

Strategic review

On 21st May 2024, the Board of Asia Dragon Trust plc announced a full strategic review of the future of the Company, including the ongoing investment management arrangements. There is no certainty that any changes will result from the strategic review. The Board will make further announcements in due course.

Investment objective

The Company aims to achieve long-term capital growth principally through investment in companies in the Asia Pacific region, excluding Japan (the "Investment Region").

Benchmark

MSCI AC Asia ex Japan Index. This benchmark excludes Japan, Australia, New Zealand and Sri Lanka.

Cumulative performance (%)

	as at 31/08/24	1 month	3 months	6 months	1 year	3 years	5 years	Since 1/9/21 ^A
Share Price	404.0p	(2.4)	2.3	14.4	16.7	(17.1)	7.7	(11.8)
NAV ^B	453.4p	(0.0)	3.9	7.8	9.4	(16.5)	5.4	(8.4)
MSCI AC Asia ex Japan		(0.3)	3.0	8.0	12.0	(4.7)	21.3	14.7

Discrete performance (%)

	31/08/24	31/08/23	31/08/22	31/08/21	31/08/20
Share Price	16.7	(19.5)	(11.8)	24.3	4.6
NAV ^B	9.4	(16.7)	(8.4)	20.5	4.7
MSCI AC Asia ex Japan	12.0	(8.4)	(7.1)	14.7	10.9

Total return; NAV cum income, with 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.

^AAt the AGM in 2021, shareholders voted in favour of the introduction of a performance-related conditional tender offer, which provides that, in the event that the NAV total return per share fails to equal or exceed the MSCI All Country Asia ex Japan Index (sterling adjusted) over a five year assessment period commencing 1 September 2021, the Board will put forward proposals to shareholders to undertake a tender offer.

^BIncluding current year revenue.

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Morningstar analysts assign the ratings globally on a five-tier scale with three positive ratings of Gold, Silver and Bronze.

Morningstar Sustainability Rating™



Morningstar Rating™



© 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 equity holdings (%)

TSMC	Taiwan	12.1
Tencent	China	8.0
Samsung Electronics Pref.	Korea	7.5
AIA	Hong Kong	4.0
SBI Life Insurance	India	2.4
ASML	Netherlands	2.4
ICICI Bank	India	2.4
Bank Central Asia	Indonesia	2.2
DBS Group	Singapore	2.0
ASM International	Netherlands	1.9
Total		45.0

Total number of investments 56

All sources (unless indicated): abrdn: 31 August 2024.



1 Year Premium/Discount Chart (%)



Fund managers' report

Market and portfolio review

Asian equities rose in August in US dollar terms but fell in sterling terms. The period was a volatile one, with sentiment underpinned by interest rate cut expectations and growing hopes of a soft landing for the US economy. The first week of the month saw global markets fall sharply. This followed the US Federal Reserve's (Fed) decision to keep rates unchanged, triggering recession concerns. However, markets rebounded thanks to more reassuring economic news in the US, while most Asian currencies rose against the US dollar.

Across the region, Southeast Asia outpaced North Asia and India. Indonesia, one of the most rate-sensitive stock markets in Asia, was boosted by rising expectations of Fed policy easing, while Thai stocks rose on better-than-expected GDP growth. In North Asia, stocks in Hong Kong outperformed their peers in mainland China, as more resilient earnings lifted internet names and high-yielding stocks drew interest. The gains in mainland China were more modest following mixed economic data. Meanwhile, the market in Korea was a key laggard as memory stocks were weighed down partially by concerns over Nvidia's revenue guidance.

In corporate news, second-quarter results from Singapore banking group DBS was easily the best out of the country's three main banks. The performance was driven by a stable net interest margin, strong fees and resilient asset quality. The outlook was also positive, with expectations of mid-to-high single-digit full-year profit growth. CEO Piyush Gupta announced that he will be retiring and DBS' head of institutional banking, Tan Su Shan, will take over. She has already proven to be competent, and we do not anticipate any significant change in strategy in the short term.

China has been challenging over the past year due to macro and technical factors, including a slower-than-expected recovery in consumption, a struggling property market, and foreign capital outflows partly due to geopolitics. Nonetheless, some of our holdings did well in China including

Fund managers' report continues overleaf

^c Represents the individual country returns calculated using the MSCI Index Series (£). Market change is total return in GBP.
^d Expressed as a percentage of average daily net assets for the year ended 31 August 2023. 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.

Country allocation (%)

	Trust	Regional Index	Month's market change ^c
India	22.4	23.5	(1.2)
Taiwan	19.4	21.3	1.1
China	18.9	27.7	(1.3)
Korea	11.6	13.3	(4.4)
Indonesia	5.0	2.0	7.4
Hong Kong	4.9	4.6	3.4
Netherlands	4.3	-	-
Vietnam	2.4	-	-
Singapore	2.0	3.5	3.1
Australia	1.8	-	-
United Kingdom	1.5	-	-
Thailand	1.2	1.7	6.8
Philippines	1.1	0.7	8.0
Malaysia	-	1.8	7.3
Cash	3.5	-	-
Total	100.0	100.0	

Source: abrdn Investments Limited and MSCI. Figures may not add up to 100 due to rounding.

Fund risk statistics

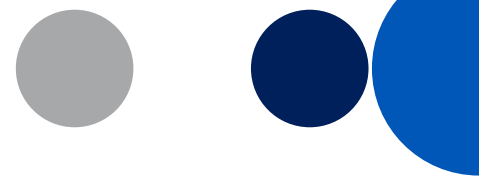
	3 Years	5 Years
Annualised Standard Deviation of Fund	14.56	15.13
Beta	0.94	1.00
Sharpe Ratio	(0.53)	0.00
Annualised Tracking Error	3.31	3.65
Annualised Information Ratio	(0.90)	(0.50)
R-Squared	0.95	0.94

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.

Key information

Calendar

Year end	31 August
Accounts published	November
Annual General Meeting	December
Dividend paid	December
Launch date	1987
Fund managers	James Thorn, Prukka lamthongthong
Ongoing charges ^d	0.91%
Annual management fee	0.75% on net assets up to £350m; 0.5% on net assets above £350m
Premium/(Discount) with debt at fair value	(10.9)%



Fund managers' report – continued

Tencent, which outperformed peers in advertising and games, and we also saw a potential inflexion point for insurer AIA in Hong Kong, which outperformed on positive results as investment and operating variance turned positive. Management provided a new three-year operating profit outlook, signalling further confidence in the business. Not holding PDD also helped as the stock fell sharply following negative guidance from management during its results briefing.

The telecom sector contributed to outperformance, with Advanced Info Services reporting stable earnings and rational competition in Thailand. Healthcare also performed well, supported by Samsung Biologics, which retained a positive outlook, partly benefitting from the misfortunes of key peers.

However, our overweight in the technology sector was less favourable due to concerns over delays in Nvidia's new Blackwell chips. We view this as a temporary issue that does not change the fundamental demand and tight supply for advanced chips, which AI has accelerated. Our positioning is anchored in high-quality players like Taiwan Semiconductor Manufacturing Co and ASML, which are long-term winners.

Real estate holdings were relatively soft. Godrej Properties saw profit-taking, but we believe the residential market in India remains in an upcycle. We continue to monitor this trend closely given the high cyclical nature of the market.

In terms of trading activity in August, we exited Anta, Budweiser APAC, OCBC and Mobile World in view of better opportunities elsewhere.

Outlook

September is historically a difficult month for markets, and the first few days have borne that out. Technology stocks have turned volatile again, after a sharp drop in Nvidia's share price and renewed concerns over AI-related stock valuations. Geopolitics simmer in the background, as it appears a dead heat for Donald Trump and Kamala Harris heading into the US presidential elections in November.

At the same time, US rate cut expectations are rising, which is likely to support investor appetite in Asia as the US-Asia yield differential narrows. At the time of writing, our in-house Global Macro Research team continues to expect 25bps cuts at each meeting this year and in the first half of 2025, with 50bps moves on the table in the case of significant growth scares.

Market sentiment is likely to remain volatile over the short term against a still-uncertain backdrop, and we have continued to tighten the quality characteristics of our portfolio, introducing and adding to names with greater near-term earnings visibility and steady cash flow generation, while actively reducing and exiting names where earnings are less visible. More broadly, we maintain our conviction in our holdings and their ability to navigate the various crosswinds buffeting markets, given their quality and fundamentals.

^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.

^H Includes current year revenue.

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

Key information continued

Yield ^E	1.6%
Net cash/(gearing) with debt at par ^F	(7.9)%
Active share ^G	65.6%

AIFMD Leverage Limits

Gross Notional	2.5x
Commitment	2x

Assets/Debt (£m)

Gross ^H	784.1
Debt	71.8
Cash & cash equivalents	15.6

Capital structure

Ordinary shares	157,116,517
Treasury shares	55,390,830

Allocation of management fees and finance costs

Capital	75%
Revenue	25%

Trading details

Reuters/Epic/Bloomberg code	DGN
ISIN code	GB0002945029
Sedol code	0294502
Stockbrokers	WINS Investment Trusts
Market makers	SETSm



Factsheet

Receive the factsheet by email as soon as it is available by registering at www.abrdn.com/trustupdates or www.abrdn.com/DGN



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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.
- 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.

Other important information:

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