that the management team generally express near-term caution relating to downside macroeconomic risks and valuation levels in some sections of the markets. For the Asian trusts the manager points to overoptimistic earnings forecasts balanced potentially by the ample liquidity released through quantitative easing that should help to maintain market levels.

This year's shifts in Asian markets have not prompted a change of tack towards cyclical/value sectors given Aberdeen's long-term approach and quality criteria. While the attention to risk factors in the outlook comments could be taken as a warning signal in timing investment, we would see it as more a reflection of a consistently conservative approach when assessing the market background. On a longer view the managers continue to see good opportunities for investment in the region and use any volatility in prices to top-slice or add to holdings.

UK

Aberdeen manages six trusts focused on the UK market, including four in the income and high-income sectors: Dunedin Income Growth, Murray Income, Shires Income and Aberdeen Smaller Companies High Income. The other two funds are Aberdeen UK Tracker and Dunedin Smaller Companies.

UK investment outlook

An investment in a UK fund typically provides an investor with a diversified exposure to a broad and generally liquid market. Even where a portfolio is purely UK-listed the indirect geographical exposure is quite diverse given the presence of multinational companies on the market. As an illustration, the managers of the Dunedin Smaller Companies trust estimate that about 45% of portfolio companies' turnover arises from outside the UK.

The macroeconomic background for the UK is currently relatively unexciting, with the latest IMF estimates being for GDP growth of 0.7% this year and 1.5% next. However, taking into account the underlying geographical diversity in the market, earnings prospects are likely to be less sensitive to the domestic trends and are set, in part, to benefit from growth in emerging and developing markets.

While the measures for UK market valuation have become less attractive in absolute terms following market gains (FTSE All-Share historical P/E of 13.6x vs 10.5x 12 months ago), the average yield of 3.5% is still attractive relative to many fixed-income or deposit options.

Aberdeen's view and strategy for UK trusts

The Aberdeen equity process described earlier is applied to the UK funds involving a long-term approach, emphasis on quality and high priority given to regular meetings with management. In this context the strategic view does not shift significantly in response to short-term market movements and, as shown earlier (Exhibit 7), portfolio turnovers are low relative to peer averages.

The latest outlook comments for each of the actively managed UK trusts make reference to the challenges that prevail in the global macroeconomic environment and indicate a generally cautious view of the outlook with QE seen as more successful in inflating asset prices than economic recovery. However, positive investment factors cited include signs of improvement in the US, easing of fears relating to a eurozone breakup and some still reasonable valuations available. For portfolio companies, robust operational performance and strong balance sheets are seen as likely to prove supportive should the environment take a turn for the worse.

Dunedin Income Growth and Murray Income are quite similar in profile: both have the ability to invest up to 20% of gross assets overseas and share many names in common (out of a combined 86 equity holdings at end May, 16 were different). Gearing, NAV performance and dividend yields are also closely aligned. As with other Aberdeen-managed trusts, they are overweight in utilities and healthcare and underweight in mining and financials. Exposure to emerging markets is seen as a positive feature, while attractive UK businesses may benefit from intellectual property backed up by a legal framework and strong corporate governance.

Shires Income is more purely UK focused in terms of its holdings and employs gearing to invest in preference and convertible shares to support income. Dividend growth rather than necessarily high yield is seen as key for portfolio companies. Themes for companies owned include recurring revenue, businesses with pricing power and strong balance sheets. Small company exposure is through the sister trust, run on the same desk, Aberdeen Smaller Companies High Income. This trust follows a similar policy applied to a smaller-cap universe with 20% of assets in fixed income and preference shares for income generation: the yield of over 5% is a distinguishing feature.

Dunedin Smaller Companies again follows the Aberdeen equity process, but unlike the income trust does not employ significant gearing currently and believes its more diversified dividend income differentiates it from the typical larger-cap income fund.

Global/Americas

Under this heading we bracket discussion relating to Murray International with its worldwide mandate, the North American Income Trust and the Aberdeen Latin American Income Fund.

Global/Americas investment outlook

Global funds provide a managed solution for those investors seeking a one product source of diversified worldwide equity exposure. At a time when post-crisis economic growth is uncertain and patchy, the broad exposure spreads risks and allows the manager the opportunity to select within a very large universe. Depressed fixed-income yields in many countries and a sense that inflation may surprise negatively at some point make equities a relatively attractive investment choice: probably a significant factor behind the equity market strength seen year to date.

In **North America** the positive effects of measures to stimulate activity and recapitalise the banking system in the US have driven a more robust recovery than seen in Europe. Therefore, while concerns continue about the fiscal position, government debt levels, the unwinding of quantitative easing and what is already built into market valuations, the macroeconomic background is relatively attractive. A North American fund also gives investors exposure to markets accounting for approximately 50% of the world market indices including companies that are global leaders within their industries.

Developing **Latin American** countries represent a potentially attractive destination for investment as economic growth is expected to outpace more mature economies; on IMF estimates 2012-18, regional growth is expected to average 3.7% compared with advanced countries at 2.1%. Macro concerns should be acknowledged with the largest economies, Brazil and, to a lesser extent, Mexico, recently disappointing with their first quarter GDP growth figures. This has already contributed to significant relative weakness in Latam markets this year. There is also the historical sensitivity to global trends, which suggests heightened risk in a more adverse environment. More positively, unemployment rates in the region have been low, supporting the development of consumption and growth in service industries.

Aberdeen's view and strategy for Global and Americas trusts

As in the other regions, the Aberdeen investment process means a consistent application of the bottom-up, buy and hold approach across the three trusts covered under this heading.

The market view set out for the global **Murray International Trust** is cautious on the macroeconomic background, in particular "persistent money printing", which is showing "a complete lack of economic traction". The portfolio is biased towards defensive equities in order to ensure capital preservation. Geographically the fund has a relatively high weighting towards Asia-Pacific ex-Japan (27%) and modest net fixed-income exposure (6%). The latter reflects the risks seen from currency debasement and consequent rising inflation rates that could have an impact on sovereign bond prices.

The **North American Income Trust** aims to invest in companies that should demonstrate resilience through the cycle. Portfolio companies have strong free cash flow in relation to sales compared with the S&P 500, make fewer acquisitions, have dividend growth at twice the market rate, are less indebted and have shrinking share counts. Reflecting the aim of delivering above-average dividend income, the trust is likely to invest 5-15% of assets in corporate bonds (currently about 10%) that are on average a notch below investment grade. In terms of sector exposure, the trust is overweight consumer stocks and underweight technology. Approximately 50% of the equity exposure is in lower beta areas, although gearing provides the opportunity to offset this to some extent (net gearing was recently under 3%). The manager believes the fund should, nevertheless, still be representative of the S&P 500 in a rising market.

For the **Latin American Income Trust** there is a bias to consumer-related sectors to exploit the long-term growth in domestic consumption driven by favourable demographics and a young and growing middle class in the region. Aberdeen takes a cautious view of the commodities sector, where the opportunities for investment in businesses of sufficient quality are seen as limited. The fixed-income component in the portfolio (43% of investments) bolsters income, allowing for a focus on quality and growth in the equity portion.

Private equity

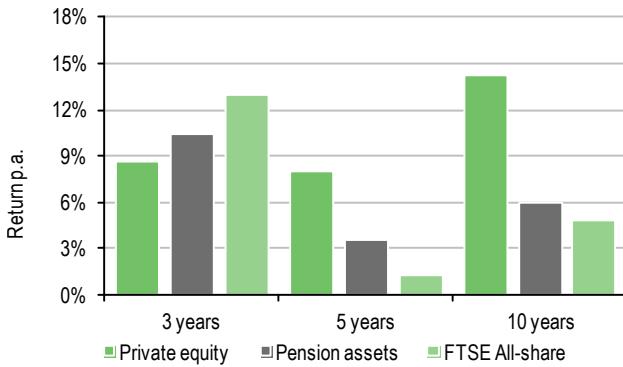
The strategic alliance between Aberdeen Asset Management and SVG Capital, AberdeenSVG, now manages the Aberdeen Private Equity Fund (APEF), which operates as a fund of funds. Given the differentiation of private equity from the equity and fixed-income markets that are the focus of the other trusts, we take longer in this section to describe the AberdeenSVG process of managing a private equity fund.

Investment outlook

The key reasons for investment in the private equity asset class are, in our view, a lack of correlation with equity and bond markets and the record of superior performance compared with equities over certain longer time periods (see, for example, Exhibits 11 and 12 illustrating returns for UK and US private equity funds compared with other asset classes). The closed-end structure of

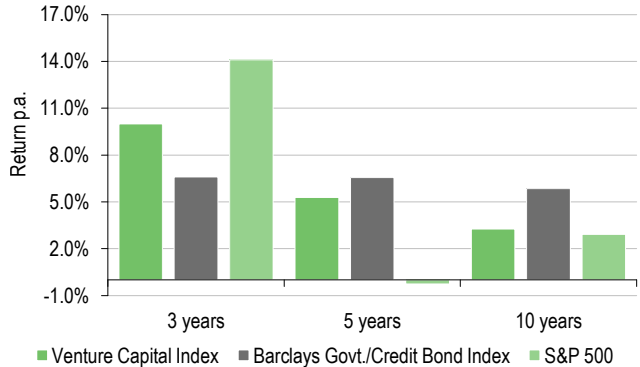
investment trusts means they are a good fit with private equity investment, where the time frame is typically three to seven years and funds may have a life of 10 years.

Exhibit 11: UK private equity returns compared



Source: BVCA – to end 2011

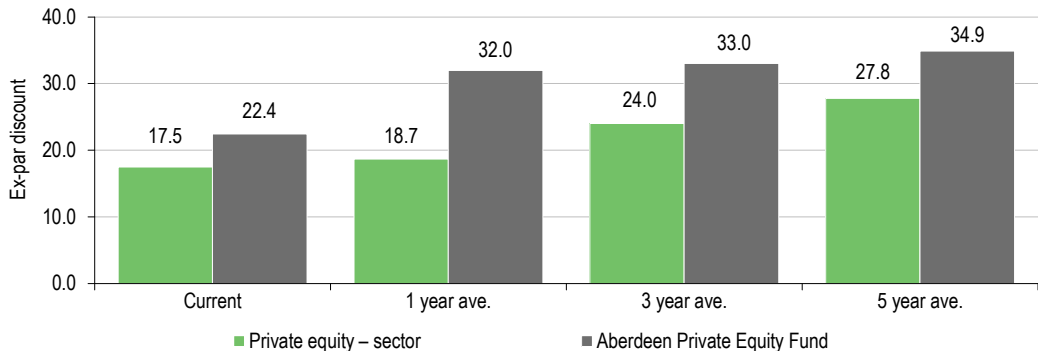
Exhibit 12: US venture cap returns compared – to 2011



Source: NVCA, Cambridge Assoc, Bloomberg, Barclays Capital

Investors should be mindful of the relative illiquidity of the underlying investments in this sector, the comparatively high fees entailed by the level of management input in comparison to an equity fund, for example, and the potentially long time scale required to realise the strong returns seen historically. A fund of funds, such as APEF, provides diversification but does entail a layering of fees. Perceptions of risks to returns and valuation can drive widening of discounts in this sector during market weakness, adding to price volatility but also providing investment opportunities. The historical average discounts for the Association of Investment Companies private equity sector and APEF shown in Exhibit 13 reflect the impact of the financial crisis and accompanying risk aversion together with the partial recovery in sentiment evident in the discount contraction to the current level of about 22%.

Exhibit 13: Current and historical average discounts for the private equity sector and APEF



Source: Morningstar. Note: As at 31 May 2013.

Future industry returns may not match those seen in the past as economic growth post-crisis is expected to be more subdued and holding periods have extended for the moment, while the availability of private equity funds, improved supply of credit and low interest rates have contributed to higher transaction (entry) prices in some areas of the market. Partners Group recently cited large-cap European buyout prices of 9.5x EV/EBITDA compared with a recent low point of 7.2x in 2009 (Dealogic, Ernst & Young) and the pre-crisis peak of 10.3x in 2007. Despite the apparent pick up in valuations, Aberdeen managers see good opportunities for private equity investment in selected areas (see below).

AberdeenSVG’s view and strategy for private equity

AberdeenSVG sees private equity investment as complementary to equity and fixed-income investments, providing additional diversification for modest incremental risk. APEF is primarily a

fund of funds, although it may hold direct co-investments as part of its portfolio. The fund of fund approach facilitates investment in a full range of private equity strategies including venture capital, growth capital, buyouts, mezzanine capital and special situations.

Process

While the asset class has particular characteristics, the manager applies a systematic process that is analogous to the Aberdeen equity process used in the other trusts discussed in this report. Once a year the management team undertake a strategy review that identifies the more attractive areas to focus on in terms of stage (from venture capital to buyout), geography and sector with key drivers for each assigned scores. This informs the process of filtering new fund offerings and selection within the universe of more than 3,000 private equity managers. The fund also considers macro themes as part of its strategy and these include a continuing technology super cycle, dislocation of established lending conduits in Europe and North America and infrastructure spending. The technology theme is particularly salient given the fund's 34% exposure to the technology sector, about half of which the manager would categorise as pure technology with the balance described as technology-enabled businesses.

Over the 2010-13 period the manager has assessed 1,000 private equity managers, which have been added to AberdeenSVG's proprietary Fund Radar database. The manager applies the discipline of assessing every offering that becomes available in its universe. This helps to overcome selection bias and may help identify neglected opportunities while learning from the less successful candidates. As with equities, meetings with the management are central to the selection process following initial screening. The manager aims to select the funds it invests in with a quality priority and will normally assess 300-400 investments a year, only adding three or four of these to its portfolio. Qualities the manager looks for in a private equity fund include strength of management that is also devolved so that lead manager views can be challenged and difficult decisions (such as cutting a loss) are facilitated. The ability to create value is considered as part of this quality appraisal with over reliance on gearing and a willingness to pay up likely to rule out a prospect. A final and important part of the selection process is an operational due diligence assessment that takes into account complexity, jurisdiction and people.

Echoing the interest in seeing devolved decision making at prospective fund managers, AberdeenSVG itself makes investment decisions only when all team members agree: a further level of discipline and a way of ensuring that all participants have the ability to contribute to the selection process.

Exposure, manager's view

Geographically, the trust has a US bias with 61% of underlying exposure being to the US and the aim is to maintain this while adding to emerging market exposure. Although it is the largest category at 29%, the exposure to buyouts is still relatively low at 29% of fair market value. Other categories include venture capital (25%), distressed debt (13%), secondaries (13%) and capital growth (12%).

The US exposure fits well with one of the reasons Aberdeen identifies for buying now: the cyclical improvement being led by the US that should boost trading for the underlying investments, aid the generation of new private equity investment opportunities and introduce greater liquidity for disposals at the end of the process. While AberdeenSVG acknowledges that deal prices in some parts of the private equity market have been bid up, it argues that in the small to mid-size area there is still a lack of funding available so that attractive opportunities are available to private equity managers. Supporting this are figures from Partners Group, as they talk of small- and mid-cap buyout EV/EBITDA multiples in Europe running at 6.9x and 8.2x vs the large-cap figure of 9.5x cited earlier. In the technology sector the manager expects large companies to make acquisitions from private equity funds and this could crystallise gains and drive valuations upwards. It also believes that the strengthening of bank balance sheets could prompt a rationalisation of loan portfolios with

problematic loans called in, providing opportunities for distressed debt funds, another area favoured by APEF.

Section 5: Investment trust profiles

In this section we provide two-page profiles for each of the trusts. In earlier tables we listed the trusts by sector, but for ease of reference the profiles are in alphabetical order.

Aberdeen All Asia Investment Trust

Aberdeen Asian Income Fund

Aberdeen Asian Smaller Companies Investment Trust

Aberdeen Latin American Income Fund

Aberdeen New Dawn Investment Trust

Aberdeen New Thai Investment Trust

Aberdeen Private Equity Fund

Aberdeen Smaller Companies High Income Trust

Aberdeen UK Tracker Trust

Dunedin Income Growth Investment Trust

Dunedin Smaller Companies Investment Trust

Edinburgh Dragon Trust

Murray Income Trust

Murray International Trust

New India Investment Trust

Shires Income

The North American Income Trust

Aberdeen All Asia Investment Trust

Broad regional play

Aberdeen All Asia Investment Trust (ABAA) provides investors with a broad, managed exposure to the Asian region, including Japan, using the same long-term, bottom-up style as other Aberdeen trusts. Recent relative performance has been held back by an underweight position in Japan, but over one, three and five years performance has still beaten the trust benchmark. The trust is sticking to its quality and governance standards and this consistent approach and low turnover are features that are likely to appeal to those who are looking for long-term exposure to markets expected to experience premium growth rates.

12 months ending	Total share price return (%)	Total NAV return (%)	MSCI AC Asia-Pacific TR GBP (%)
31/05/10	30.9	34.4	26.4
31/05/11	11.6	12.7	8.8
31/05/12	0.9	(3.9)	(9.0)
31/05/13	33.1	26.9	25.1

Note: Twelve-month rolling discrete performance.

Investment strategy: Sticking to long-term view

The trust aims to generate capital growth through investing in the Asia-Pacific region including Japan. As with other Aberdeen investment trusts, the approach is benchmark independent and bottom-up with a long-term view. Although it has increased its exposure to Japanese stocks, the trust has an active underweight of 15 percentage points reflecting an emphasis on corporate governance. Consistent with its long-term view the trust does not intend to change this position in the wake of the very strong market moves this year.

Outlook: Relatively strong growth, reasonable value

The manager has a positive long-term view of the outlook for Asian equities reflecting the sound financial position of many governments and companies in the region and superior long-term growth compared with western countries. Near-term grounds for caution include unresolved issues in the eurozone, the potential for growth adjustment in China to disappoint and tensions on the Korean peninsula. The breadth of geographical coverage is helpful in providing a diversity of opportunities and the manager is still able to find equities in the region at reasonable valuations.

Valuation: Discount moderately below average

The discount to NAV (cum fair), currently at 7%, is moderately below its three- and five-year averages of about 13%. In the context of the favourable medium- to long-term NAV performance relative to benchmark and peers this seems reasonable.

Investment trusts

19 June 2013

Price	374.5p
Market cap	£54.6m
AUM	£63.4m

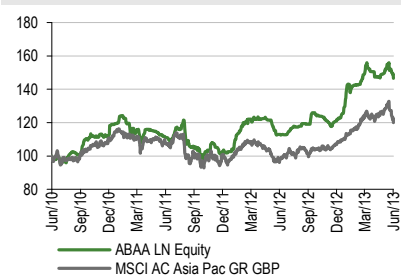
NAV	401p
Discount to NAV	6.61%
Dividend yield	1.27%

Ordinary shares in issue	14.6m
Code	ABAA
Primary exchange	LSE
AIC sector	Asia-Pacific – Inc Japan

Share price/discount performance



Three-year cumulative perf. graph



52-week high/low:	398.00p	288.50p
NAV high/low	432.31p	324.91p

Gearing

Gross	10.0%
Net	8.0%

Analysts

Andrew Mitchell	+44 (0)20 3681 2500
Matthew Read	+44 (0)20 3077 5758

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[Edison profile page](#)

Exhibit 1: Trust at a glance
Capital structure and fees

As at 31 December 2012, there were 14,591,572 fully paid Ordinary shares in issue. The management fee is 0.75% per year and ongoing charges were 1.3%.

Forthcoming

Year end	31 March
Preliminary results	June 2013
AGM	July

Share buyback policy and history

The maximum aggregate number of Ordinary shares authorised to be purchased shall be 14.99% of the issued Ordinary share capital of the company.

Fund details

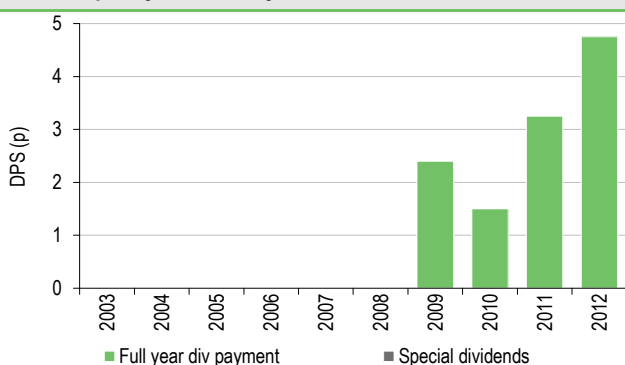
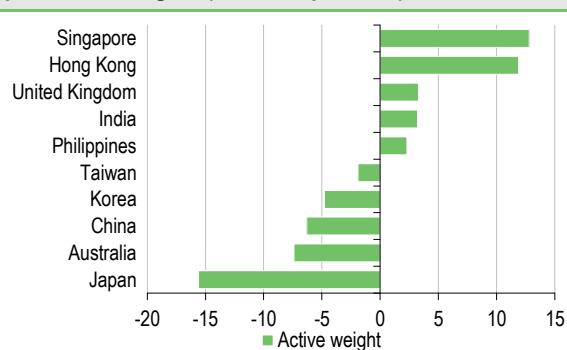
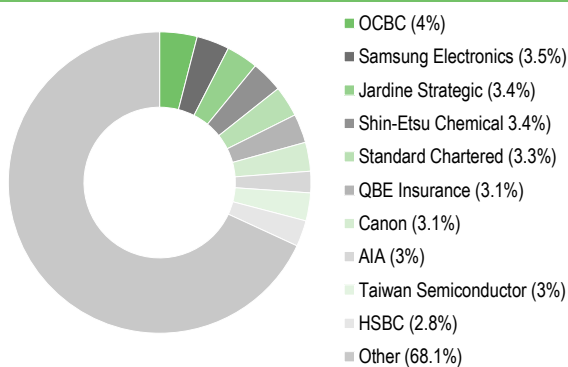
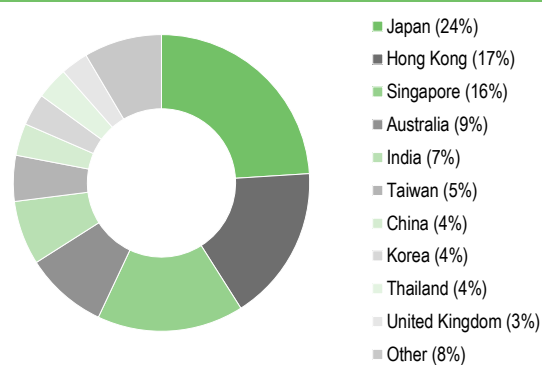
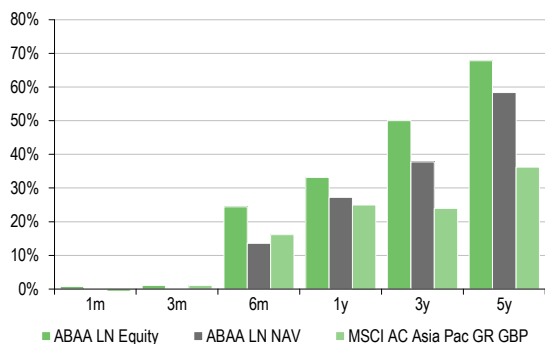
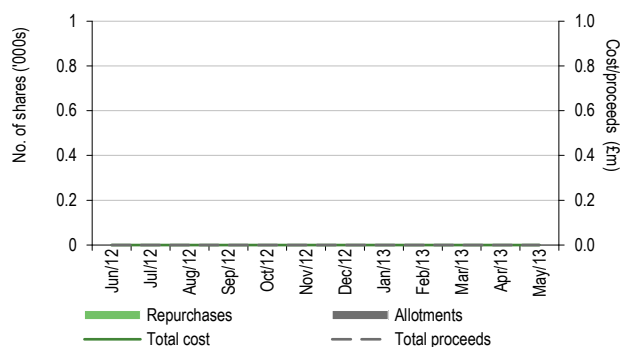
Launch date	October 1998
Group	AAM Asia Limited
Manager	Asian Equities Team
Address	Bow Bells House, 1 Bread Street, London, EC4M 9HH
Phone	0500 000 040
Website	www.all-asia.co.uk

Dividend policy

The fund intends to pay annual dividends.

The board

The directors are all non-executive and independent. Neil Gaskell (Chairman), Kevin Pakenham, Robert Jenkins, Sir Andrew Burns and Karen Brade.

Dividend policy and history

Top 10 active weights (as at 30 April 2013)

Portfolio composition (as at 30 April 2013)

Geographic distribution of portfolio (as at 30 April 2013)

Price, NAV and benchmark total return performance (%)

Share repurchases and allotments


Source: Aberdeen All Asia, Morningstar, Edison Investment Research

Aberdeen Asian Income Fund

Superior growth and income

Aberdeen Asian Income Fund (AAIF) provides regional equity exposure with selection based on quality followed by valuation. This is paired with an income mandate that sees the trust yielding more than 3%. In the context of depressed bond yields and the potential hedge against an increase in inflation provided by equities, the fund could be a good fit for many portfolios. AAIF currently trades on only a small premium to NAV, which looks reasonable in comparison with its recent range and in view of a historical performance that is ahead of its peer group average over one, three and five years.

12 months ending	Total share price return (%)	Total NAV return (%)	MSCI AC Asia-Pac ex JPN TR GBP (%)
31/05/10	35.0	38.3	35.0
31/05/11	23.7	21.4	17.7
31/05/12	8.6	8.7	-11.9
31/05/13	33.4	31.4	23.0

Note: Twelve-month rolling discrete performance.

Investment strategy: Quality first

The Aberdeen Asian fund management team takes a long-term, buy-and-hold view with stock selection within the Asia ex-Japan markets based, first, on a quality assessment, including management meetings and then a valuation judgement. Share price volatility is used as an opportunity to add to or top slice holdings. The trust targets above-average yield. The management team is benchmark agnostic and direct exposure to China, for example, is limited (6% vs regional index 19%) reflecting governance/quality concerns. The latest update shows the fund with significant overweight exposures to Singapore (28% versus index 5%) and Thailand (13% versus index 3%), again a reflection of bottom-up selection rather than top-down allocation. Gearing of up to 25% is permitted but is currently sub-5%.

Outlook: Well placed

On a long-term view superior growth is expected from Asian economies (ex-Japan) driven by favourable demographics and a growing middle class. This should provide a helpful environment for stocks in these markets and in particular businesses sensitive to growth in domestic consumption. While equity markets have seen strength year to date and macro risks remain, the managers still identify opportunities with potential for attractive returns.

Valuation: Small premium

The premium to NAV, currently at 2%, is below its one- and three-year averages of 5% and 3% respectively. AAIF's 3.5% yield ranks third among its sector peers. The Sharpe ratio also compares well with the peer-group average at 2.6 and 1.7 versus 1.7 and 0.9 for AAIF over one and three years.

Investment trusts

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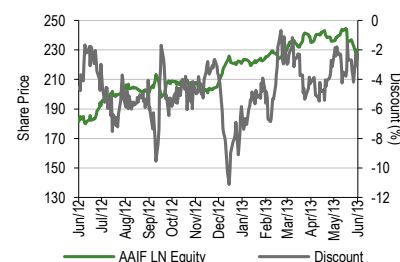
Price	224p
Market cap	£427.4m
AUM	£428.2m

NAV	219.06p
Premium to NAV	2.26%
Dividend yield	3.53%

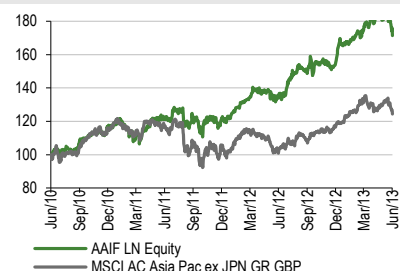
Ordinary shares in issue 190.8m

Code	AAIF
Primary exchange	LSE
AIC sector	Asia Pacific – Excluding Japan

Share price/discount performance



Three-year cumulative perf graph



52-week high/low	244.75p	180.00p
NAV high/low	234.65p	173.44p

Gearing

Gross	3.0%
Net	2.0%

Analysts

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Matthew Read	+44 (0)20 3077 5758

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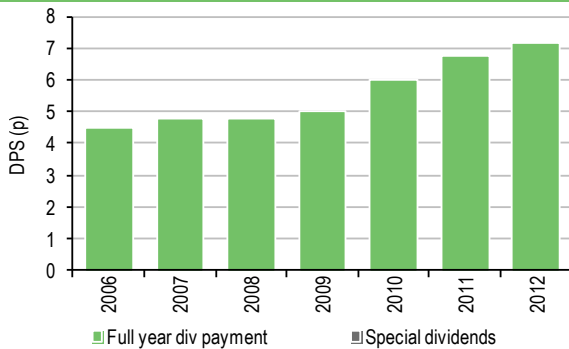
Exhibit 1: Trust at a glance

Capital structure and fees

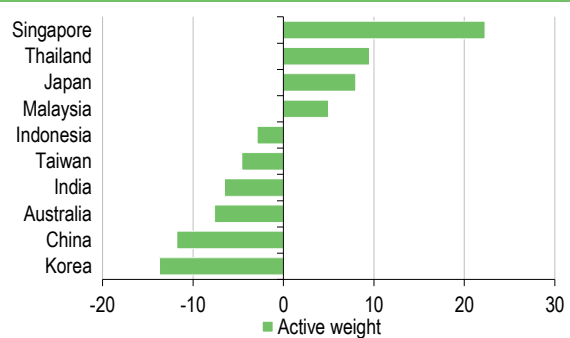
AAIF has a capital structure composed of 190,808,389 ordinary shares. The management fee is payable monthly in arrears and is based on an annual amount of 1% per annum of the company's net assets. The ongoing charges were 1.3% of net assets. The agreement is terminable on not less than six months' notice. The company's Articles of Association limit the aggregate fees payable to the board of directors to a total of £100,000 in any one year.

Forthcoming		Share buyback policy and history	Fund details	
Year end	31 December	The maximum number of ordinary shares authorised to be purchased is 14.9% of the issued share capital of the company.	Launch date	December 2005
Interim results	August 2013		Group	AAM Asia Limited
AGM	May		Manager	Asian Equities Team
Dividend policy		The board	Address	Bow Bells House, 1 Bread Street, London, EC4M 9HH
The company's ability to pay a dividend and any future dividend growth will depend primarily on the level of income received from its investments. Accordingly, the amount of the dividends paid may fluctuate.		Peter Arthur (chairman), Duncan Baxter, Andrey Berzins, Ana Cukic Armstrong, Hugh Young and Charles Clarke.	Phone	0500 000 040
			Website	www.asian-income.co.uk

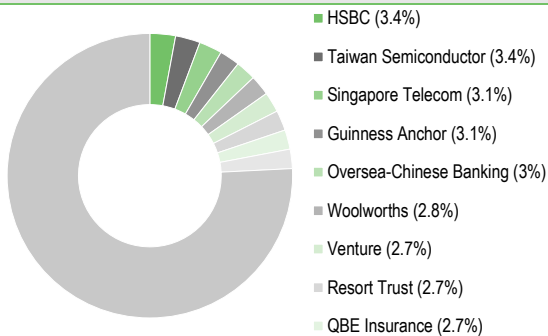
Dividend policy and history



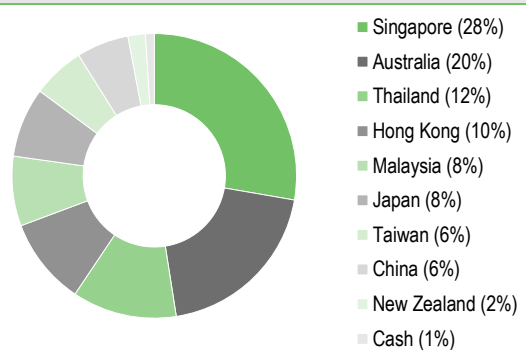
Top 10 active weights (as at 30 April 2013)



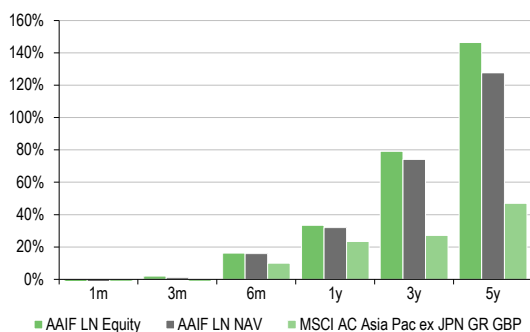
Portfolio composition (as at 30 April 2013)



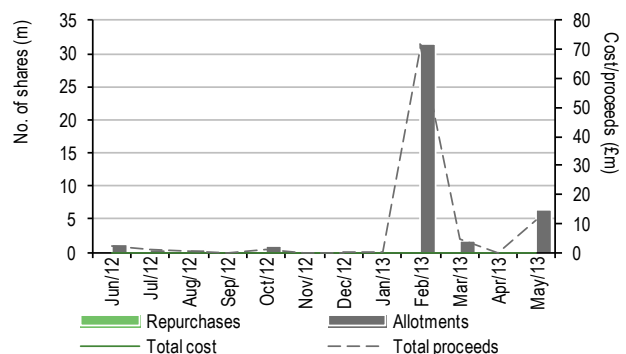
Geographic distribution of portfolio (as at 30 April 2013)



Price, NAV and benchmark total return performance (%)



Share repurchases and allotments



Source: Aberdeen Asian Income Fund, Morningstar, Edison Investment Research. Note: Allotment in February shown in bottom right chart reflects conversion of C shares to ordinary shares.

Aberdeen Asian Smaller Companies

Twin growth themes

The Aberdeen Asian Smaller Companies trust (AAS) gives investors the opportunity to benefit from two themes: long-term growth in Asian economies and the potential for outperformance by smaller companies. The trust's focus and long-term approach fit well with the closed-end structure.

12 months ending	Total share price return (%)	Total NAV return (%)	MSCI AC Asia Pac Ex JPN TR GBP (%)	MSCI AC Asia Ex JPN Small TR GBP (%)
31/05/10	59.3	67.1	35.0	40.1
31/05/11	48.9	25.0	17.7	13.3
31/05/12	9.0	12.4	(11.9)	(17.1)
31/05/13	62.1	50.0	23.0	31.0

Note: Twelve-month rolling discrete performance.

Investment strategy: Bottom-up, index-agnostic

The fund manager takes a long-term, buy-and-hold view. The investment approach involves a bottom-up selection process focused on quality with management meetings an essential step; this is followed by an assessment of valuation. The portfolio is relatively concentrated with the top 10 companies accounting for 29% of the portfolio. The holdings have in common strong cash flows and solid balance sheets with the expectation that this should provide resilience in the event of unfavourable macro developments. The trust invests in companies with market caps up to \$1bn (increased from \$0.75bn last year). Sectorally, the emphasis is on consumer-related areas to benefit from the growth in domestic spending in the region. Geographically, the main exposures are to Malaysia (19% versus 3% index weighting), Hong Kong, Thailand, Singapore and India. There is no direct investment in China or Taiwan and only small exposure to Korea. The ASEAN countries are seen as particularly attractive in view of their young demographics, rising incomes and emerging middle classes.

Outlook: Cautiously optimistic

The management team is cautiously optimistic. Caution is dictated by continuing poor economic data and unresolved structural issues in Europe while the adaption of China to a lower growth rate is not yet entirely secure. Positives for the trust are the prospective relative outperformance of Asian economies, the focus on narrowing wage gaps in China, reform efforts in India and more specifically the strength of portfolio companies and the availability of attractive investment opportunities in the region.

Valuation: Premium poses risk

The current marginal discount to NAV compares with a one-year average premium of 3.4% and three-year average discount of 2.1%. AAS's sub-1% yield is modest relative to some sector peers but the total NAV return compares very well, ranking top among its peer group over one, three and five years. The trust also scores well in terms of the Sharpe ratio, a risk-adjusted measure of performance, at 4.0, 1.8 and 1.2 over the same periods.

Investment trusts

19 June 2013

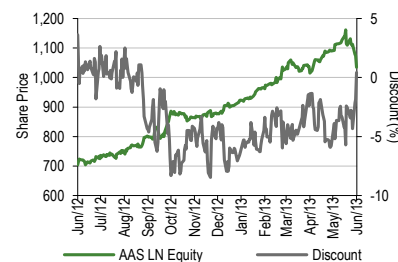
Price	1035p
Market cap	£388.0m
AUM	£429.5m

NAV	1,039.59p
Discount to NAV	0.44%
Dividend yield	0.92%

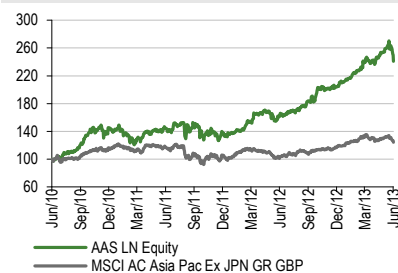
Ordinary shares in issue 37.5m

Code	AAS
Primary exchange	LSE
AIC sector	Asia ex Japan

Share price/discount performance



Three-year cumulative perf. graph



52-week high/low:	1162.00p	703.50p
NAV high/low	1090.1p	677.98p

Gearing

Gross	9.0%
Net	4.0%

Analysts

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Matthew Read	+44 (0)20 3077 5758

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Exhibit 1: Trust at a glance
Capital structure and fees

At 31 May 2013, there were 37,485,582 fully paid ordinary shares of 25p each in issue with a further 1,076,290 Ordinary shares of 25p held in treasury. On 18 May 2012 the company issued £35m of CULS of which £33.8m remain outstanding. The interest rate on the CULS is 3.5% per year, payable semi-annually in arrears on 30 November and 31 May in each year. Holders are entitled to convert their CULS into ordinary shares every six months from 30 November 2012 until 31 May 2019. The annual management fee is 1.2% and ongoing charges were 1.5% of net assets.

Forthcoming

Year end	31 July
Preliminary results	October 2013
AGM	November

Share buyback policy and history

The directors do not intend to use their authority to repurchase up to 14.99% of the share capital unless that would be in the interests of shareholders.

Fund details

Launch date	October 1995
Group	AAM Asia Limited
Manager	Asian Equities Team

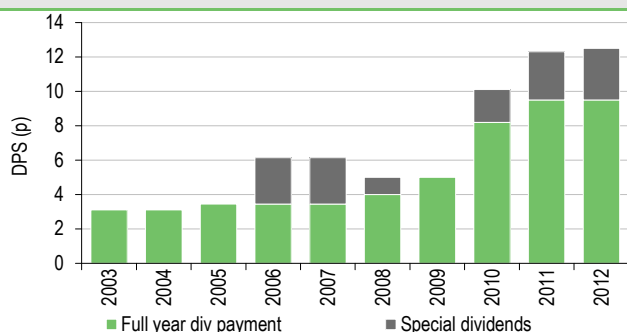
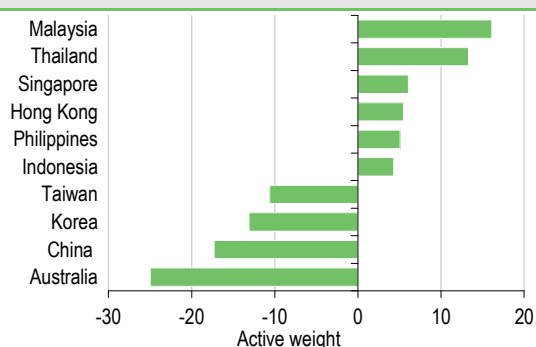
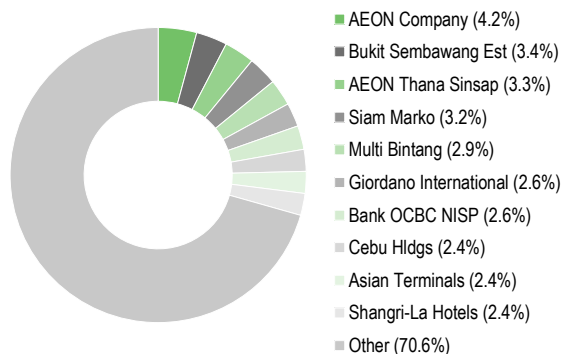
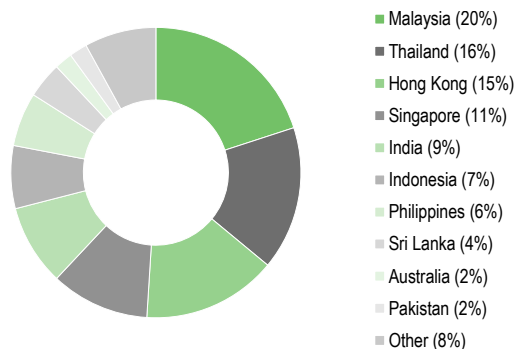
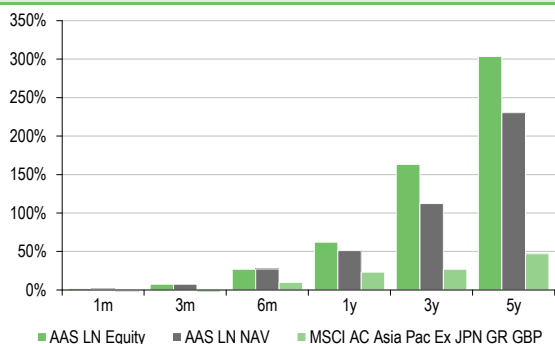
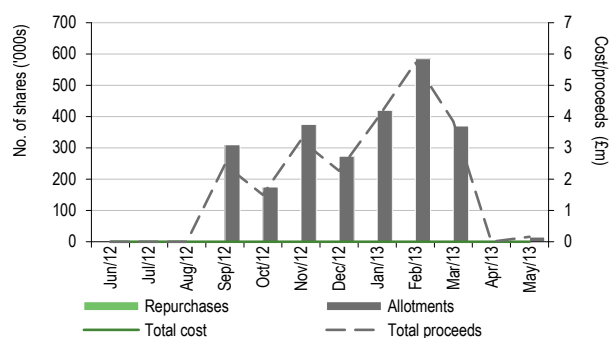
Dividend policy

Subject to market conditions, it is the company's aim to maintain or increase the Ordinary dividend.

The board

The directors are all non-executive and independent: Nigel Cayzer (chairman), Alan Kemp, Haruko Fukuda OBE, Martin Gilbert and Christopher Maude.

Address	Bow Bells House, 1 Bread Street, London, EC4M 9HH
Phone	0500 000 040
Website	www.asian-smaller.co.uk

Dividend policy and history

Top 10 active weights (as at 30 April 2013)

Portfolio composition (as at 30 April 2013)

Geographic distribution of portfolio (as at 30 April 2013)

Price, NAV and benchmark total return performance (%)

Share repurchases and allotments


Source: Aberdeen Asian Smaller Companies, Morningstar, Edison Investment Research

Aberdeen Latin American Income Fund

Latam growth and income

A relative newcomer among the Aberdeen-managed investment trusts, Aberdeen Latin American Income Fund (ALAI) was launched in August 2010. The aim is to provide investors with a total return, including an above-average yield, mainly through investment in Latin American equities and local currency fixed income (57/43 split at end-April). The main Latin American economies, Brazil and Mexico, account for most of the portfolio (82%). The trust has outperformed its benchmark since inception and also the Latin American investment trust peer group average. This, as well as the dividend yield of 3.8%, supports the current premium to NAV of approximately 8%.

12 months ending	Total share price return (%)	Total NAV return (%)	Comp MSCI EM Latin American 10/40 (60%) JPM GBI EM GD TR GBP (40%) (%)
31/05/12	(13.7)	(8.5)	(9.0)
31/05/13	33.1	20.7	10.3

Note: Twelve-month rolling discrete performance. Note: NAV assumes full conversion of subscription shares at 120p.

Investment strategy: Consumer focus

The manager follows the consistent Aberdeen bottom-up, long-term, benchmark-agnostic approach. Reflecting the expected secular growth in consumer spending as Latin American economies develop and middle classes expand, the portfolio has a bias to domestic consumer-related stocks, including financial services companies. ALAI is underweight commodity stocks. The equity portion of the portfolio is seen as providing the potential for capital growth, while the income objective is met through the fixed-income component. Gearing, which increased in May 2012 following an equity sell off, stands at 11%.

Outlook: Long-term promise, near-term doubts

While the manager is positive on the long-term prospects for Latin American economies, the near-term signals have been less favourable. In particular, GDP growth in Brazil has continued to disappoint, with the latest data for Q1 falling short of expectations and a further 50 basis point increase in interest rates by the central bank to counter inflation also likely to put pressure on growth forecasts. Mexican Q1 GDP was also below estimates. Having said this, the argument can be made that markets have at least partly discounted softer growth with Latin American equity indices underperforming both the world and emerging market indices over the last year (24 and 8 percentage points respectively, using MSCI indices to 12 June).

Valuation: Small premium to NAV

The trust trades on a premium to NAV (range since inception 9.9% discount to 9.2% premium), a position that is supported by the yield of 3.8% and a strong relative performance record since inception.

Investment trusts

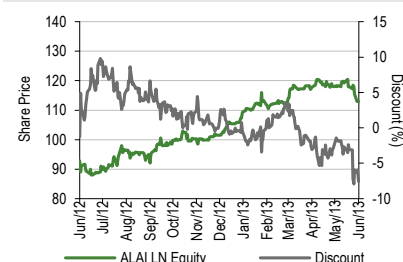
19 June 2013

Price	113p
Market cap	£75.2m
AUM	£78.2m

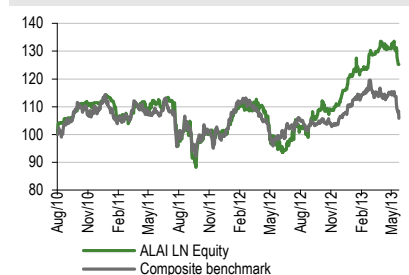
NAV	105.05p
Premium to NAV	7.57%
Dividend yield	3.76%

Ordinary shares in issue	66.6m
Subscription shares	10.4m
Codes	ALAI and ALAS
Primary exchange	LSE
AIC sector	Latin America

Share price/discount performance



Cumulative perf. graph SI



52-week high/low	120.50p	88.00p
NAV high/low	119.20p	90.29p

Gearing

Gross	14.0%
Net	11.0%

Analysts

Andrew Mitchell	+44 (0)20 3681 2500
Matthew Read	+44 (0)20 3077 5758

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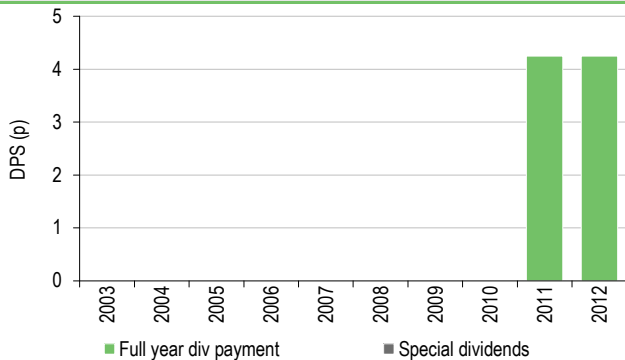
Exhibit 1: Trust at a glance

Capital structure and fees

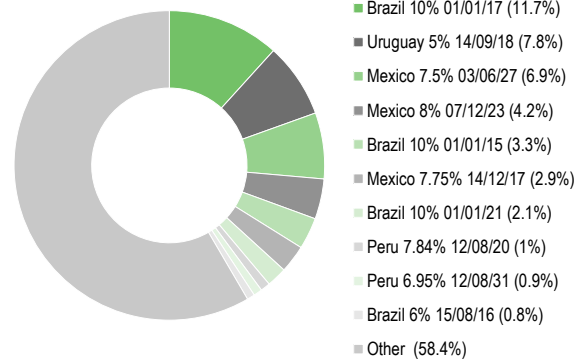
As at 31 December 2012, there were 66,572,574 fully paid ordinary shares in issue and 10,421,236 subscription shares. The annual management fee is 1.0% of net assets and the ongoing charges were 2.0%.

Forthcoming		Share buyback policy and history	Fund details	
Year end	31 August	The maximum aggregate number of ordinary shares authorised to be purchased shall be 14.99% of the issued Ordinary share capital of the company.	Launch date	August 2010
Preliminary results	November 2013		Group	AAM Limited
AGM	December		Manager	EM Equities Team EM Debt Team
Dividend policy		The board	Address	Bow Bells House, 1 Bread Street, London, EC4M 9HH
The company aims to pay a minimum dividend of 4.25 pence per ordinary share for the year ending 31 August 2013 and to grow dividends over time.		The directors are all non-executive and the majority are independent. Richard Prosser (Chairman), Martin Adams, George Baird, Martin Gilbert and Arthur Jeremy Arnold.	Phone	0500 000 040
			Website	www.latamincome.co.uk

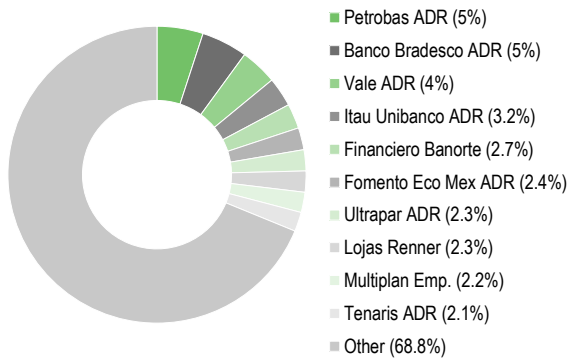
Dividend policy and history



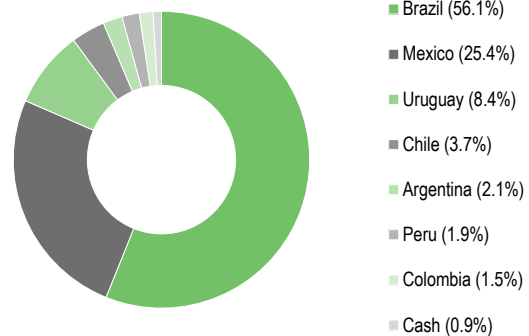
Fixed income holdings (as at 30 April 2013)



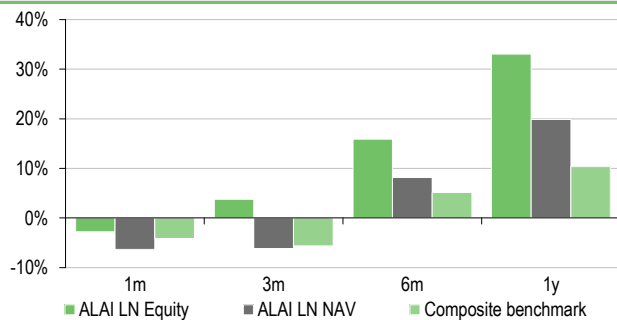
Portfolio composition (as at 30 April 2013)



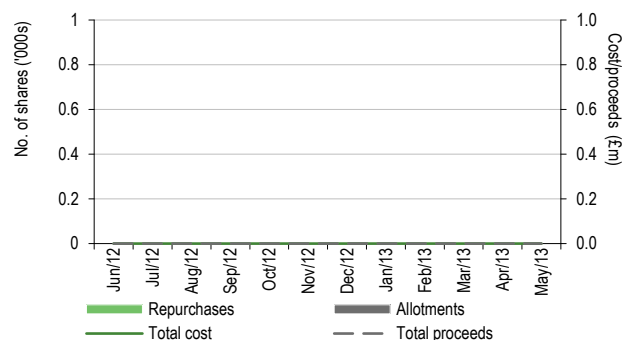
Geographic distribution of portfolio (as at 30 April 2013)



Price, NAV and benchmark total return performance (%)



Share repurchases and allotments



Source: Aberdeen Latin American Income Fund, Morningstar, Edison Investment Research

Aberdeen New Dawn Investment Trust

Long-term performance record

Aberdeen New Dawn Investment Trust (ABD) has an Asia ex-Japan mandate aiming for a high level of capital growth. Characterised by a long-term view, a bottom-up approach, very low turnover relative to peers, higher than average concentration and relatively low ongoing charges, the fund has delivered performance ahead of benchmark over one, three and five years.

12 months ending	Total share price return (%)	Total NAV return (%)	MSCI AC Asia-Pacific Ex JPN TR GBP (%)
31/05/10	43.1	46.7	35.0
31/05/11	21.9	18.3	17.7
31/05/12	-9.3	-6.9	-11.9
31/05/13	34.7	28.9	23.0

Note: Twelve-month rolling discrete performance.

Investment strategy: Long-term record and approach

Launched in 1989, ABD was Aberdeen's first Asian trust and is regarded as a flagship fund. The approach has not changed since inception, with the manager following the Aberdeen bottom-up investment process, selecting investments using in-house research including management meetings. A three- to five-year view is taken with an emphasis on quality. The broad geographical coverage provides a wide range of opportunities for investment; the trust is overweight in Hong Kong and Singapore, which provides indirect exposure to China and across the region through companies with strong track records and corporate governance. There is also an overweight position in India, where the strength of the companies chosen outweighs potential macro concerns for the country. Financials are the largest sectoral exposure, reflecting individual stock selections, while sound banks should be a good way of capturing long-term development of a middle class and consumer spending in these markets.

Outlook: Concerns remain, but positive

The manager points to the lack of resolution to Europe's structural problems, the uncertainty about the level at which China's growth will stabilise and tensions between North and South Korea as examples of risks to market sentiment. However, valuations are still seen as reasonable and the relatively strong financial position of companies in the region and superior growth prospects are attractive features for investors.

Valuation: Discount just below long-term averages

The discount, currently at 9%, is similar to its three- and five-year averages. These levels are slightly higher than its peers on average, which seems cautious given performance ahead of benchmark and similar to peers over these periods.

Investment trusts

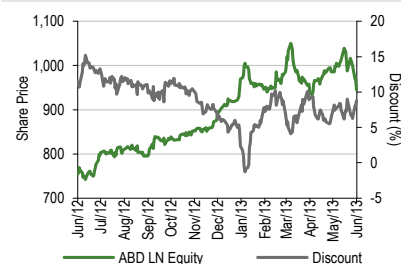
19 June 2013

Price	945p
Market cap	£235.4m
AUM	£274.7m

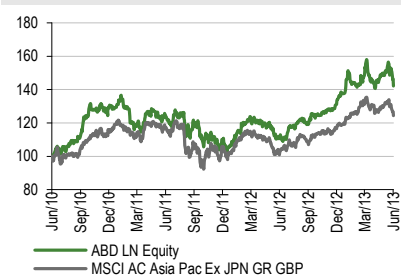
NAV	1,036.22p
Discount to NAV	8.8%
Dividend yield	1.38%

Ordinary shares in issue	24.9m
Treasury shares	0.5m
Code	ABD
Primary exchange	LSE
AIC sector	Asia Pacific – Ex Japan

Share price/discount performance



Three-year cumulative perf. Graph



52-week high/low	1050p	742.50p
NAV high/low	1097.9p	828.61p

Gearing

Gross	8.0%
Net	7.0%

Analysts

Andrew Mitchell	+44 (0)20 3681 2500
Matthew Read	+44 (0)20 3077 5758

investmenttrusts@edisongroup.com

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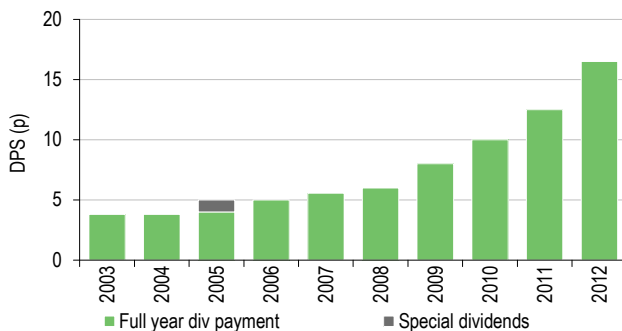
Exhibit 1: Trust at a glance

Capital structure and fees

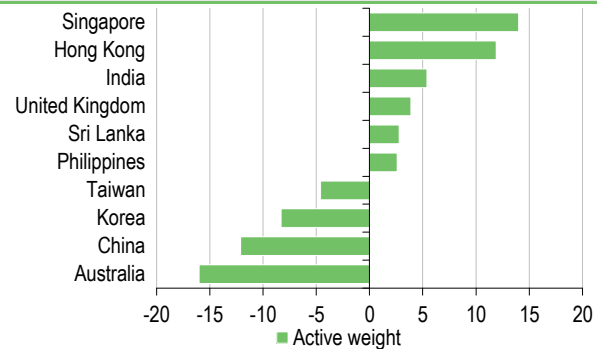
At 31 December 2012, there were 24,909,402 fully paid ordinary shares of 25p each in issue, with a further 477,731 Ordinary shares of 25p held in treasury. The annual management fee is 1.0% and ongoing charges were 1.1% of net assets.

Forthcoming		Share buyback policy and history	Fund details	
Year end	30 April	The maximum number of ordinary shares which may be purchased is 14.99% of the capital. The directors intend to take advantage of this flexibility.	Launch date	May 1989
Preliminary results	July 2013		Group	AAM Asia Limited
AGM	August		Manager	Asian Equities Team
Dividend policy		The board	Address	Bow Bells House, 1 Bread Street, London, EC4M 9HH
ABD distributes at least 85% of its income from securities to maintain its investment trust status. This year the dividend is being split between interim and final dividend. The level of future dividends will depend on future receipts from the portfolio.		The directors are all non-executive and the majority are independent. David Shearer (chairman), Richard Hills, Nicholas George, John Lorimer, Hugh Young and Heather Manners.	Phone	0500 000 040
			Website	www.newdawn-trust.co.uk

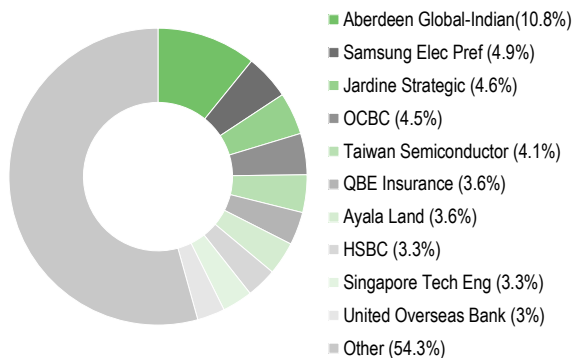
Dividend policy and history



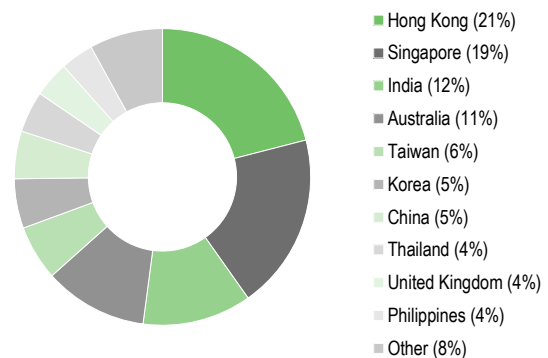
Top 10 active weights (as at 30 April 2013)



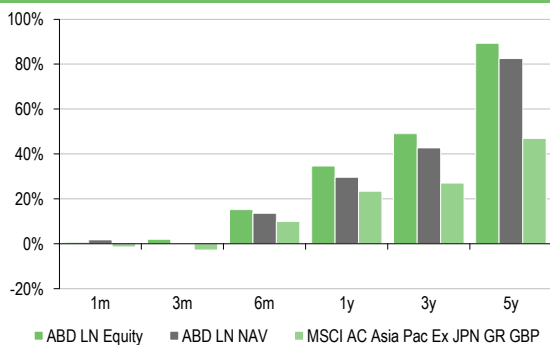
Portfolio composition (as at 30 April 2013)



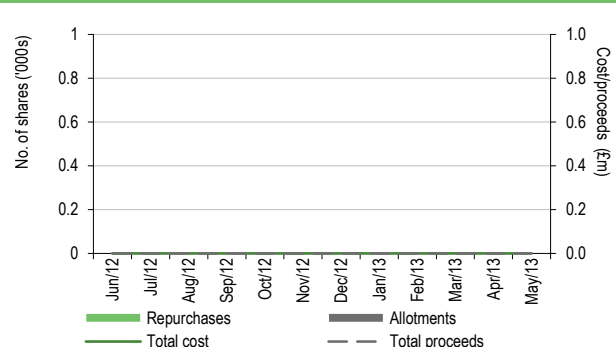
Geographic distribution of portfolio (as at 30 April 2013)



Price, NAV and benchmark total return performance (%)



Share repurchases and allotments



000Source: Aberdeen New Dawn, Morningstar, Edison Investment Research

Aberdeen New Thai Investment Trust

Long-term performance record

Following the floods of 2011 the Thai stock market performed very strongly in 2012 with a total return of 38%, double the return for the world market (MSCI indices). This year, performance has again been positive but behind the world market at +6% versus +10% to end May. Aberdeen New Thai (ANW) has been close to or exceeded its benchmark, the Thai SET index (sterling adjusted), over most periods. ANW ranks first among Asian country specialist and regional investment trusts in terms of NAV total return over one, three, five and 10 years. The Thai market has been cheaper in the past (current prospective P/E 12.4x and price to book of 2.4x), but the manager does not see this as overpriced and medium-term economic and earnings growth prospects are good.

12 months ending	Total share price return (%)	Total NAV return (%)	Total return SET Index (%)	Total return MSCI AC Asia Ex-Japan (%)	MSCI World TR GBP (%)
31/05/10	49.3	58.6	62.5	33.0	16.9
31/05/11	38.1	28.5	43.2	15.8	19.2
31/05/12	20.0	25.5	11.0	-11.9	-7.2
31/05/13	72.4	57.5	47.3	21.1	30.5

Note: Twelve-month rolling discrete performance.

Investment strategy: Quality, SET-listed companies

Aberdeen applies its normal long-term, buy-and-hold approach in managing ANW. The investment process focuses first on quality and then on valuation when assessing investment opportunities. The manager only invests in companies when it has met management and undertaken its own research. The trust is not managed to its benchmark and Aberdeen selects stocks rather than sector weightings. As at the end April, this resulted in overweight positions in the insurance, media, finance & securities and automotive sectors; energy, transport, banking and property development were the larger underweights.

Outlook: Slower growth, but still relatively robust

Economically, the latest GDP reading, for the first quarter, disappointed expectations with a contraction of over 2% from the previous quarter and y-o-y growth of 5.3%. Factors here include the high base for 2012 created by the need for post-flood reconstruction, a softening in export markets and the strength of the baht. While the government reduced its full year growth forecast (to 4.2-4.5%) medium-term prospects for the economy remain relatively robust and the manager points to the sound financial position of portfolio companies and valuations that have yet to become overstretched (prospective P/E 12.4x vs 10-year range 10.2-14.1x).

Valuation: Discount above long-term averages

The discount to NAV, of 12.5%, is slightly lower than the three- and five-year averages of 14-15% and sector averages. This seems reasonable in view of ANW's track record.

Investment trusts

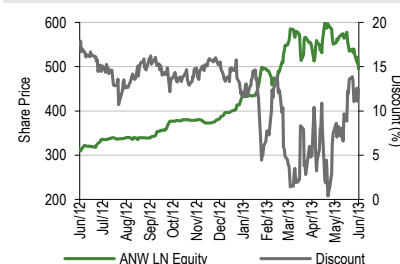
19 June 2013

Price	495p
Market cap	£105m
AUM	£121.1m

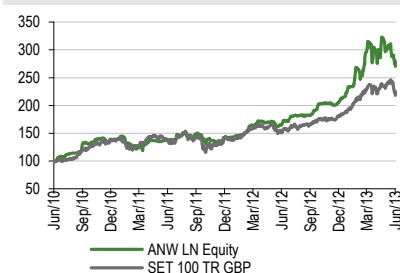
NAV	565.47p
Discount to NAV	12.46%
Dividend yield	1.41%

Ordinary shares in issue	21.2m
Code	ANW
Primary exchange	LSE
AIC sector	Country Spec: Asia-Pacific

Share price/discount performance



Three-year cumulative perf. graph



52-week high/low	600.00p	309.38p
NAV high/low	619.46p	367.89p

Gearing

Gross	2.0%
Net	-3.0%

Analysts

Andrew Mitchell	+44 (0)20 3681 2500
Matthew Read	+44 (0)20 3077 5758

investmenttrusts@edisongroup.com

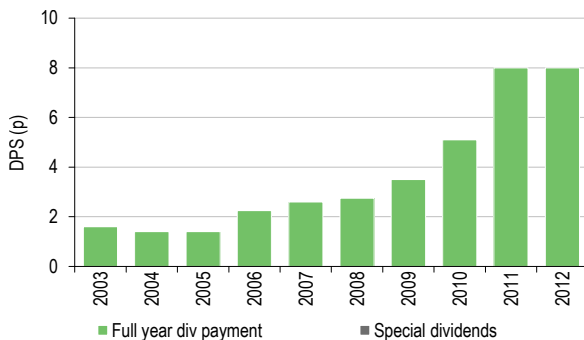
[Edison profile page](#)

Exhibit 1: Trust at a glance

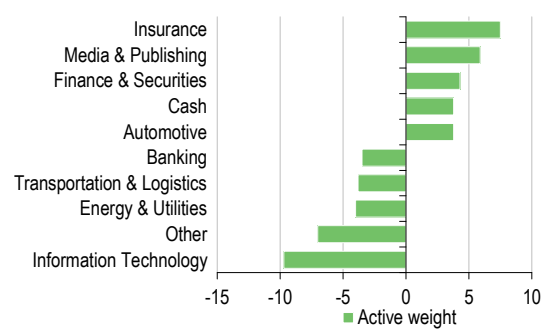
ANW has a conventional capital structure with one class of ordinary share in issue – 25p ords. The management fee is payable monthly in arrears based on an annual amount of 1% of net assets. Ongoing charges were 1.4%. The agreement is terminable on one year's notice. The company's Articles of Association limit the aggregate fees payable to the board of directors to a total of £100,000 in any one year.

Forthcoming		Share buyback policy and history	Fund details	
Year end	28 February	The board monitors the discount and pursues a policy of selective buybacks of shares. The company has the authority to allot up to 5% and make market purchases of up to 14.99% of issued share capital.	Launch date	December 1989
Interim results	October 2013		Group	AAM Asia Limited
AGM	June		Manager	Asian Equities Team
Dividend policy		The board	Address	Bow Bells House, 1 Bread Street, London, EC4M 9HH
The ability of the company to pay a dividend and any future dividend growth will depend primarily on the level of income received from its investments. Accordingly, the amount of the dividends paid may fluctuate.		The directors are all non-executive and the majority are independent. K Falconer (Chairman), P Bristowe, J Robinson FCA, H Young and Nicholas Smith.	Phone	0500 000 040
			Website	www.newthai-trust.co.uk

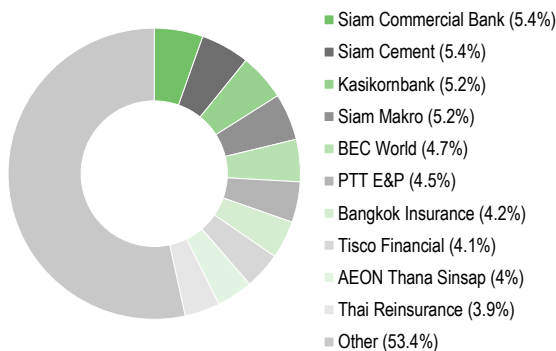
Dividend policy and history



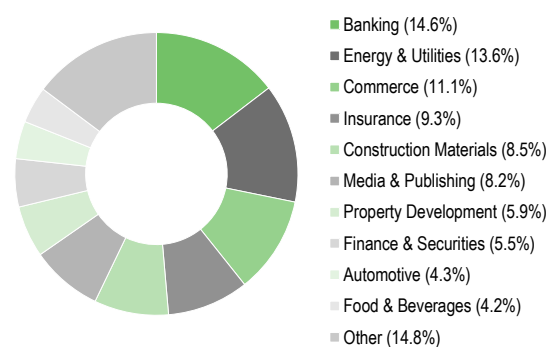
Top 10 active weights (as at 30 April 2013)



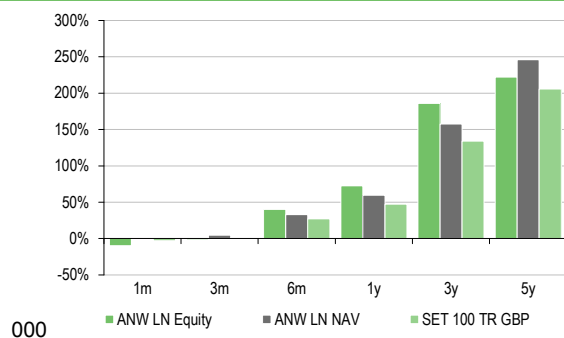
Portfolio composition (as at 30 April 2013)



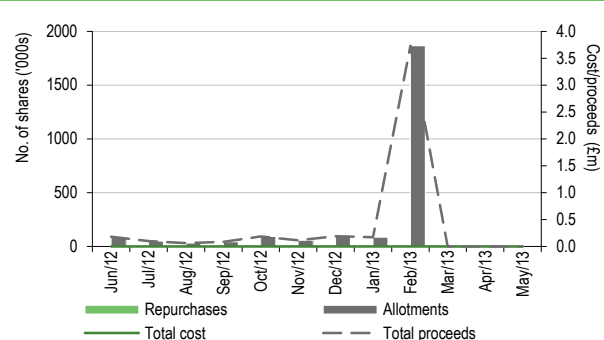
Sector allocation (as at 30 April 2013)



Price, NAV and benchmark total return performance (%)



Share repurchases and allotments



Source: Aberdeen New Thai, Morningstar, Edison Investment Research. Note: in bottom right chart allotments in February 2013 reflects conversion of subscription shares.

Aberdeen Private Equity Fund

Broad, selective PE exposure

Aberdeen Private Equity Fund (APEF) is a fund of private equity funds providing investors with a managed exposure to a range of different strategies from venture capital to buyout. The rationale for a private equity investment includes increased diversification and the potential to benefit should private equity repeat the superior returns versus other asset classes achieved in earlier periods. A closed-end fund is well suited to the investment timescale for private equity, which has tended to extend post-crisis. A distinguishing feature of the fund is a relatively high, 34% exposure to technology investments, while, geographically, the underlying exposure is predominantly to the US (c 60%). Over a three-year period the company has produced an NAV return of 21% that compares well with the AIC sector average (14%).

12 months ending	Total share price return (%)	Total NAV return (%)	LPX 50 TR GBP (%)
31/05/10	(3.9)	14.1	44.6
31/05/11	21.0	(0.8)	31.7
31/05/12	(11.7)	16.9	(20.7)
31/05/13	48.0	3.9	50.3

Note: Twelve-month rolling discrete performance.

Investment strategy: Quality the primary concern

The process for fund selection at APEF is analogous to Aberdeen's equity process with a great emphasis on quality. A screening process identifies the more promising segments within the private equity universe and, once the search is narrowed, management meetings are key. All new funds, including those from existing managers, are reviewed to avoid selection bias and to monitor industry developments. The fund has a relatively low dependence on buyout strategies with less than 10% in the area of mega-buyouts. As noted, the technology exposure is high, reflecting a belief that technology will remain an important growth theme, outpacing GDP growth on a long view. Now that the fund is more mature (launch 2007) with realisations closer, the manager believes there is scope to make new investments, reducing the commitment cover from its current near-70% level.

Outlook: Growth equity & distressed debt promising

Looking ahead, the manager acknowledges that in some sectors transaction multiples may have been bid up, but highlights that for smaller companies, financing remains a challenge. There are therefore still good opportunities, notably in growth equity, for private equity managers to offer capital on attractive terms, including equity stakes that can boost IRRs significantly. Distressed debt is seen as another area with strong potential.

Valuation: Discount below long-term averages

The discount to NAV, at 22%, is below its three- and five-year averages of 33-35%, but still significantly above its five-year low of 11%.

Investment trusts

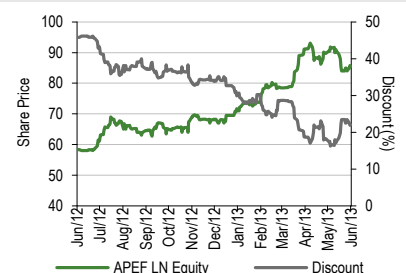
19 June 2013

Price	85.5p
Market cap	£93.3m
AUM	£129.8m

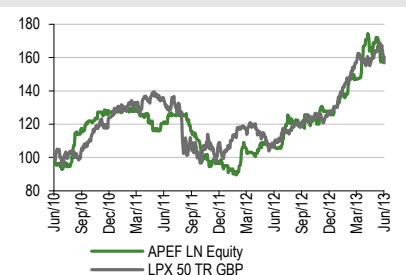
NAV	109.74p.
Discount to NAV	22.09%

Ordinary shares in issue	109.74m
Code	APEF
Primary exchange	LSE
AIC sector	Private Equity

Share price/discount performance



Three-year cumulative perf. graph



52-week high/low	93.13p	58.00p
NAV high/low	112.20p	102.39p

Gearing

Gross	8.0%
Net	(9.0%)

Analysts

Andrew Mitchell	+44 (0)20 3681 2500
Matthew Read	+44 (0)20 3077 5758

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[Edison profile page](#)

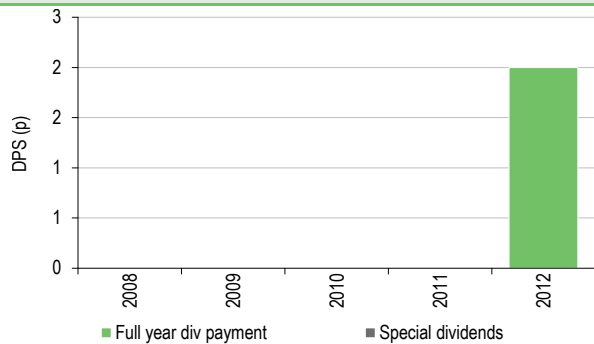
Exhibit 1: Trust at a glance

Capital structure and fees

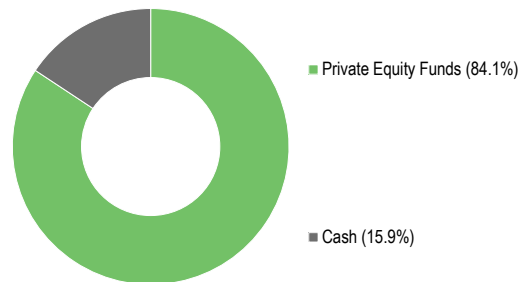
APEF has a conventional capital structure of 109,131,199 ordinary shares in issue. The annual management fee is 1.5%; the manager is entitled to a performance fee of 10% based on the total increase in the audited NAV – adjusted for buybacks and dividends – of the shares at the end of each performance year (ending 31 March each year). For a performance fee to be paid, the manager must achieve returns in excess of 8% (subject to a high watermark). Ongoing charges were 2.1% of average net assets.

Forthcoming		Share buyback policy and history	Fund details	
Year end	31 March	The company has the authority to manage demand flows for its shares by purchasing up to 14.99% of the issued share capital. Up to 10% may be held within treasury and resold. The remainder will be cancelled.	Launch date	July 2009
Preliminary results	July 2013		Group	AberdeenSVG
AGM	September		Managers	Alex Barr, David Boyle
Dividend policy		The board	Address	Bow Bells House, 1 Bread Street, London, EC4M 9HH
The board intends to distribute approximately 10% of distributions received. The board has decided that it will pay at least 1p per annum, regardless of the distributions received.		The directors are all non-executive and independent. Jonathan Carr (chairman), David Copperwaite, Philip Hebson, David Staples and Howard Myles.	Phone	0500 000 040
			Website	www.aberdeenprivateequity.co.uk

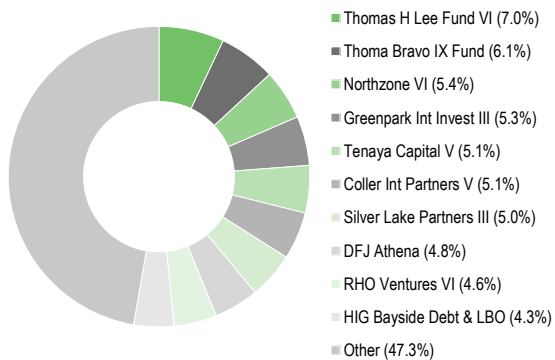
Dividend policy and history



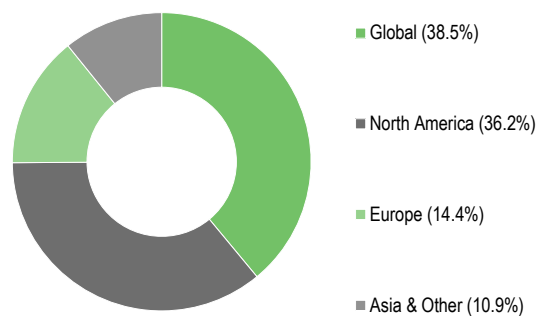
Investment exposures of portfolio (as at 30 April 2013)



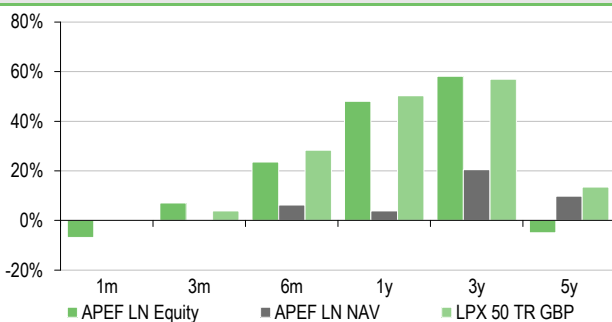
Portfolio composition (as at 30 April 2013)



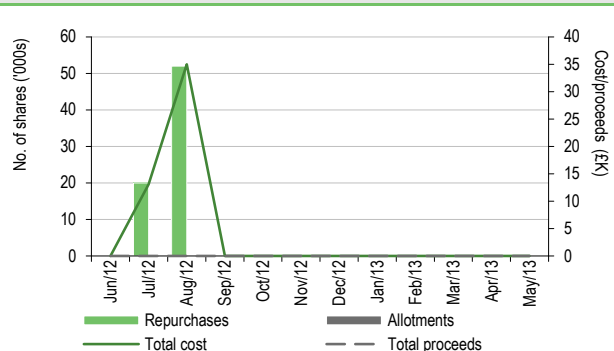
Geographic distribution of portfolio (as at 30 April 2013)



Price, NAV and benchmark total return performance (%)



Share repurchases and allotments



Source: Aberdeen Private Equity Fund, Morningstar, Edison Investment Research

Aberdeen Smaller Companies High Income

Income and small-cap themes

The trust (ASCH) aims to provide a high and growing dividend and capital growth from a portfolio invested mainly in small company shares and UK fixed-income securities. Its benchmark index is the FTSE SmallCap (ex-investment cos.). ASCH employs gearing (22%) to invest in fixed-income instruments to enhance income generation. The trust has outperformed its benchmark over one, three and five years and the peer average NAV total return over five years (lagging over one and three years). The yield of 3.2% is 12% higher than the benchmark average. The shares are an interesting way of combining income and small-cap themes through a fund managed with a long-term view and emphasis on quality in its portfolio selections.

12 months ending	Total share price return (%)	Total NAV return (%)	FTSE Small Cap Ex Invest Trust TR GBP (%)
31/05/10	35.9	57.5	20.9
31/05/11	40.4	40.0	23.1
31/05/12	(8.2)	(7.9)	(9.4)
31/05/13	72.1	40.1	46.1

Note: Twelve-month rolling discrete performance.

Investment strategy: Quality, yield, small cap

The manager follows the bottom-up, fundamentally driven, equity process seen across Aberdeen funds. Reflecting the long-term view taken, fund turnover is relatively low (17% for 2012 compared with the average 28% for the high yield peer group). Meetings with management play a key part in deciding on portfolio holdings. Although portfolio concentration, as measured by the top 10 holdings, is below average, the trust's contention that it runs a high conviction portfolio is borne out by the below average number of holdings (c 52 vs 88). The manager describes the portfolio construction as benchmark aware but not driven. The main underweights are oil and gas and technology with the main overweight being industrials.

Outlook: Positive signs

The manager sees positive signs that portfolio companies can continue to deliver. The performance on the fixed-income side was particularly strong last year (+13.6% fixed income and +24.6% preference shares) and is not likely to be repeated. Trust holdings have been moved up the yield curve both in equities and fixed income in order to help maintain income but this is clearly a challenge. The manager is also opting to recycle short-term bonds into equities for the moment. There are still opportunities for investment at reasonable valuations, particularly in the smaller cap end of the spectrum where valuations compare well with mid-cap names.

Valuation: Discount below recent averages

The trust shares trade at a small discount (1%), which is well below one- and three-year averages (10% and 14% respectively), reflecting the search for yield that has driven the performance of the trust's own fixed-income holdings.

Investment trusts

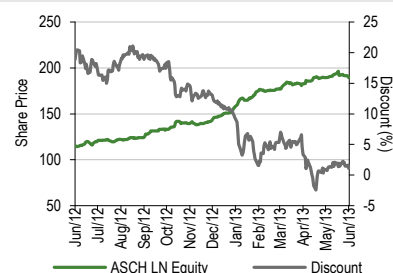
19 June 2013

Price	189.5p
Market cap	£41.9m
AUM	£51.9m

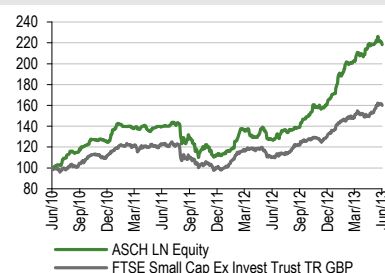
NAV	191.67p.
Discount to NAV	1.13%
Dividend yield	3.19%

Ordinary shares in issue	22.1m
Code	ASCH
Primary exchange	LSE
AIC sector	UK High Income

Share price/discount performance



Three-year cumulative perf. graph



52-week high/low	196.50p	114.50p
NAV high/low	197.48p	139.96p

Gearing

Gross	24.0%
Net	22.0%

Analysts

Andrew Mitchell	+44 (0)20 3681 2500
Matthew Read	+44 (0)20 3077 5758

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[Edison profile page](#)

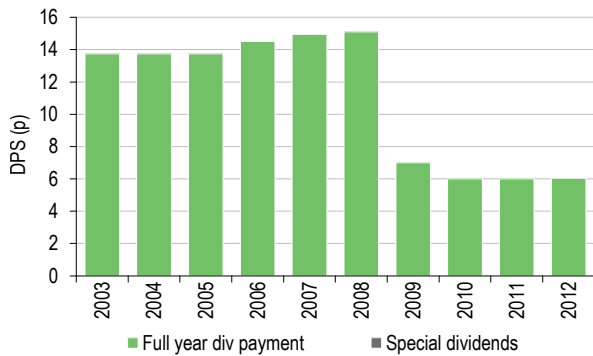
Exhibit 1: Trust at a glance

Capital structure and fees

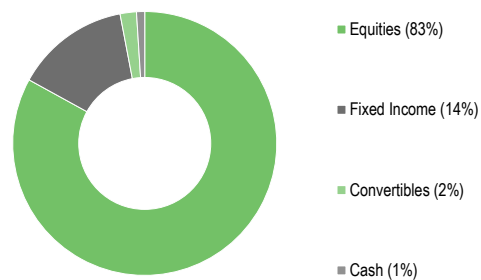
ASCH has a conventional capital structure of 22,109,765 ordinary shares in issue of 20p each. The management fee is 0.75% of the company's gross assets and ongoing charges were 1.9% of net assets. The company has a short-term loan facility of £10m with the last reported rate being 2.5% in January 2013.

Forthcoming		Share buyback policy and history	Fund details	
Year end	31 December	The company has the authority to manage demand flows for its shares by purchasing up to 14.99% of the issued share capital.	Launch date	1992
Interim results	August 2013		Group	AAM Limited
AGM	April		Manager	Phil Webster
Dividend policy		The board	Address	Bow Bells House, 1 Bread Street, London, EC4M 9HH
The objective is to provide a high and growing dividend and capital growth from a portfolio invested principally in the ordinary shares of smaller UK companies and UK fixed-income securities. Dividends are payable quarterly at the end of January, April, July and October.		The directors are all non-executive and independent. Carolan Dobson (chairman), James West, Barry M Rose and, Robert Lister.	Phone	0500 000 040
			Website	aberdeensmallercompanies.co.uk

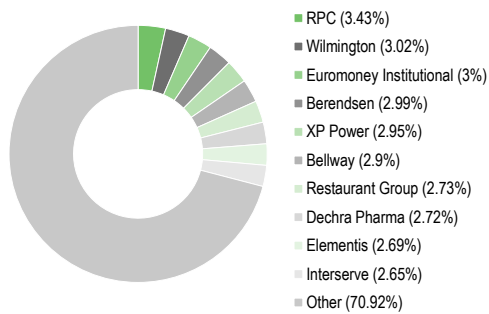
Dividend policy and history



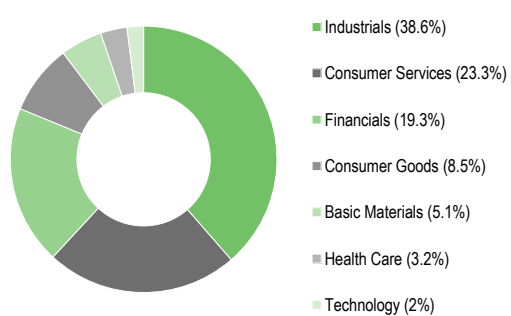
Asset allocation of portfolio (as at 30 April 2013)



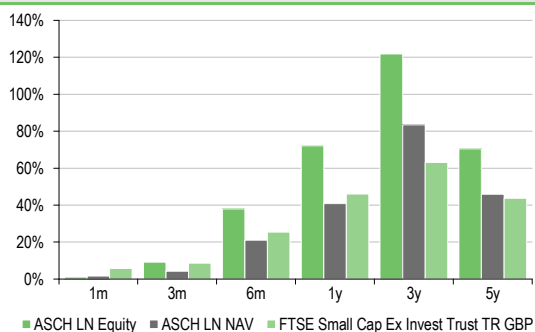
Portfolio composition (as at 30 April 2013)



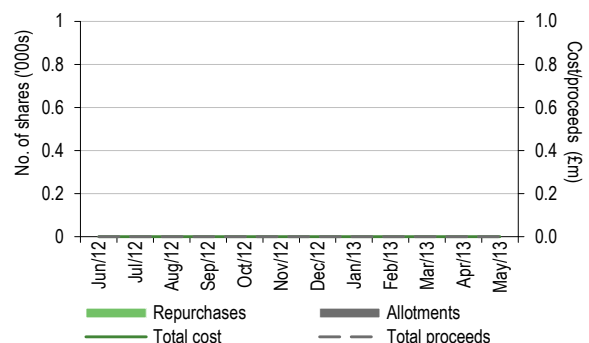
Sector allocation (as at 30 April 2013)



Price, NAV and benchmark total return performance (%)



Share repurchases and allotments



Source: Aberdeen Smaller Companies High Income, Morningstar, Edison Investment Research

Aberdeen UK Tracker Trust

Modest fees, tracking difference

The trust (AUKT) runs a portfolio designed to track the FTSE All-Share Index both in terms of capital and income. AUKT is the only UK-listed investment trust that provides an index tracking strategy. The trust has a competitive ongoing charge of 0.3%. Its tracking difference over one, three and five years is -0.8%, -1.6% and +0.4% respectively.

12 months ending	Total share price return (%)	Total NAV return (%)	FTSE All-Share TR GBP (%)
31/05/10	16.4%	22.7%	22.9%
31/05/11	21.1%	20.1%	20.4%
31/05/12	-7.5%	-8.4%	-8.0%
31/05/13	31.8%	29.3%	30.1%

Note: Twelve-month rolling discrete performance.

Investment strategy: Tracker

The management team, led by David McCraw, manages over £7bn of assets on tracking strategies of which two thirds are UK funds. The trust replicates in full the constituents of the FTSE 350 index and holds most constituents of the FTSE Small-Cap Index. At the December year end the trust held all 354 constituents of the FTSE 350 and 97.7% of the value of the FTSE All-Share index. The remaining 2.3% of value comprised small-cap companies. In total the trust held 576 stocks compared with the 605 constituents in the benchmark at that time.

AUKT invests in the underlying constituent equities and does not use derivatives to replicate index performance. As a tracker, costs are tightly controlled to limit this drag on performance with the 0.3% ongoing charge being towards the lower end of the range for tracker funds.

Outlook

An investment in a UK tracker, such as AUKT, provides an investor with exposure to a broad market. UK listed companies have wide range of activities, geographically and by sector. Inspection of the top ten companies in the index, and held by the trust (see next page), confirms the international reach of these groups.

Therefore, while the macroeconomic background for the UK may be relatively unexciting (IMF forecasts GDP growth of 0.7% this year and 1.5% for the next), the diversity of exposure of the index constituents means their earnings are less sensitive to domestic trends.

Valuation: Discount matches historical averages

The trust trades on a discount of 4%, which is in line with the one-, three- and five-year averages. Turning to the valuation of the underlying index, this is less attractive in absolute terms than it was, for example, one year ago, with a historical P/E of 13.6x (14 June 2013) compared with 10.5x. However, the average yield of 3.5% is still attractive relative to many fixed-income or deposit options.

Investment trusts

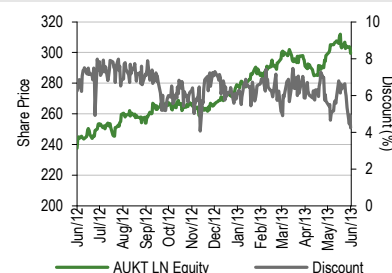
19 June 2013

Price	299.5p
Market cap	£306.0m
AUM	£314.4m

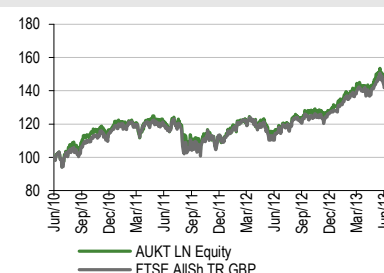
NAV	312.77p
Discount to NAV	4.24%
Dividend yield	3.14%

Ordinary shares in issue	102.2m
Code	AUKT
Primary exchange	LSE
AIC sector	UK Growth

Share price/discount performance



Three-year cumulative perf. graph



52-week high/low	312.00p	237.50p
NAV high/low	327.44p	248.71p

Gearing

Gross	0.0%
Net	0.0%

Analysts

Andrew Mitchell	+44 (0)20 3681 2500
Matthew Read	+44 (0)20 3077 5758

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[Edison profile page](#)

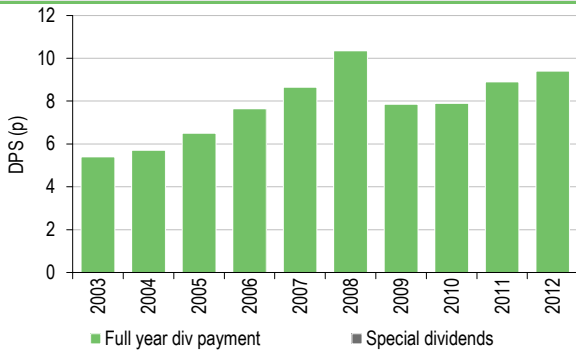
Exhibit 1: Trust at a glance

Capital structure and fees

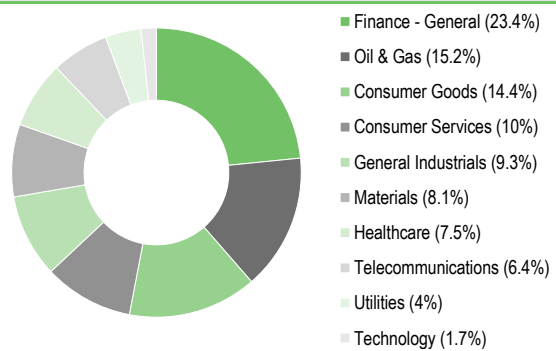
AUKT has a conventional capital structure of 102,158,615 ordinary shares in issue and 897,500 held in treasury as at 31 May 2013. The annual management fee is 0.25% of total assets and ongoing charges were 0.3% of net assets. The management fee is reduced to 0.1% on total assets in excess of £100m, and to 0.09% on assets in excess of £250m.

Forthcoming		Share buyback policy and history	Fund details	
Year end	31 December	The maximum aggregate number of ordinary shares that may be purchased pursuant to the authority shall be 14.99% of the issued ordinary share capital of the company as at the date of the passing of the resolution.	Launch date	1990
Interim results	July 2013		Group	AAM Limited
AGM	April		Manager	David McCraw
Dividend policy		The board	Address	Bow Bells House, 1 Bread Street, London, EC4M 9HH
In line with the company's investment strategy, the dividends paid to shareholders reflect the income received from the constituents of the index.		The directors are all non-executive and independent: Kevin Ingram (chairman), David Hager, Wendy Mayall, Christopher Purvis CBE and Paul Yates.	Phone	0500 000 040
			Website	aberdeenuktracker.co.uk

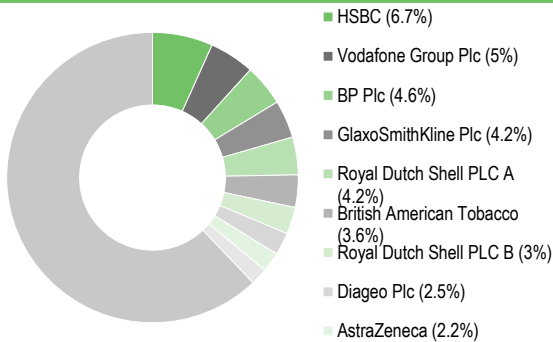
Dividend policy and history



Sector allocation (as at 30 April 2013)



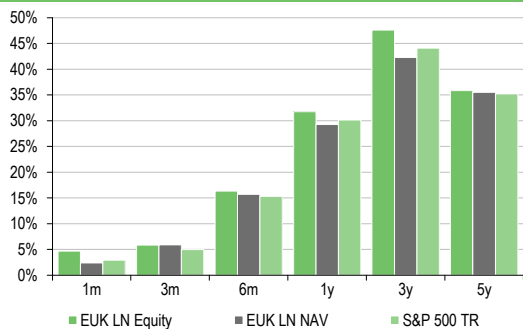
Portfolio composition (as at 30 April 2013)



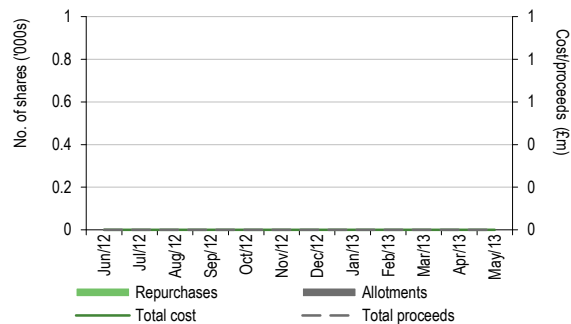
FTSE All-Share Index metrics

% of UK total market cap	98%
Constituents	600
Average market cap	£3.3bn
Median market cap	£0.5bn
Top 10% of market cap	38%

Price, NAV and benchmark total return performance (%)



Share repurchases and allotments



Source: Aberdeen UK Tracker Trust, Morningstar, Edison Investment Research

Dunedin Income Growth

Income growth with overseas spice

Dunedin Income Growth Investment Trust (DIG) aims to achieve growth of both income and capital by investing mainly in UK equities. The trust's investment criteria were modified in 2011 to allow investment of up to 20% of gross assets in overseas equities. The managers believe this has been positive in providing greater diversification of exposure and income while also improving the quality of stocks held. DIG relative performance dipped in 2008/09, but has subsequently strengthened. While some valuations are seen as high, the manager is sticking resolutely to a quality first approach and believes this should support future dividend payments. DIG's own dividend growth has been held back as revenues recovered from the financial crisis, but the prospects for growth should be better this year and next.

12 months ending	Total share price return (%)	Total NAV return (%)	FTSE All-Share TR GBP (%)
31/05/10	20.9	25.5	22.9
31/05/11	29.3	26.4	20.4
31/05/12	(4.9)	(5.9)	(8.0)
31/05/13	43.4	35.1	30.1

Note: Twelve-month rolling discrete performance.

Investment strategy: Quality first

The fund manager takes a long-term, buy-and-hold view, which results in relatively low turnover with most activity being adding and subtracting to positions as valuations fluctuate. The prospects for dividends are seen as the product of the strength and sustainability of a business with the forecasts for portfolio companies indicating potential 2013/14 dividend growth of 8.6% on a weighted basis. The board has set a limit of 5% on any company holding in the portfolio and the target is to have the same limit on contribution to income, but this has not quite been met. Even so, income concentration is significantly lower than for the benchmark with the top five income generators accounting for 27% of DIG income versus 37% for the FTSE All-Share. Income is augmented through an option writing programme that aims to deliver up to 10% of income with overall exposure being no more than 7.5% of gross assets.

Outlook: Challenging

The manager describes current conditions as very challenging as there is a danger of earnings disappointments and some valuations are elevated. Investors need to avoid overpaying for quality companies or compromising quality criteria in the search for returns. Nevertheless, there are still investment opportunities in attractive companies where the valuation is not too demanding.

Valuation: Small premium

The trust trades on a small premium compared with a 4% average discount over five years. In the light of an improved performance record and yield of 4% the valuation does not seem demanding.

Investment trusts

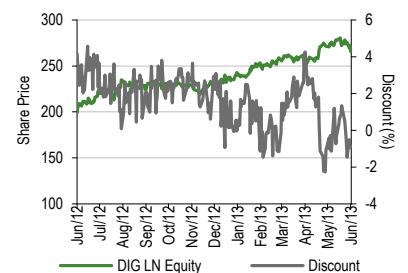
19 June 2013

Price	265.88p
Market cap	£401.2m
AUM	£426.9m

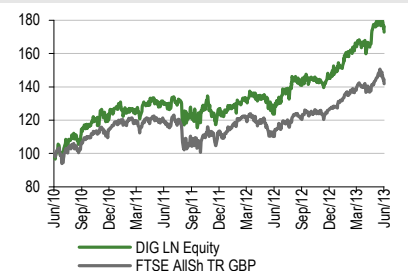
NAV	263.47p.
Premium to NAV	0.91%
Dividend yield	4.04%

Ordinary shares in issue	150.9m
Code	DIG
Primary exchange	LSE
AIC sector	UGI

Share price/discount performance



Three-year cumulative perf. graph



52-week high/low	280.50p	198.75p
NAV high/low	280.13p	205.07p

Gearing

Gross	8.0%
Net	5.0%

Analysts

Andrew Mitchell	+44 (0)20 3681 2500
Matthew Read	+44 (0)20 3077 5758

investmenttrusts@edisongroup.com

[Edison profile page](#)

Exhibit 1: Trust at a glance

Capital structure and fees

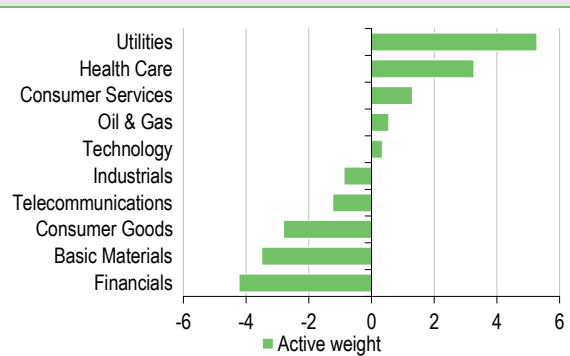
DIG has a capital structure of 150,706,187 ordinary shares in issue of 25p each and 2,971,748 held in treasury. The company has long-term borrowings of £28.6m 7% Debenture Stock 2019 and a £20m two-year bank facility (£5m drawn down as at 31 January 2012), which expires on 25 July 2013. The management fee consists of 0.45% on the first £225m, 0.35% on the next £200m and 0.25% over £425m per year of the net assets of the company. The ongoing charges were 0.6% of net assets.

Forthcoming		Share buyback policy and history	Fund details	
Year end	31 January	The company has the authority to manage demand flows for its shares by purchasing up to 14.99% of the issued share capital.	Launch date	1873
Interim results	September 2013		Group	AAM Limited
AGM	May		Manager	Jeremy Whitley
Dividend policy		The board	Address	Bow Bells House, 1 Bread Street, London, EC4M 9HH
The company intends to pay dividends on a quarterly basis, in August and thereafter in November, February and May. The company aspires to pay a dividend that grows in real terms.		The directors are all non-executive and independent. Rory Macnamara (chairman), P H Wolton, John Carson, Catherine Claydon and Elisabeth Scott.	Phone	0500 000 040
			Website	www.dunedinincomegrowth.co.uk

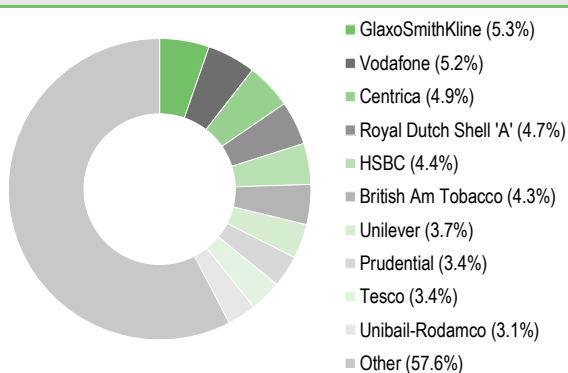
Dividend policy and history



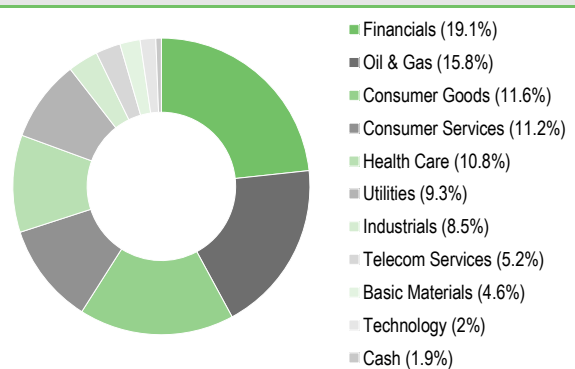
Active weights (as at 30 April 2013)



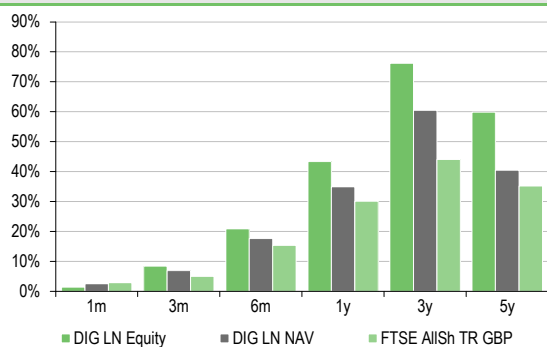
Portfolio composition (as at 30 April 2013)



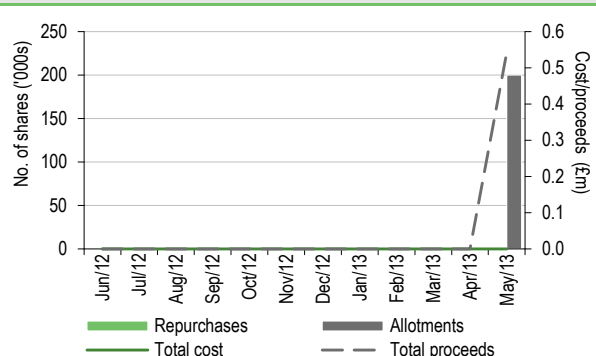
Sector allocation (as at 30 April 2013)



Price, NAV and benchmark total return performance (%)



Share repurchases and allotments



Source: Dunedin Income Growth, Morningstar, Edison Investment Research

Dunedin Smaller Companies

Long-term approach for returns

The trust's (DNDL) objective is to deliver long-term growth and an above-average yield from a portfolio of smaller companies in the UK. The manager takes a long-term and relatively risk-averse view, believing that smaller companies have the potential to provide particularly strong returns over time. Geographical diversity and superior growth is provided by the indirect exposure portfolio companies give to overseas/emerging markets (45% of turnover). The trust's cumulative performance over three and five years is significantly ahead of benchmark, at 11 and 27 percentage points respectively.

12 months ending	Total share price return (%)	Total NAV return (%)	FTSE Small-Cap Ex Invest Trust TR GBP (%)
31/05/10	28.6	41.1	20.9
31/05/11	47.5	35.9	23.1
31/05/12	(12.6)	(6.5)	(9.4)
31/05/13	58.6	36.8	46.1

Note: Twelve-month rolling discrete performance.

Investment strategy: Quality-centric, risk-averse

The fund manager takes a long-term, buy-and-hold view. The investment process is bottom-up with quality criteria including management, competitive advantage, cash flow and balance sheet strength. A valuation assessment follows as a second step with dividends seen as an important part of total return and a discipline for management. The risk-averse stance is evidenced by the avoidance of loss-making companies, early stage (such as biotechnology) or exploration companies. The manager is also wary of cyclical and highly leveraged companies as he takes the view that it is difficult to time the cycle. The level of gearing in the trust itself is modest at under 5% and it is not used as a means of generating additional income.

Outlook: Prudently cautious

Typifying the Aberdeen stance, the manager takes a cautious view of the macroeconomic background, seeing Europe as destined for a long period of low growth and high unemployment, although the stronger US recovery and relatively robust growth in Asia provides some offset for investee companies. Market movements are not directly linked to economic trends, but the manager sees increased volatility as possible and it is against this backdrop that he would expect the portfolio's relatively resilient companies to perform well.

Valuation: Discount

The discount to NAV, at 7%, is above the peer average and modestly below the trust's own three- and five-year averages of 9% and 11% respectively.

Investment trusts

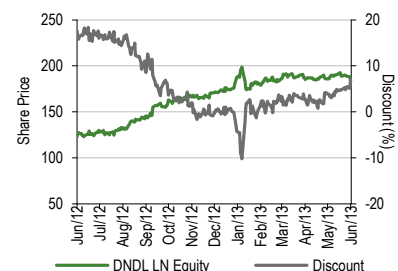
19 June 2013

Price	183.0p
Market cap	£87.6m
AUM	£97.8m

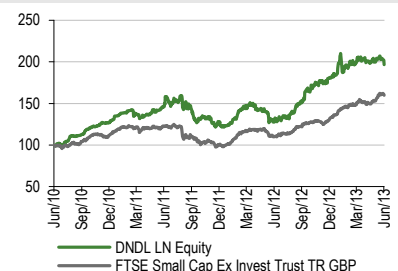
NAV	197.98p.
Discount to NAV	7.1%
Dividend yield	2.68%

Ordinary shares in issue	47.9m
Code	DNDL
Primary exchange	LSE
AIC sector	UK Smaller Companies

Share price/discount performance



Three-year cumulative perf graph



52-week high/low	198.75p	122.75p
NAV high/low	199.14p	145.90p

Gearing

Gross	5.0%
Net	3.0%

Analysts

Andrew Mitchell	+44 (0)20 3681 2500
Matthew Read	+44 (0)20 3077 5758

investmenttrusts@edisongroup.com

[Edison profile page](#)

Exhibit 1: Trust at a glance

Capital structure and fees

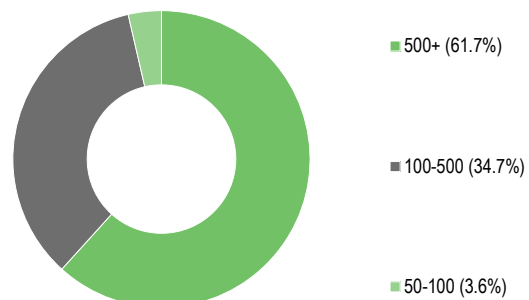
DNDL has a conventional capital structure of 47,857,317 ordinary shares in issue of 5p each. At the year end, the company had a £5m three-year revolving facility agreement with Scotiabank Europe, which was drawn down in full as at 14 December 2012. The management fee is 0.4% per annum. Ongoing charges including performance fee were 1.1% of net assets (1.0% ex-performance fee).

Forthcoming		Share buyback policy and history	Fund details	
Year end	31 October		The directors monitor the company's discount with that of its peer group and will use the company's share buyback powers, subject to market conditions, when they feels this to be appropriate.	Launch date
Interim results	June 2013	Group		AAM Limited
AGM	February	Manager		Ed Beal
Dividend policy		The board	Address	Bow Bells House, 1 Bread Street, London, EC4M 9HH
The company objective is to deliver both capital and income growth, identifying good-quality companies run by strong management teams, particularly where an above-average dividend yield is available.		The directors are all non-executive and independent. The Earl of Dalhousie (chairman), James Barnes, Norman Yarrow and Ray Entwistle.	Phone	0500 000 040
			Website	www.dunedinsmaller.co.uk

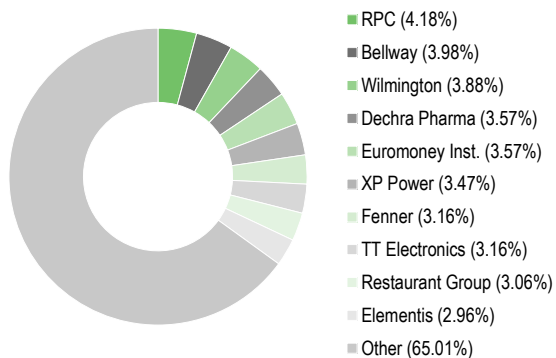
Dividend policy and history



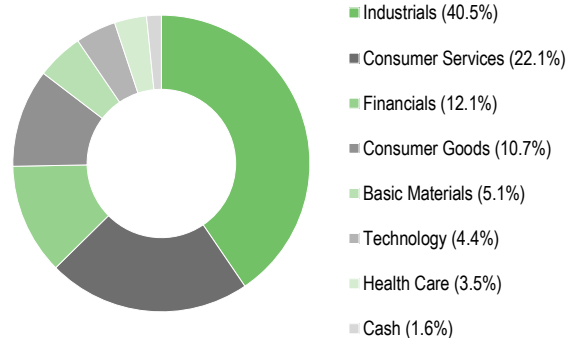
Portfolio by market capitalisation (as at 31 January 2013)



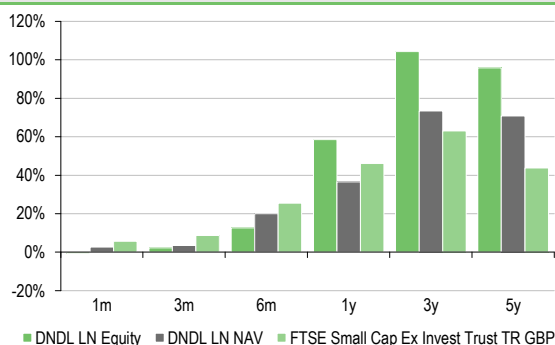
Portfolio composition (as at 30 April 2013)



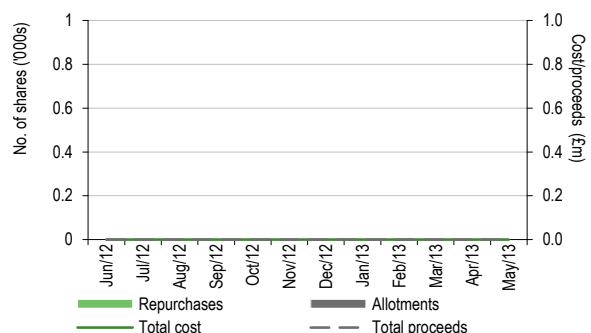
Sector allocation (as at 30 April 2013)



Price, NAV and benchmark total return performance (%)



Share repurchases and allotments



Source: Dunedin Smaller Companies, Morningstar, Edison Investment Research

Edinburgh Dragon Trust

Differentiated Asia-ex fund

The trust (EFM) aims to deliver long-term capital growth through investment in Asia excluding Japan and Australasia. Its geographical exposure is differentiated from the MSCI AC Asia ex Japan benchmark index by substantial underweights in Korea and China with overweights in Hong Kong and Singapore that give regional exposure and indirect China exposure. The result is what the manager believes is a quality bias (financial strength and governance being key elements). This and an above-benchmark performance over one, three and five years are positive features for potential investors to consider.

12 months ending	Total share price return (%)	Total NAV return (%)	MSCI AC Asia Ex Japan TR GBP (%)
31/05/10	33.4	40.8	33.0
31/05/11	21.0	15.1	15.8
31/05/12	(5.8)	(3.6)	(11.9)
31/05/13	31.4	27.2	21.1

Note: Twelve-month rolling discrete performance.

Investment strategy: Quality bias

The manager's approach is consistent with the Aberdeen equity process seen in the other investment trusts it manages: a focus on the fundamental strengths of businesses with priority given to meeting management. Hong Kong and Singapore between them account for about 45% of the portfolio, reflecting the manager's preference for the governance and regulatory strengths of these territories together with the broader geographical exposure companies based there provide. Banks account for over 25% of the portfolio, a position that should enable the trust to benefit from the growing use of financial services as Asian economies expand. The managers argue for the potential long-term growth in consumer spending but last year started to trim some consumer sector holdings on valuation grounds.

Outlook: Optimistic but aware of risks

The manager highlights the risks inherent in unresolved structural issues in Europe, the potential for fund flows into Asia to reverse and political uncertainties on the Korean peninsula and in India. However, Asian economic fundamentals remain relatively robust, portfolio companies are reported as having an optimistic view and valuations are seen as reasonable.

Valuation: Discount modestly below long-term averages

The current discount to NAV of 6% is modestly below the three- and five-year averages of 8-9%, but similar to the peer-group averages. In the context of above-average risk-adjusted returns (as measured by the three- and five-year Sharpe ratios of 0.99 and 0.67 vs peer-averages of 0.91 and 0.56) this does not seem a demanding valuation.

Investment trusts

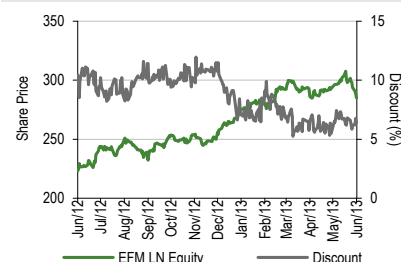
19 June 2013

Price	285p
Market cap	£559.6m
AUM	£654.2m

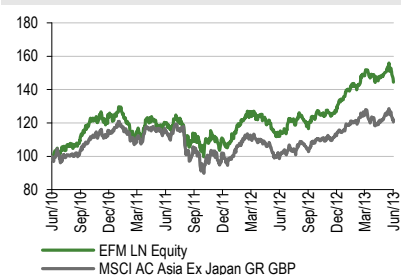
NAV	304.45p
Discount to NAV	6.39%
Dividend yield	0.77%

Ordinary shares in issue	196.4m
Code	EFM
Primary exchange	LSE
AIC sector	AXJ

Share price/discount performance



Three-year cumulative perf. graph



52-week high/low	307.7p	223p
NAV high/low	362.89p	246.62p

Gearing

Gross	10.0%
Net	9.0%

Analysts

Andrew Mitchell	+44 (0)20 3681 2500
Matthew Read	+44 (0)20 3077 5758

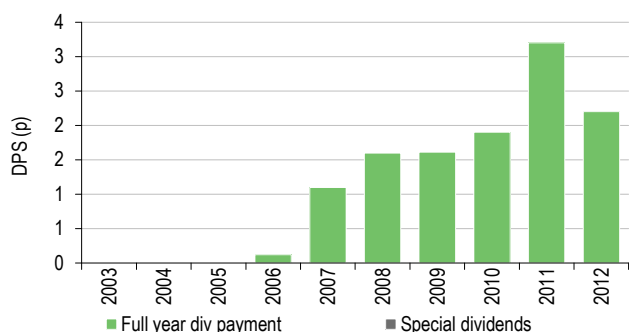
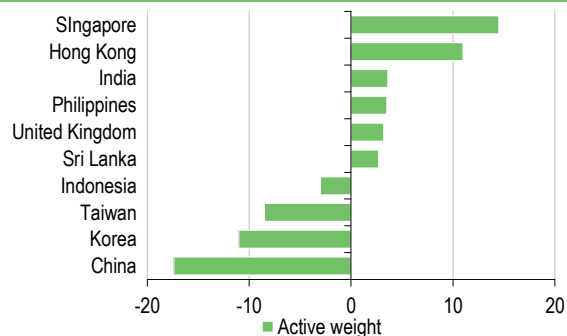
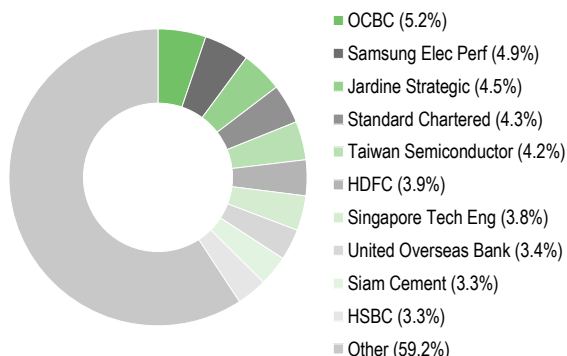
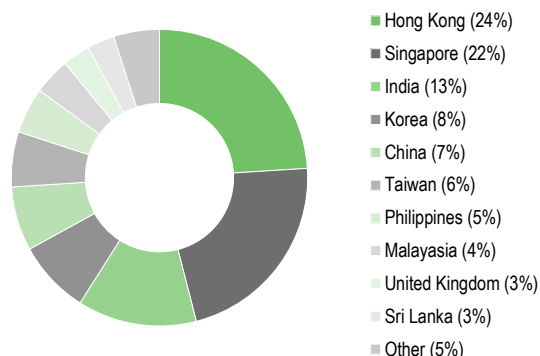
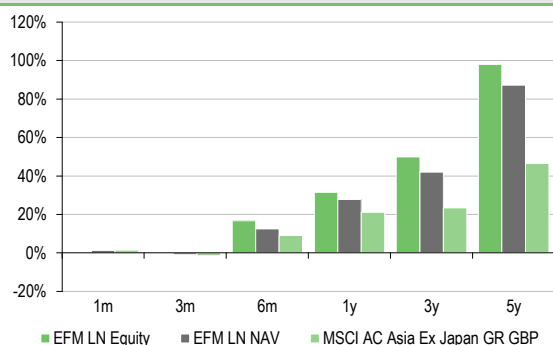
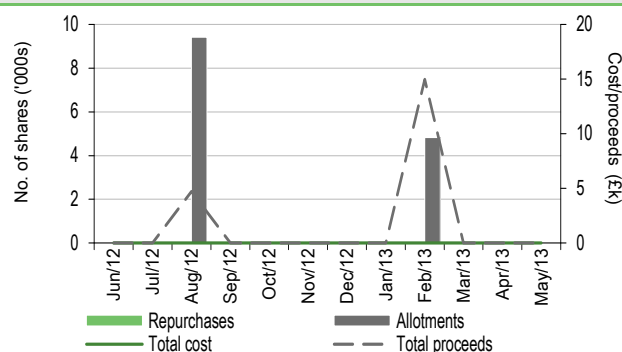
investmenttrusts@edisongroup.com

[Edison profile page](#)

Exhibit 1: Trust at a glance
Capital structure and fees

At 31 December 2012, there were 196,360,259 fully paid ordinary shares of 25p each in issue and £59.8m nominal of 3.5% convertible Unsecured Loan Stock 2018 (CULS). Interest is payable semi-annually in arrears on 31 January and 31 July in each year. Holders are entitled to convert their CULS into ordinary shares every six months from 31 July 2011 until 31 January 2018 at a conversion price of 310.1528p for one ordinary share. The annual management fee is 1.0%. The ongoing charges were 1.3%.

Forthcoming		Share buyback policy and history	Fund details	
Year end	31 August	The maximum number of ordinary shares that may be purchased is 14.99% of the capital. The directors intend to take advantage of this flexibility.	Launch date	1987
Preliminary results	November 2013		Group	AAM Asia Limited
AGM	December		Manager	Andrew Gillan
Dividend policy		The board		
The board's policy is to pay a dividend marginally in excess of the minimum required to maintain investment trust status, which may lead to some volatility in the level of dividend paid.		The directors are all non-executive and independent. Allan M McKenzie (chairman), David Gairns, Anthony C Lowrie, Iain McLaren, Peter Maynard and Kathryn Langridge.		
		Address		Bow Bells House, 1 Bread Street, London, EC4M 9HH
		Phone		0500 000 040
		Website		www.edinburghdragon.co.uk

Dividend policy and history

Top 10 active weights (as at 30 April 2013)

Portfolio composition (as at 30 April 2013)

Geographic distribution of portfolio (as at 30 April 2013)

Price, NAV and benchmark total return performance (%)

Share repurchases and allotments


Source: Edinburgh Dragon Trust, Morningstar, Edison Investment Research

Murray Income Trust

Quality, income, growth

The trust (MUT) aims to achieve a high and growing income combined with capital growth mainly through investment in UK equities. Like Dunedin Income Growth, the trust is able to invest up to 20% of gross assets in overseas equities, providing a greater opportunity for diversification. The trust has outperformed the FTSE All-Share over one, three and five years and has a dividend yield approximately 15% above the index average. This, combined with a low single-digit premium to NAV and a below-average continuing charge (0.8% versus peer average of 1.3%), should be attractive to potential investors.

12 months ending	Total share price return (%)	Total NAV return (%)	FTSE All-Share TR GBP (%)
31/05/10	21.7	26.8	22.9
31/05/11	28.5	25.0	20.4
31/05/12	(5.1)	(4.9)	(8.0)
31/05/13	35.4	34.2	30.1

Note: Twelve-month rolling discrete performance.

Investment strategy: Fundamental focus

The manager follows the Aberdeen equity process, which involves fundamental bottom-up research aiming at selection of good-quality companies with strong competitive positions and healthy financial characteristics. This is seen as the best way to ensure long-term performance and sustainable dividend growth. Top-down considerations are secondary with diversification rather than formal sector weight targets influencing portfolio construction. At the end of April the main sector overweights were utilities, healthcare and consumer services, while the principal underweights were basic materials, financials and telecoms. The trust employs an option writing programme to enhance income (last year 8.5% of income).

Outlook: Opaque but more stable

The manager sees the outlook as difficult and opaque given the uncertain global macroeconomic background. However, easing of concerns over eurozone breakup compared with last year and a stabilisation of earnings delivery versus expectation makes for somewhat better conditions. Valuations are seen as quite reasonable in relative terms, despite market gains year to date. In this context we note that the holding in BAT was reduced during April as a call option was assigned, and that the trust has written calls in William Morrison and BAT and puts in BHP Billiton, illustrating the valuation judgements the manager is making on a continuous basis. The trust would like to increase its exposure to stocks below the large-cap level, but this is likely to be a gradual process as many valuations in this area are seen as relatively full.

Valuation: Modest premium

The premium, currently at 2%, is similar to the five-year average.

Investment trusts

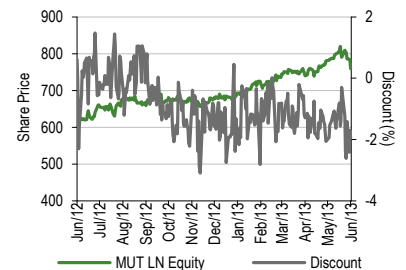
19 June 2013

Price	759.5p
Market cap	£507.4m
AUM	£532.8m

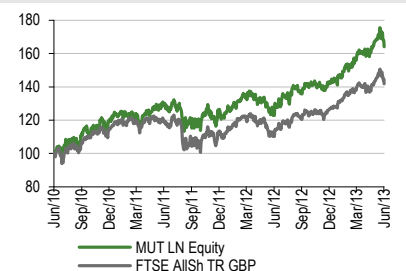
NAV	744.98p.
Premium to NAV	1.95%
Dividend yield	3.92%

Ordinary shares in issue	66.8m
Code	MUT
Primary exchange	LSE
AIC sector	UK Growth Income

Share price/discount performance



Three-year cumulative perf. graph



52-week high/low	820.00p	602.50p
NAV high/low	793.84p	588.37p

Gearing

Gross	8.0%
Net	7.0%

Analysts

Andrew Mitchell	+44 (0)20 3681 2500
Matthew Read	+44 (0)20 3077 5758

investmenttrusts@edisongroup.com

[Edison profile page](#)

Exhibit 1: Trust at a glance

Capital structure and fees

MUT has a capital structure of 66,242,458 ordinary shares in issue of 25p each and 451,000 held in treasury. The management fee is 0.55% on the first £450m of net assets, 0.45% on the next £150m and 0.25% on assets in excess of £550m. The ongoing charges were 0.8%.

Forthcoming

Year end	30 June
Preliminary results	September 2013
AGM	October

Share buyback policy and history

The company has the authority to manage demand flows for its shares by purchasing up to 14.99% of the issued share capital.

Fund details

Launch date	1923
Group	AAM Limited
Manager	Charles Luke
Address	Bow Bells House, 1 Bread Street, London, EC4M 9HH
Phone	0500 000 040
Website	www.murray-income.co.uk

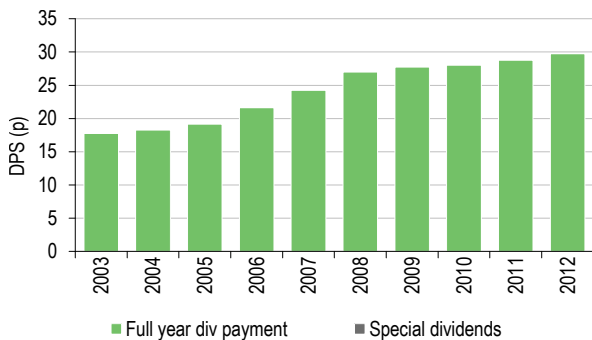
Dividend policy

Dividends are paid by means of three interim dividends, normally in January, April, July, and a final, in October or November. The trust aims for real dividend growth and an above average portfolio yield.

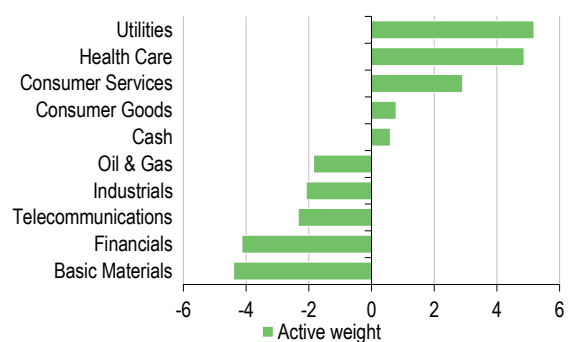
The board

The directors are all non-executive and independent: Patrick Gifford (chairman), Humphrey van der Klugt, Neil Honebon, David E Woods, Jean Park and Donald Cameron.

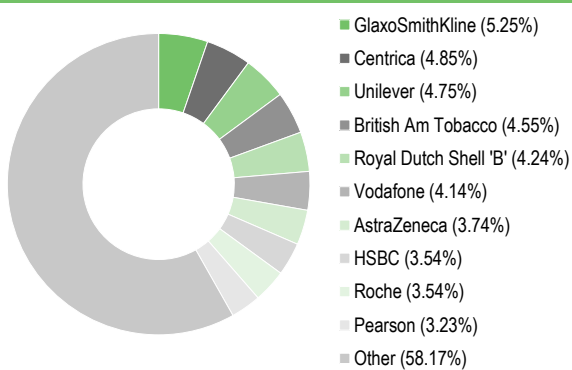
Dividend policy and history



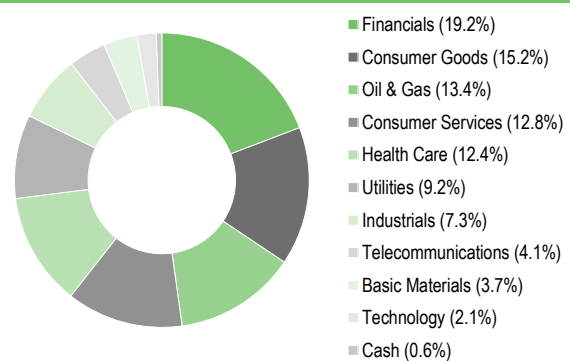
Active weights (as at 30 April 2013)



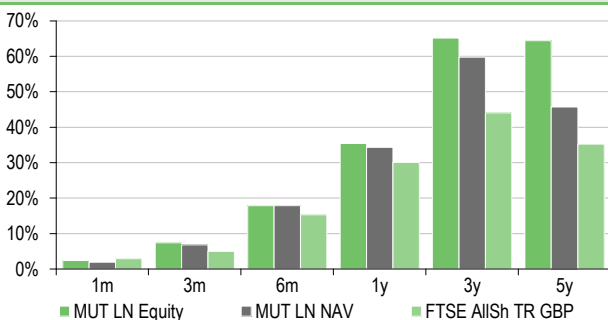
Portfolio composition (as at 30 April 2013)



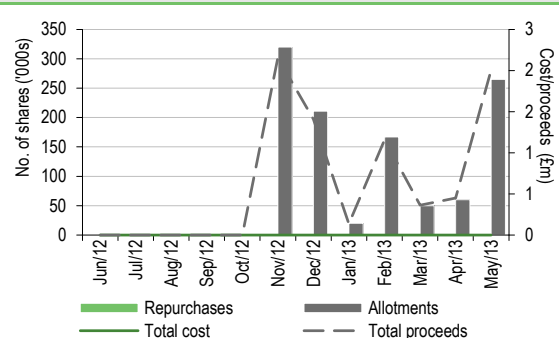
Sector allocation (as at 30 April 2013)



Price, NAV and benchmark total return performance (%)



Share repurchases and allotments



Source: Murray Income Trust, Morningstar, Edison Investment Research

Murray International Trust

Performance and yield

Murray International Trust (MYI) has the principal aim of delivering a higher total return than its benchmark, a 40/60 blend of the FTSE World UK and ex-UK indices. MYI also aims to increase revenues to maintain an above-average yield. The manager has a cautious view of the current macro background and maintains a defensive portfolio positioning. The trust has outperformed both its benchmark and peer average returns (Global Growth and Income trusts) over one, three and five years. This, and a dividend yield of 3.5%, support the NAV premium of 9% the shares currently trade on.

12 months ending	Total share price return (%)	Total NAV return (%)	Comp FTSE World UK(40%) FTSE World ex UK(60%) TR GBP (%)
31/05/10	33.8	31.9	26.6
31/05/11	19.4	20.9	15.7
31/05/12	-0.3	-1.2	-5.3
31/05/13	36.9	31.0	30.4

Note: Twelve-month rolling discrete performance.

Investment strategy: Defensive bias

The senior fund manager in the global equities team, Bruce Stout, follows Aberdeen's long-term, fundamental, buy-and-hold approach. While this is a global fund and there is a top-down influence, holdings are based on individual stock selection more than percentage allocations to regions or sectors: even so the broad geographical scope allows for significant diversification with portfolio companies coming from c 25 countries and representing a range of sectors. The current positioning is intended to preserve capital and the manager has warned of the inflationary dangers of quantitative easing, a concern that lies behind a historically low fixed-income exposure for the trust (at end April 6.3% of net assets compared with equities at 102.9% while net gearing was 9.2%). Geographically, the trust has 46% of its assets in Asia Pacific (ex Japan), Latin America and emerging markets. Recently some holdings in dividend paying stocks and pharmaceuticals have been trimmed following strong capital appreciation.

Outlook: Cautious on macro, consistent position

The manager is cautious on the macroeconomic background, given the uncertain pace of economic recovery, despite "irresponsible" monetary policy. Having said this, the manager does not attempt to predict specific market levels or economic developments, instead focusing on how companies can grow through their own efforts and their ability to withstand adverse developments.

Valuation: Premium above recent averages

The premium to NAV stands at about 9%, modestly above the one- and three-year averages of 7% and 5% respectively.

Investment trusts

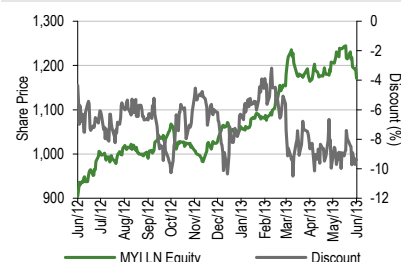
19 June 2013

Price	1171p
Market cap	£1,472.9m
AUM	£1,398.1m

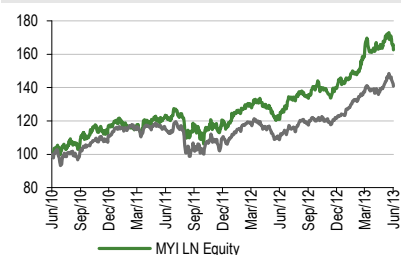
NAV	1070.37p
Premium to NAV	9.4%
Dividend yield	3.5%

Ordinary shares in issue	125.8m
Code	MYI
Primary exchange	LSE
AIC sector	Global Growth & Income

Share price/discount performance



Three-year cumulative perf. graph



52 week high/low	1,245p	904p
NAV high/low	1,125.9p	852.48p

Gearing

Gross	6.0%
Net	6.0%

Analysts

Andrew Mitchell	+44 (0)20 3681 2500
Matthew Read	+44 (0)20 3077 5758

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[Edison profile page](#)

Exhibit 1: Trust at a glance

Capital structure and fees

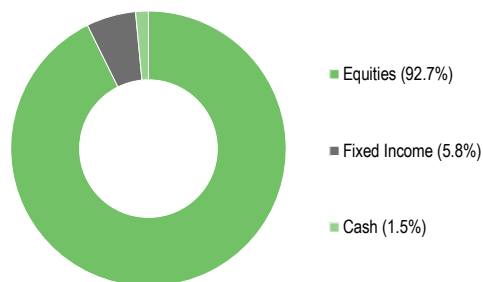
MYI's capital structure consists of 125,046,742 ordinary shares in issue of 25p each and 889,997 B ordinary shares of 25p. B ordinary shares carry the same rights as the ordinary shares. The difference is that B ordinary shareholders receive their dividends by means of a capitalisation issue as opposed to a cash dividend. The management fee is 0.5%, or a maximum of 0.8% including performance fee. The ongoing charge was 1.0% of net assets.

Forthcoming		Share buyback policy and history	Fund details	
Year end	31 December	The company operates a discount and premium control policy. The extent of each buyback authority is limited to 14.99% of the company's issued share capital.	Launch date	1907
Interim results	August 2013		Group	AAM Limited
AGM	April		Manager	Bruce Stout
Dividend policy		The board	Address	Bow Bells House, 1 Bread Street, London, EC4M 9HH
The manager seeks to increase the company's revenues in order to maintain an above-average dividend yield. The company will only pay dividends on the ordinary shares and a capitalisation issue for B ordinary shares.		The directors are all non-executive and independent. Dr Kevin Carter (chairman), Lady Balfour of Burleigh, James Douglas Best, Peter Dunscombe, Marcia Campbell and Alfred Charles Shedden.	Phone	0500 000 040
			Website	www.murray-intl.co.uk

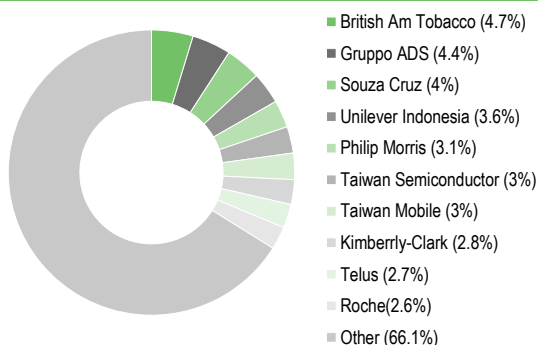
Dividend policy and history



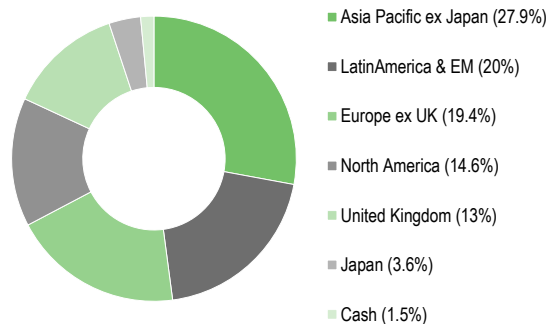
Investment exposures of portfolio (as at 30 April 2013)



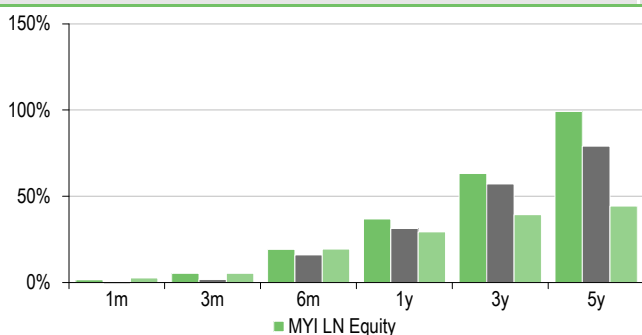
Portfolio composition (as at 30 April 2013)



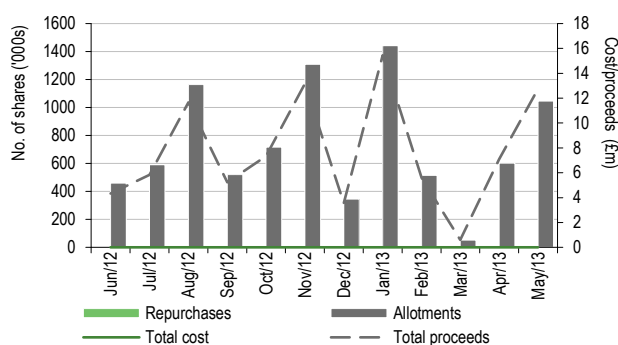
Geographic distribution of portfolio (as at 30 April 2013)



Price, NAV and benchmark total return performance (%)



Share repurchases and allotments



Source: Murray International Trust, Morningstar, Edison Investment Research

New India Investment Trust

Long-term performance record

New India Investment Trust (NII) aims to produce long-term capital appreciation through investing in Indian or India-focused companies. As befits a market where the average yield is under 1.5%, portfolio company yields are of secondary importance for the trust. NII has only three direct, closed-end, generalist peers investing in the Indian market and has the strongest performance over three and five years while outperforming its benchmark over one, three and five years.

12 months ending	Total share price return (%)	Total NAV return (%)	MSCI India TR GBP (%)
31/05/10	46.5	53.8	37.5
31/05/11	13.1	7.0	-2.3
31/05/12	-19.0	-16.7	-24.5
31/05/13	21.8	23.4	24.6

Note: Twelve-month rolling discrete performance.

Investment strategy: Unbiased search for quality

The manager follows the consistent Aberdeen approach of fundamental stock selection focusing on quality with a long-term view. Company meetings are central to the process and the managers meet the top 20 portfolio companies at least twice a year. The search is for the best opportunities regardless of sector, benchmark or region. For NII the outcome of this is overweight positions in materials, consumer staples and information technology and underweights in financials (still the largest sector for the trust) and energy. The materials exposure has been increased recently but the overall composition of the portfolio has been broadly stable over the last three to four years, reflecting the long-term approach.

Outlook: Great potential contingent on political will

The manager sees great potential for long-term growth in India, reflecting its favourable demographics and the potential for growing consumption as the middle class expands. India's main challenges relate to the need for internal reform to facilitate infrastructure investment and reduce red-tape and corruption. Near-term the manager highlights risks to growth indicated by weaker purchasing manager indices and inflation constraints on further interest rate reductions. However, even as things stand, including the normal uncertainty ahead of a national election due by May 2014, growth expectations remain strong relative to western markets with the potential for upgrades if there are positive political surprises.

Valuation: Discount above long-term averages

The current discount of 14% is similar to the one-year average and above three- and five-year averages of 9-10%. While sentiment towards the Indian market may be mixed, this discount may represent an opportunity for medium- to long-term investors.

Investment trusts

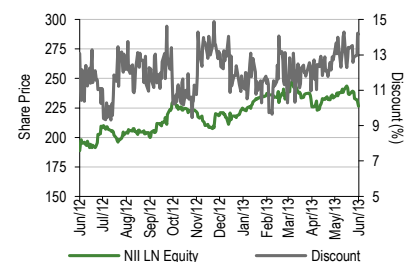
19 June 2013

Price	226.5p
Market cap	£133.8m
AUM	£155.4m

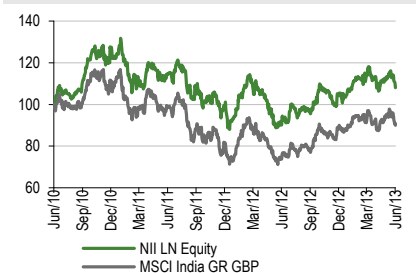
NAV	263.92p
Discount to NAV	14.18%

Ordinary shares in issue	59.1m
Code	NII
Primary exchange	LSE
AIC sector	Country specific: Asia-Pacific

Share price/discount performance



Three-year cumulative perf. graph



52-week high/low	247.5p	188.75p
NAV high/low	279.81p	217.17p

Gearing

Gross	0.0%
Net	-1.0%

Analysts

Andrew Mitchell	+44 (0)20 3681 2500
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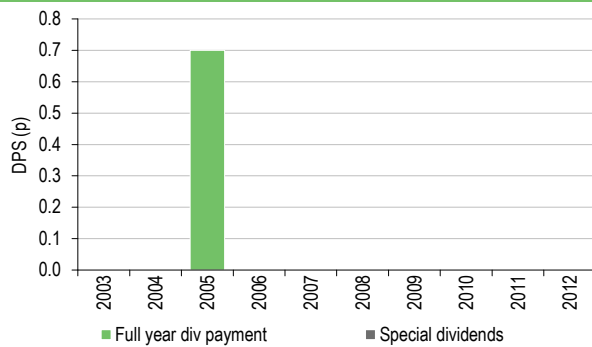
Exhibit 1: Trust at a glance

Capital structure and fees

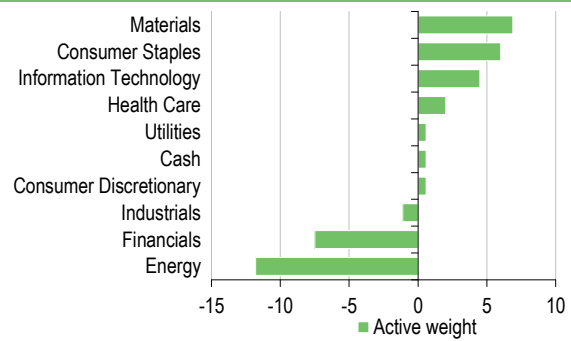
NII has a conventional capital structure with only ordinary shares. The management fee is 1% of net assets per year; ongoing charges were 1.5%. There is also a performance fee that may become payable, which could result in a maximum additional fee payable of 0.75% of net assets in any one year.

Forthcoming		Share buyback policy and history		Fund details	
Year end	31 March	No share buyback policy.		Launch date	February 1994
Interim results	November 2013			Group	AAM Asia Limited
AGM	September			Manager	Asian Equities Team
Dividend policy		The board		Address	Bow Bells House, 1 Bread Street, London, EC4M 9HH
The company's main objective is to provide shareholders with long-term capital appreciation, with dividend yield from the company being of secondary importance.		The directors are all non-executive and independent. William Salomon (chairman), Prof Victor Bulmer-Thomas, Hasan Askari and Sarah Bates.		Phone	0500 000 040
				Website	www.newindia-trust.co.uk

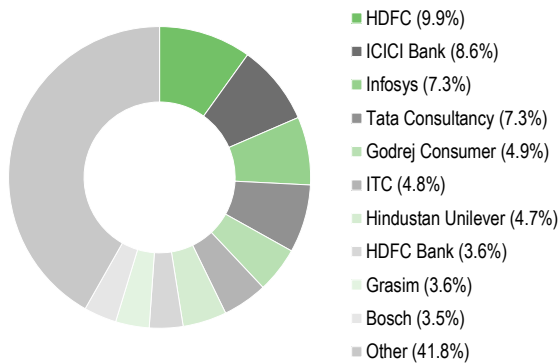
Dividend policy and history



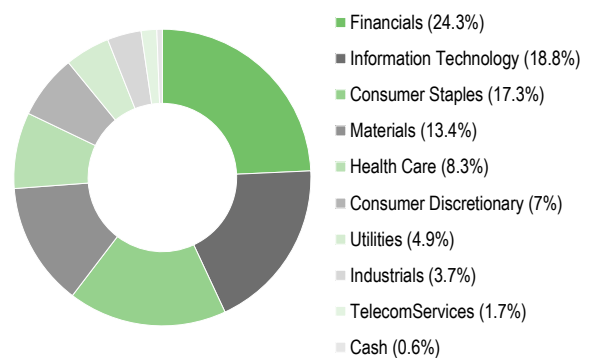
Active weights (as at 30 April 2013)



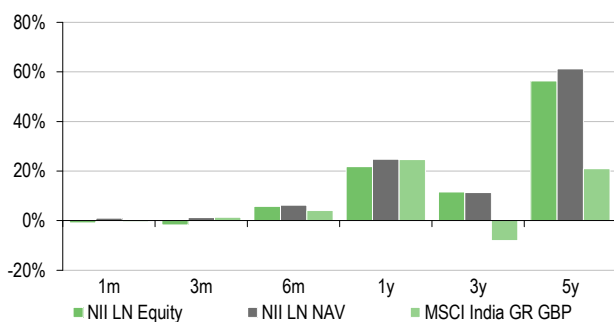
Portfolio composition (as at 30 April 2013)



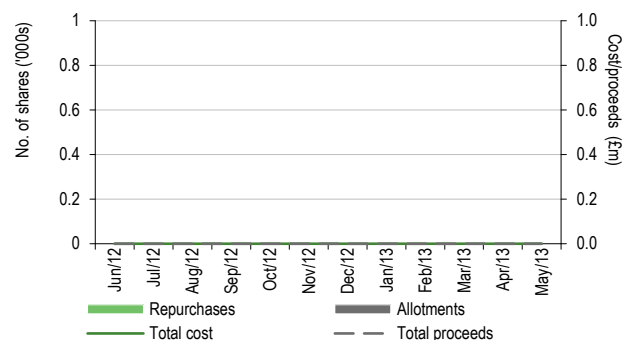
Sector allocation (as at 30 April 2013)



Price, NAV and benchmark total return performance (%)



Share repurchases and allotments



Source: New India Investment Trust, Morningstar, Edison Investment Research

Shires Income Trust

Yield premium of over 40%

Shires Income Trust (SHRS) has the objective of generating a high level of income together with capital growth, from a portfolio substantially invested in UK equities. SHRS is differentiated from the other growth and income investment trusts managed by Aberdeen by a greater focus on the UK and the use of gearing (23%) to invest in a portfolio of preference and convertible shares that boost and diversify income. It has outperformed the average growth and income trust and the FTSE All-Share over one, three and five years and has a yield more than 40% above the index average: encouraging metrics for income investors.

12 months ending	Total share price return (%)	Total NAV return (%)	FTSE All-Share TR GBP (%)
31/05/10	41.2	38.3	22.9
31/05/11	20.0	25.3	20.4
31/05/12	(1.5)	(5.7)	(8.0)
31/05/13	42.5	43.2	30.1

Note: Twelve-month rolling discrete performance.

Investment strategy: Fundamentally driven

The manager follows a research-driven process within which direct company meetings are regarded as essential. Quality is assessed with reference to management, business focus, balance sheet and corporate governance. This step is followed by a valuation judgement, which determines whether a stock is purchased or remains on the watch list. In addition to the use of gearing (up to 35%) and fixed-income investments (end April 27% of investments), the trust also uses an option writing programme to enhance income. Small company exposure is obtained through a holding in the sister trust, run on the same desk, Aberdeen Smaller Companies High Income. This follows a similar strategy but applied to the smaller-cap universe.

Outlook: Reasons to be positive

The manager notes the lack of economic recovery in Europe and the high valuations of many fixed-income instruments. While equities appear relatively attractive the manager believes it is difficult to argue they represent good value on an absolute basis. Having said this, the continuing improvement in the US economy and the potential for M&A to pick up if confidence increases are reasons to be positive. The type of businesses the trusts invests in with strong balance sheets and sustainable market positions are seen as well-suited to navigate further potential volatility and for long-term growth.

Valuation: Limited premium

The shares trade close to NAV, in the middle of a three-year range of plus and minus 7%. This seems undemanding in the context of the yield premium and performance record of the trust.

Investment trusts

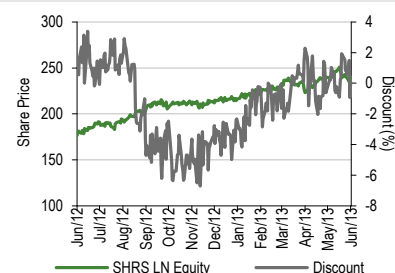
19 June 2013

Price	233p
Market cap	£69.9m
AUM	£86.7m

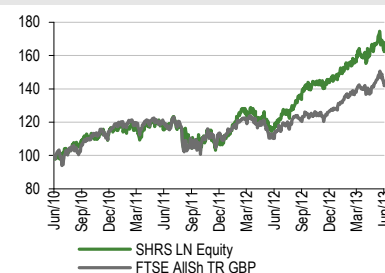
NAV	233.17p.
Premium to NAV	0.07%
Dividend yield	5.15%

Ordinary shares in issue	30.0m
Code	SHRS
Primary exchange	LSE
AIC sector	UK Growth Income

Share price/discount performance



Three-year cumulative perf. graph



52-week high/low	250.75p	176.50p
NAV high/low	243.82p	171.54p

Gearing

Gross	27.0%
Net	23.0%

Analysts

Andrew Mitchell	+44 (0)20 3681 2500
Matthew Read	+44 (0)20 3077 5758

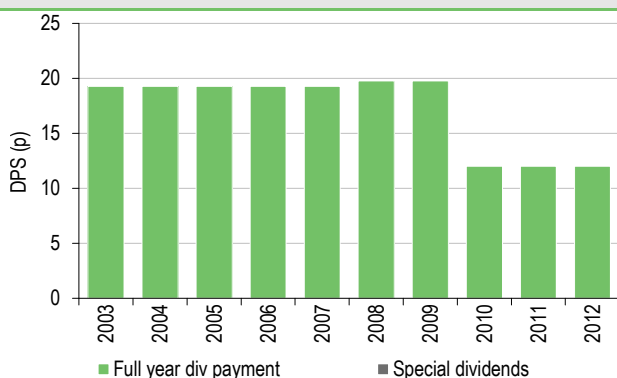
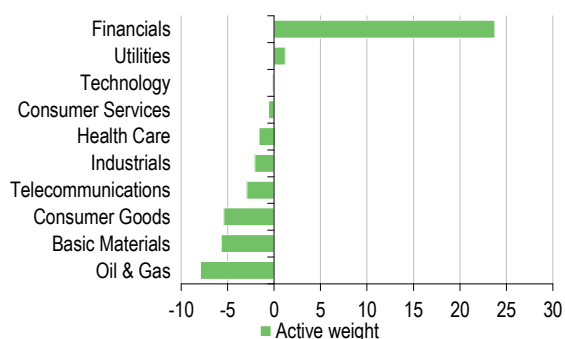
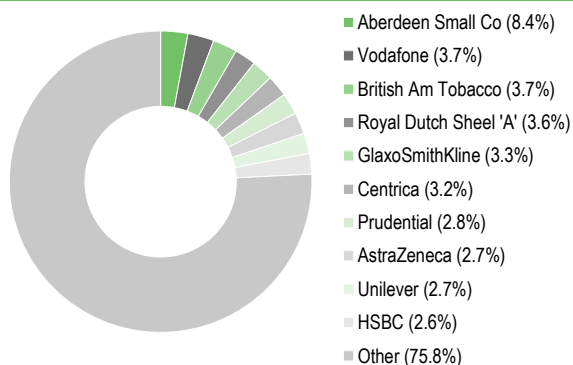
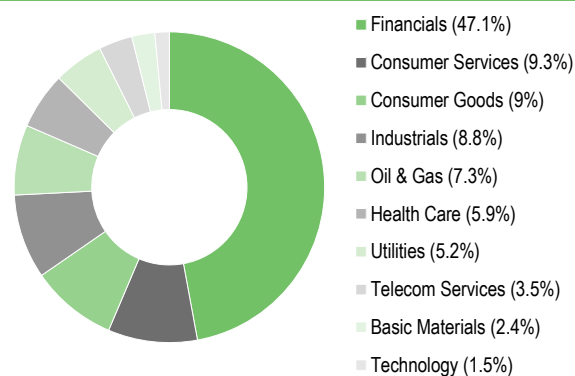
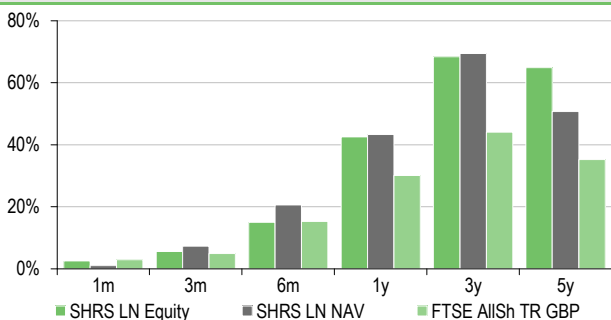
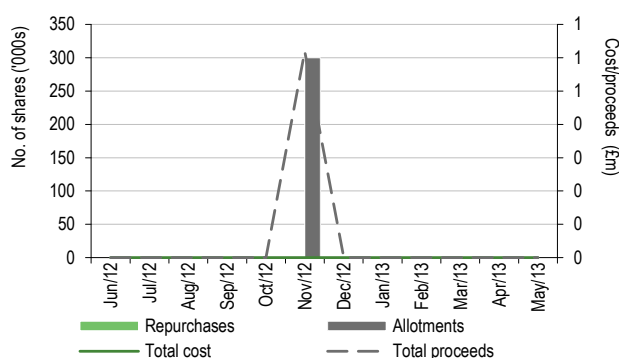
investmenttrusts@edisongroup.com

[Edison profile page](#)

Exhibit 1: Trust at a glance
Capital structure and fees

SHRS has a conventional capital structure of 29,997,580 ordinary shares in issue of 50p each. The management fee is 0.45% for funds up to £100m and 0.4% for funds over £100m. Ongoing charges were 1.1% of net assets.

Forthcoming		Share buyback policy and history	Fund details	
Year end	31 March	The company has the authority to manage demand flows for its shares by purchasing up to 14.99% of the issued share capital.	Launch date	1929
Preliminary results	June 2013		Group	AAM Limited
AGM	July		Manager	Ed Beal
Dividend policy		The board	Address	Bow Bells House, 1 Bread Street, London, EC4M 9HH
The directors and manager put strong emphasis on being able to provide shareholders with a high level of dividend.		The directors are all non-executive and independent. Anthony B Davidson (chairman), Mervyn D. Couve, David P. Kidd, Andrew Robson and Marian Glen.	Phone	0500 000 040
			Website	www.shiresincome.co.uk

Dividend policy and history

Active weights (as at 30 April 2013)

Portfolio composition (as at 30 April 2013)

Sector allocation (as at 30 April 2013)

Price, NAV and benchmark total return performance (%)

Share repurchases and allotments


Source: Shires Income, Morningstar, Edison Investment Research

The North American Income Trust

Targets long-term income

NAIT represents an interesting proposition for UK investors seeking actively managed North American equity exposure with an above-average yield. The investment approach is fundamentally driven and long-term so portfolio turnover is relatively low and the emphasis is on sustainability and growth of dividends. Although the trust's active approach has only been running for a year (it was previously a tracker), the Aberdeen equity process is well established and consistent.

12 months ending	Total share price return (%)	Total NAV return (%)	S&P 500 TR (%)
31/05/10	32.1	33.1	34.9
31/05/11	7.3	10.7	10.6
31/05/12	5.4	6.0	6.5
31/05/13	36.0	22.4	29.2

Note: Twelve-month rolling discrete performance.

Investment strategy: Sustainable income growth

The trust's objective is to provide investors with above-average dividend income and long-term capital growth through active management of investments, mainly in the S&P 500. The trust's income is diversified and augmented through 5-15% of assets being invested in corporate bonds (average rating BB+) and a stock option overlay. Bonds currently account for about 10% of the portfolio and are likely to account for about 20% of income while the option writing strategy could account for approximately 10% of income. NAIT follows the standard Aberdeen bottom-up equity selection process and, as an income fund, focuses particularly on companies' cash flow generation and ability to make growing dividend payments. Gearing is used to the tune of c £15m for equity investments, while a similar level of cash is available to collateralise the put writing component of the option strategy. The company may use gearing of up to 20% but in practice would only be likely to deploy the remaining £15m of its borrowing facility (c 5% of net assets) in the event of a market correction.

Outlook: Getting better

While the manager believes the strength of the S&P 500 year-to-date means continued economic recovery is required to support current market levels, several positive factors give some confidence. These include partial degearing by US consumers post crisis, the improvement in the housing market and strong corporate profit margins that seem unlikely to come under significant near-term pressure.

Valuation: Narrow discount, well-supported yield

The trust trades on a small premium (1.9% cum-income fair value basis). In the context of the portfolio of financially strong, liquid North American stocks and above average prospective yield this appears reasonable (S&P 500 2%). Based on the yield aspiration indicated when the trust adopted an active mandate (3.5%, implying a circa 25p dividend) we estimate a current year yield (to January 2014) of 2.8%.

Investment trusts

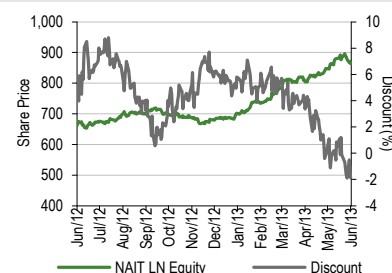
19 June 2013

Price	864p
Market cap	£282.5m
AUM	£289.5m

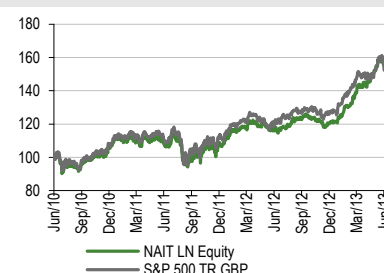
NAV	848.11p.
Premium to NAV	1.87%
Dividend yield	2.26%

Ordinary shares in issue	32.7m
Code	NAIT
Primary exchange	LSE
AIC sector	North America

Share price/discount performance



Three-year cumulative perf. graph



52-week high/low	896.50p	653.00p
NAV high/low	881.92p	698.59p

Gearing

Gross	6.0%
Net	(1.0%)

Analysts

Andrew Mitchell	+44 (0)20 3681 2500
Matthew Read	+44 (0)20 3077 5758

investmenttrusts@edisongroup.com

[Edison profile page](#)

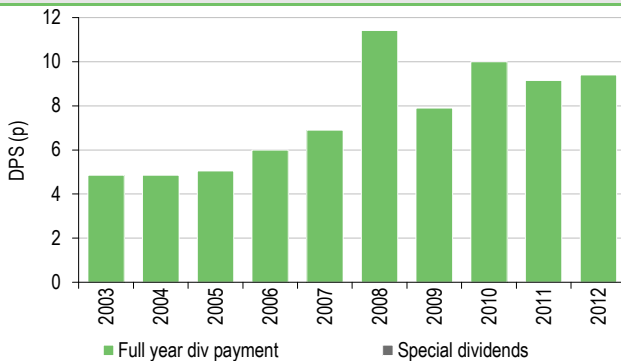
Exhibit 1: Trust at a glance

Capital structure and fees

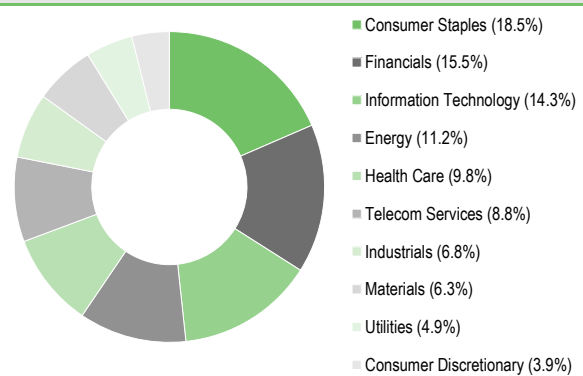
NAIT has a conventional capital structure of 31,478,582 ordinary shares in issue. The annual management fee is 0.8% of net assets. The ongoing charges were also 0.8% of net assets.

Forthcoming		Share buyback policy and history	Fund details	
Year end	31 January	The company may operate a share buyback programme when the level of discount is above 5%. The maximum number of share that may be purchased is 14.99% of capital.	Launch date	1902
Interim results	September 2013		Group	AAM Limited
AGM	May		Manager	Paul Atkinson
Dividend policy		The board	Address	Bow Bells House, 1 Bread Street, London, EC4M 9HH
The company's objective is to provide an above-average dividend income and intends to move to quarterly dividend payments in August, November, February and May.		The directors are all non-executive and the majority are independent: James G D Ferguson (chairman), Archie Hunter and Guy Crawford.	Phone	0500 000 040
			Website	www.northamericanincome.co.uk

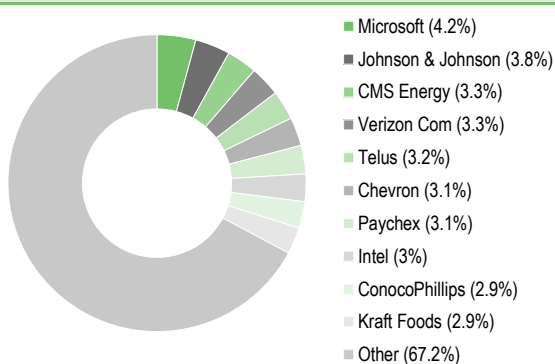
Dividend policy and history



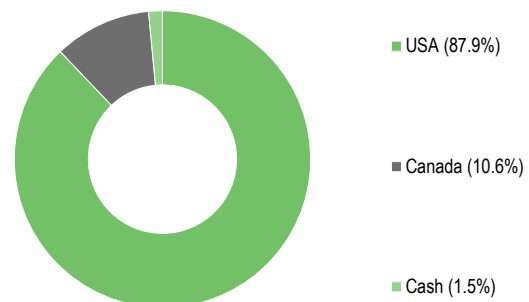
Sector allocation (as at 30 April 2013)



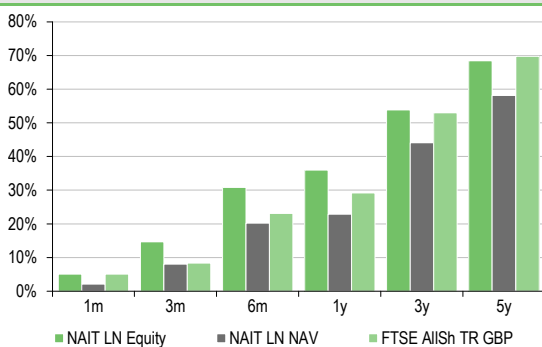
Portfolio composition (as at 30 April 2013)



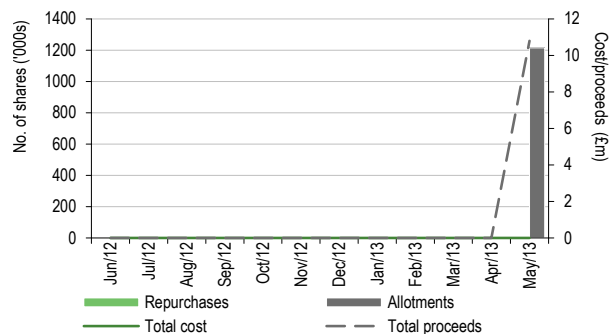
Geographic distribution of portfolio (as at 30 April 2013)



Price, NAV and benchmark total return performance (%)



Share repurchases and allotments



Source: North American Income Trust, Morningstar, Edison Investment Research

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