

The Scottish Oriental Smaller Companies Trust Plc

Client Update

31 August 2019

Vinay Agarwal is a Director of First State Stewart Asia (FSSA), part of First State Investments. Vinay has more than 15 years of investment management experience, with a focus on Indian Equities. He joined the FSSA team in July 2011, and is based in Singapore. Vinay is the lead manager of the Scottish Oriental Smaller Companies investment trust and lead manager of the First State Indian Subcontinent Fund. He is also responsible for managing a number of Far East Leaders and Indian equity portfolios on behalf of key client segregated accounts. Vinay graduated in 2002 with a management degree with a major in Finance from the Indian Institute of Management Calcutta. He also holds a Bachelor of Commerce (Hons) degree with a major in Accountancy from Calcutta University.

Wee-Li Hee is a Portfolio Manager at First State Stewart Asia. Wee-Li has more than 15 years of investment experience, with a focus on Asia Pacific equities. She joined the FSSA team in April 2002 and is based in Edinburgh. Wee-Li is the co-manager of the Scottish Oriental Smaller Companies Trust. Wee-Li graduated from the University of Leeds in 2000 with a Bachelor of Science (Hons) in Accounting with Information Systems and gained a Masters Degree in Law and Accounting from the London School of Economics and Political Science in 2001. She is also a CFA charterholder.

Investment Objective

To achieve long-term capital growth by investing mainly in smaller Asian quoted companies with market capitalisations under US\$3,000m at the time of investment, or the equivalent. For investment purposes, the investment region includes China, Hong Kong, India, Indonesia, Malaysia, Pakistan, Philippines, Singapore, South Korea, Sri Lanka, Taiwan, Thailand and Vietnam. Countries in other parts of Asia may be considered with approval of the Board.

Fund Information

Launch Date	29 March 1995
NAV per share (p)	1,145.9
Share price (p)	1,010.0
Discount (%)	11.9%
Shares in issue	29,873,784
Net assets (£m)	342.3
Market capitalisation £m	301.7
Debt (£m)	0.0
Sedol (no)	0783613
Annual Management Fee	0.75%
Performance Fee ¹	See Below
Ongoing Charges*	1.01%

*Calculated at the financial year end, including management fees and all other operating expenses but excluding transaction, and certain other, costs. Please refer to the Key Information Document for full costs and charges information.

The Board

James Ferguson (Chairman), Andrew Baird, Alexandra Mackesy, Anne West, Jeremy Whitley.

Top 10 holdings

Stock name	% of net assets
SKF India	3.6
Colgate-Palmolive India	3.5
Haw Par	3.2
Blue Star	3.0
Concepcion Industrial	3.0
Selamat Sempurna	2.8
Towngas China	2.8
Mphasis	2.8
Gujarat Gas	2.7
Mitra Adiperkasa	2.6
Total	30.0

First State Stewart is a trading name of First Investment Management (UK) Limited, First State Investment International Limited and First State Investment (UK) Limited. The First State Stewart team manages a range of Asia Pacific, Global Emerging and other International Markets. Note: Numbers may not sum due to rounding.

¹ The performance fee is 10% of that portion of the NAV outperformance over the MSCI All Country Asia ex Japan Index, which exceeds a 10% hurdle, measured over a rolling three year period. See Annual Report for more details.

Annual Performance

Time Period	1yr to Aug 19	1yr to Aug 18	1yr to Aug 17	1yr to Aug 16	1yr to Aug 15
NAV %*	-0.1	-3.3	14.3	29.6	-10.0
Asia Index** %	0.3	2.2	27.2	33.0	-9.1
Small Cap Index*** %	-8.1	1.3	15.7	28.9	-9.4
Share price %	-1.0	-4.4	17.9	25.3	-15.0

* Capital only return.

*** MSCI AC Asia (ex Japan) Small Cap Index

** MSCI AC Asia (ex Japan) Index

Cumulative Performance

Time Period	3 mths	6 mths	1 yr	3 yrs	5 yrs	10 yrs
NAV %*	-1.7	5.0	-0.1	10.4	29.1	210.4
Asia Index** %	3.8	3.9	0.3	30.3	57.6	152.1
Small Cap Index*** %	-0.7	0.5	-8.1	7.8	26.0	102.1
Share price %	-0.5	4.1	-1.0	11.6	19.0	208.4

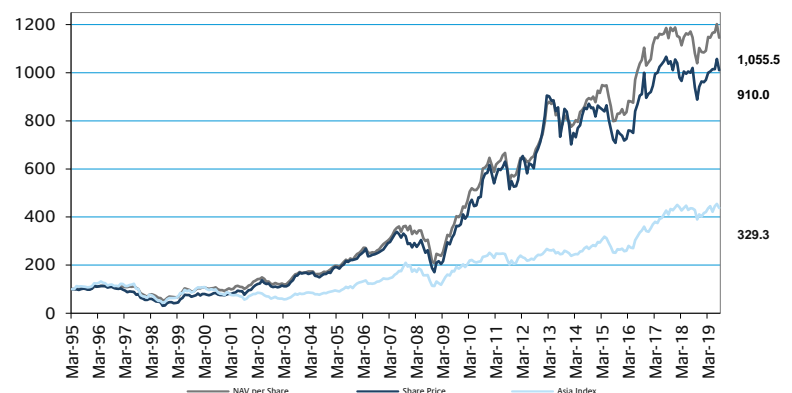
* Capital only return.

*** MSCI AC Asia (ex Japan) Small Cap Index

** MSCI AC Asia (ex Japan) Index

These figures refer to the past. Past performance is not a reliable indicator of future results. All performance data is as at 31 August 2019. The performance comparative indices shown are the MSCI AC Asia (ex Japan) Index and MSCI AC Asia (ex Japan) Small Cap Index, on an income reinvested gross of tax basis. Sources: i) Trust Administrator for Trust performance; ii) Lipper for index performance.

Cumulative Performance Chart



Note: Figures shown indicate cumulative percentage return since 28 March 1995.

Investment Review

All Asian stock markets fell over the month. Pakistan was the weakest market as neighbouring India revoked Article 370, granting "special status" to Jammu and Kashmir, sparking protests and increased tension between the two countries. Hong Kong also declined sharply, as ongoing protests and civil disobedience continued to disrupt tourism and services. Taiwan declined the least, with the partial delay in the implementation of US import tariffs benefitting some of its companies. Thailand fell, though it outperformed the broader regional index due to government stimulus measures.

On portfolio holdings, Selamat Sempurna fell as a result of disappointing performance in its auto body parts manufacturing segment. Concepcion succumbed to profit taking. On the positive side, Silergy rose on the expectation that it will benefit as China increasingly looks to source semiconductor products domestically. Nien Made increased on plans to expand its production line in Cambodia to avoid US tariffs.

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Sector Weightings

Sector name	% of total assets
Consumer Discretionary	22.4
Consumer Staples	16.3
Industrials	14.6
Information Technology	10.3
Healthcare	6.0
Financials	6.0
Utilities	5.5
Materials	4.4
Real Estate	3.3
Communication Services	2.6
Energy	0.0
Cash	8.6

Country Weightings

Country	Trust (%)	Asia Index (%)	Small Cap Index (%)
China	9.2	38.2	13.1
Hong Kong	6.4	11.0	7.5
Taiwan	10.2	13.2	23.8
	25.8	62.4	44.5
Bangladesh	1.8	0.0	0.0
India	29.5	10.3	16.2
Indonesia	10.7	2.5	2.9
Malaysia	0.8	2.5	3.7
Pakistan	1.5	0.0	0.6
Philippines	9.9	1.3	1.2
Singapore	5.7	3.9	7.6
Sri Lanka	2.2	0.0	0.0
South Korea	1.1	13.6	17.4
Thailand	0.0	3.5	6.0
Vietnam	2.3	0.0	0.0
Cash	8.6	0.0	0.0
Total	100.0	100.0	100.0

Note: Numbers may not sum due to rounding.

What are the risks?

Risk Indicator+

1 2 3 4 5 6 7
Lower risk Higher risk

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets. This product does not include any protection from future market performance so you could lose some or all of your investment. The Trust has been classified as level 4 out of 7, which is a medium risk class. This rates the potential losses from future performance at a medium level, and poor market conditions could impact the amount you get back. The risk indicator assumes you keep the product for 5 years. The actual risk can vary significantly if you cash in at an early stage and you may get back less. Investing includes certain risks including:

- **The value of investments and any income from them may go down as well as up and are not guaranteed. Investors may get back significantly less than the original amount invested.**
- **Emerging Markets:** May not provide the same level of investor protection as a developed market; they may involve a higher risk than investing in developed markets.
- **Currency:** The Trust invests in assets which are denominated in other currencies; changes in exchange rates will affect the value of the Trust.
- **Smaller Companies:** The Trust typically invests in smaller company shares which can be more unpredictable and more difficult to sell than those of larger company shares.
- **Leverage:** The Trust may be leveraged due to: i) borrowings; or ii) the use of derivatives to hedge currency exposure. The amount of leverage employed is disclosed on the Trust's website from time to time. Higher leverage increases the potential risk of loss.
- Investment trust share prices may not fully reflect NAV.

†For an overview of the terms of investment, risks, returns and costs and charges please refer to the Key Information Document from which the risk indicator is taken and the Trust's Investor Disclosure Statement. If you are in any doubt as to the suitability of the Trust for your investment needs please seek investment advice.

How to contact us

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Important Information

This factsheet is a financial promotion.

The Scottish Oriental Smaller Companies Trust ("Scottish Oriental") is an investment trust, incorporated in Scotland with registered number SC156108, whose shares have been admitted to the Official List of the London Stock Exchange plc. Scottish Oriental's investment manager is First State Investment Management (UK) Limited ("First State Investments").

This document has been prepared for the use of those people who are United Kingdom residents for tax and investment purposes. References to "we" or "us" are references to First State Investments (UK) Limited.

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