abrdn Asian Income Fund Limited

Targeting the income and growth potential of Asia's most compelling and sustainable companies

Performance Data and Analytics to 31 March 2023

Investment objective

To provide investors with a total return primarily through investing in Asia Pacific securities, including those with an above average yield. Within its overall investment objective, the Company aims to grow its dividends over time.

Benchmark

The Company's portfolio is constructed without reference to the composition of any stock market index or benchmark. It is likely, therefore, that there will be periods when its performance will be quite unlike that of any index or benchmark and there can be no assurance that such divergence will be wholly or even primarily to the Company's advantage. The Manager utilises two general regional indices, the MSCI AC Asia Pacific ex Japan Index (currency adjusted) and the MSCI AC Asia Pacific ex Japan High Dividend Yield Index (currency adjusted) for Board reporting.

Cumulative performance (%)

	as at 31/03/23	1 month	3 months	6 months	1 year	3 years	5 years
Share Price	212.0p	(1.4)	(0.0)	4.6	(2.6)	56.6	28.9
NAV[A]	241.3p	(1.0)	0.4	6.7	(4.1)	52.3	30.8
MSCI AC Asia Pacific ex Japan		0.7	1.3	5.5	(2.7)	30.3	21.3
MSCI AC Asia Pacific ex Japan HDY		1.1	3.6	7.3	1.1	36.7	24.8

Discrete performance (%)

	31/03/23	31/03/22	31/03/21	31/03/20	31/03/19
Share Price	(2.6)	4.7	53.6	(22.9)	6.7
NAV[A]	(4.1)	8.4	46.5	(18.4)	5.2
MSCI AC Asia Pacific ex Japan	(2.7)	(6.3)	42.9	(10.7)	4.2
MSCI AC Asia Pacific ex Japan HDY	1.1	7.8	25.5	(13.8)	5.9

Total return; NAV to NAV, net income reinvested, GBP. Share price total return is on a mid-to-mid basis.
Dividend calculations are to reinvest as at the ex-dividend date. NAV returns based on NAVs with debt valued at fair value.
Source: abrdn Investments Limited, Lipper and Morningstar.
Past performance is not a guide to future results.

[A] Including current year revenue.

Morningstar Sustainability Rating™

Morningstar Rating™

★★★

[B] **Morningstar Rating™ for Funds**
Morningstar rates funds from one to five stars based on how well they've performed (after adjusting for risk and accounting for all sales charges) in comparison to similar funds.

Ten largest holdings (%)

TSMC	Taiwan	6.9
Samsung Electronics	Korea	4.3
DBS Group	Singapore	3.9
BHP	Australia	3.7
Venture Corporation	Singapore	3.3
Oversea-Chinese Banking Corporation	Singapore	3.3
China Resources Land	China	2.5
LG Chem	Korea	2.5
United Overseas Bank	Singapore	2.5
AIA	Hong Kong	2.4
Total		**35.3**

Total number of investments 64

All sources (unless indicated): abrdn: 31 March 2023.

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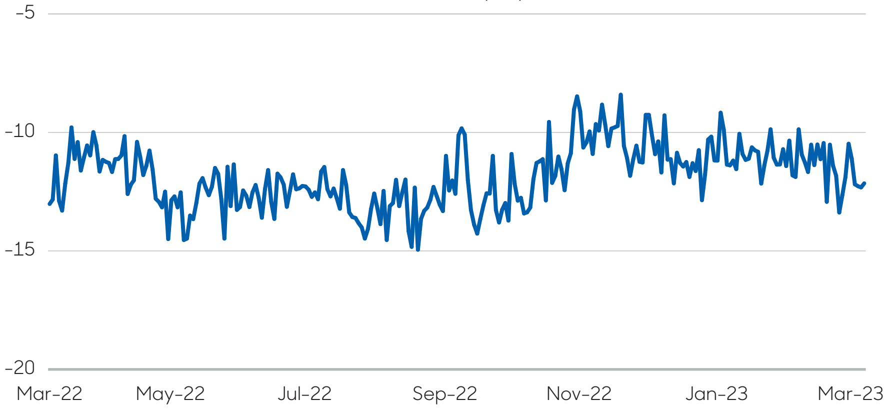
1 Year Premium/Discount Chart (%)



Fund managers' report

Market and portfolio review

Asian markets rose in a volatile March, supported by positive Chinese economic data but also affected by weakness in the financial sector. The US Federal Reserve (Fed)'s long interest rate tightening cycle contributed to stresses in the US banking system, which led to the closure of banks such as Silicon Valley Bank (SVB). Contagion fears rippled across to Credit Suisse, which was subsequently taken over by UBS. Our funds have no direct exposure to Credit Suisse, and we do not expect any material second-order impact on our bank holdings. Chinese stocks were among the strongest performers in March and a further decline in Singapore's industrial activity in February did not prevent the market there from outperforming. Australia posted a negative return due to the heavy banking exposure in the local-market benchmark.

In corporate news, the full-year reporting season was in full swing in March. China Resources Land reported a 2% increase in full-year core net profit, slightly above our expectations. The company also announced a final dividend of Rmb1.219 per share which, together with an interim dividend of Rmb0.182, represented a 37% payout of core profits, in line with our forecast. In the wake of the turmoil in the US banking sector, AIA Group reassured investors by confirming it has limited exposure to US and European banks. The insurance giant also suggested that it currently regards share buybacks as the most efficient way to return capital to shareholders. Results from Tencent largely met expectations as the group returned to quarterly revenue growth for the first time since 2021. Profitability improved significantly, and management was surprisingly bullish on the outlook. The company confirmed its plan to distribute its stake in Chinese shopping platform Meituan to shareholders via a special dividend and also increased the cash dividend by 50%. This positive change in dividend policy, coupled with more attractive valuations, led us to initiate Tencent into the fund. Furthermore, Tencent continues to strengthen

Fund managers' report continues overleaf

[C] Expressed as a percentage of average daily net assets for the year ended 31 December 2022. The Ongoing Charges Figure (OCF) is the overall cost shown as a percentage of the value of the assets of the Company. It is made up of the Annual Management Fee and other charges. It does not include any costs associated with buying shares in the Company or the cost of buying and selling stocks within the Company. The OCF can help you compare the annual operating expenses of different Companies.
[D] With effect from 1 January 2020 the management fee was moved to a tiered basis: 0.85% of the average value of net assets up to £350 million and 0.65% of the average value of net assets in excess of £350 million.
[E] Calculated using the Company's historic net dividends and month end share price.
[F] Net gearing is defined as a percentage, with net debt (total debt less cash/cash equivalents) divided by shareholders' funds.
[G] The 'Active Share' percentage is a measure used to describe what proportion of the Company's holdings differ from the benchmark index holdings.

Country allocation (%)

	Trust	Regional Index	Month's market change
Singapore	21.0	3.3	2.8
Taiwan	18.6	14.3	0.9
Australia	16.1	16.3	(2.7)
China	9.7	30.6	2.3
Hong Kong	7.0	6.0	(0.9)
Thailand	6.9	2.0	2.2
Korea	6.8	11.2	2.7
India	5.5	12.1	(0.9)
New Zealand	4.8	0.5	1.3
Japan	1.9	–	–
Indonesia	–	1.8	1.9
Malaysia	–	1.4	(1.1)
Philippines	–	0.7	0.5
Cash	1.7	–	–
Total	**100.0**	**100.0**	

Month's market change represents the individual country returns calculated using the MSCI Index series (£). Market change is Total Return in GBP.
Index may not add up to 100 due to rounding.
Source: abrdn Investments Limited and MSCI.

Fund risk statistics

	3 Years	5 Years
Annualised Standard Deviation of Fund	13.33	13.62
Beta	0.81	0.85
Sharpe Ratio	1.07	0.43
Annualised Tracking Error	6.28	6.00
Annualised Information Ratio	0.86	0.43
R-Squared	0.83	0.84

Source: abrdn & Factset.
Basis: Total Return, Gross of Fees, GBP.
Please note that risk analytics figures are calculated on gross returns whereas the performance figures are based on net asset value(NAV) returns. In addition, the risk analytics figures lag the performance figures by a month.

Key information Calendar

Year end	31 December
Accounts published	April
Annual General Meeting	May
Dividend paid	February, May, August, November
Launch date	December 2005
Fund manager	Asian Equities Team
Ongoing charges[C]	1.01%
Annual management fee[D]	0.85% (tiered)
Premium/(Discount)	(12.2)%
Yield[E]	4.7%
Net gearing[F]	8.0%
Active share[G]	75.9%

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Fund managers' report – continued

its ecosystem and we see tremendous potential in its advertising business as it begins to monetise its social media and payment platforms, which would lay the ground for sustainable cash flow and dividend pay-outs in future.

Other key portfolio trades this month include the initiation of a HK-listed shipping business SITC International which is benefiting from rising freight rates and offers an attractive yield. We believe SITC has an elevated and sustainable competitive advantage over peers, and a beneficiary of rising infra-Asia trade. Against this, we exited Macquarie Group in order to manage our exposure to the Australian financial sector in the wake of the banking turmoil in the US and Europe. The latter suggests there's a higher likelihood of credit growth slowdown and funding cost pressure over the short term.

In terms of ESG engagement, we continued our long-standing interaction with Samsung Electronics by attending its annual general meeting in South Korea for the first time in a decade. This was a good opportunity to meet the directors and show our support for the company's ongoing efforts to make progress on governance and disclosure.

Outlook

Recent financial turmoil in Europe and the US has caused volatility through global financial markets, owing to fears over contagion risks to the global banking sector. There is also uncertainty over whether central banks will shift their focus from combating inflation to ensuring financial stability. The Fed has been tightening monetary policy in order to slow economic growth, which will ease stubborn inflationary pressures, but not to the extent of triggering a deep recession. The current developments, however, have the potential to lead to tighter financial conditions and hurt economic growth, as well as accelerate a looming recession in the US. This will have consequences for the recovery across Asia.

While China is an important trade and export partner for other Asian countries – and its reopening will bolster its neighbours through a rebound in demand for exports, services, trade and tourism – it is worth noting that the US and eurozone also remain key markets, especially for ASEAN. However, we continue to believe that Asia will prove more resilient economically and could perform relatively well if China's economy continues to recover as expected. We are optimistic about better economic numbers in the coming few months, particularly given the very low base of comparison, with China having been badly hurt by lockdowns in key cities in April and May last year.

Under an environment where financial stress could rise, due diligence becomes even more important. In particular, we continue to assess the potential impact and risks to our underlying holdings, including banks, to ensure that their fundamentals remain robust and their cash flows and dividends continue to be sustainable over the long term. As contagion fears persist in volatile markets, we would expect a refocus on fundamentals, a flight to quality and a potential peak in interest rates to be good for quality stocks. Companies that have strong balance sheets, low or minimal leverage and an ability to generate steady free cash flows will be more resilient than those that are highly geared, have frail balance sheets and weak market positions. Given our focus on quality companies, we believe that the portfolio is well positioned for the potential challenges ahead.

The risks outlined overleaf relating to gearing, emerging markets, exchange rate movements and warrants are particularly relevant to this investment company but should be read in conjunction with all warnings and comments given.
Important information overleaf

AIFMD Leverage Limits

Gross Notional	2.5x
Commitment	2x

Assets/Debt (£m)

Equities	438.3
Fixed Income	3.5
Gross Assets	449.2
Debt	40.5
Cash & cash equivalents	8.0

Capital structure

Ordinary shares	169,332,732
Treasury Shares	25,600,657

Allocation of management fees and finance costs

Capital	60%
Revenue	40%

Borrowing policy

Up to 25% of net assets (measured at the time any borrowings are drawn down).

Trading details

Reuters/Epic/ Bloomberg code	AAIF
ISIN code	GB00B0P6J834
Sedol code	B0P6J83
Stockbrokers	Stifel Nicolaus Europe Limited
Market makers	SETSmm

Factsheet

Receive the factsheet by email as soon as it is available by registering at www.invtrusts.co.uk/#signup
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Important information

Risk factors you should consider prior to investing:

- The value of investments, and the income from them, can go down as well as up and investors may get back less than the amount invested.
- Past performance is not a guide to future results.
- Investment in the Company may not be appropriate for investors who plan to withdraw their money within 5 years.
- The Company may borrow to finance further investment (gearing). The use of gearing is likely to lead to volatility in the Net Asset Value (NAV) meaning that any movement in the value of the company's assets will result in a magnified movement in the NAV.
- The Company may accumulate investment positions which represent more than normal trading volumes which may make it difficult to realise investments and may lead to volatility in the market price of the Company's shares.
- The Company may charge expenses to capital which may erode the capital value of the investment.
- Movements in exchange rates will impact on both the level of income received and the capital value of your investment.
- There is no guarantee that the market price of the Company's shares will fully reflect their underlying Net Asset Value.
- As with all stock exchange investments the value of the Company's shares purchased will immediately fall by the difference between the buying and selling prices, the bid-offer spread. If trading volumes fall, the bid-offer spread can widen.
- The Company invests in emerging markets which tend to be more volatile than mature markets and the value of your investment could move sharply up or down.
- Yields are estimated figures and may fluctuate, there are no guarantees that future dividends will match or exceed historic dividends and certain investors may be subject to further tax on dividends.
- Derivatives may be used, subject to restrictions set out for the Company, in order to manage risk and generate income. The market in derivatives can be volatile and there is a higher than average risk of loss.

Other important information:

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