

New India Investment Trust PLC



Investment objective

To achieve long-term capital appreciation by investing in companies which are incorporated in India or which derive significant revenue or profit from India, with dividend yield from the company being of secondary importance. This emphasis on long-term capital appreciation will be demonstrated by benchmarking the Company's net asset performance against the MSCI India Index (in sterling terms).

Benchmark

MSCI India Index. Given that the managers do not adopt a benchmark approach, performance can vary widely from the benchmark.

Cumulative performance (%)

	As at 30/06/10	1 month	3 months	6 months	YTD	1 year	3 years	5 years
Share Price	221.3p	6.0	0.9	14.3	14.3	50.8	57.5	111.7
Diluted NAV ^A	243.8p	0.6	1.8	16.5	16.5	53.0	51.0	135.8
Undiluted NAV ^A	280.8p	0.6	2.0	18.3	18.3	59.9	57.9	166.8
Warrant 2010 price	122.8p	15.5	6.5	34.9	34.9	150.5	90.3	272.0
MSCI India		1.3	(0.9)	10.6	10.6	45.3	46.2	189.8

Discrete performance (%)

Year ending:	30/06/10	30/06/09	30/06/08	30/06/07	30/06/06
Share Price	50.8	18.3	(11.7)	26.0	6.7
Diluted NAV ^A	53.0	11.8	(11.7)	36.6	14.3
Undiluted NAV ^A	59.9	13.9	(13.3)	44.6	16.9
Warrant 2010 price	150.5	10.1	(31.0)	60.2	22.0
MSCI India	45.3	14.8	(12.4)	47.9	34.1

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 par. Source: Aberdeen Asset Managers Limited, Factset and Morningstar.

^A Excluding current year revenue.

Past performance is not a guide to future performance. The value of shares may go down as well as up and an investor may not get back the amount invested.

Fund managers' report

Market and economic review

Indian equities rose in June, outperforming the broader region. Equities rose despite ongoing concerns that Europe's austerity drive may affect the global recovery. China's move to de-peg the renminbi from the US dollar provided some respite.

Public-listed companies must increase their free floats from 10% to 25% in the medium term. Although this would provide greater market liquidity in the long term, companies fear that the increased supply may depress the market.

Economic growth accelerated in the quarter to March, with exports and factory output improving further. Fitch raised the country's credit rating outlook to stable, from negative, as revenue from the sale of wireless airwaves should reduce debt.

Inflation reached double digits in May, triggering calls for a rate hike soon. The government unexpectedly reversed its decision to postpone raising fuel prices and will now let petrol prices move freely.

Fund managers' report continues overleaf

The risks outlined overleaf relating to gearing, warrants, emerging markets, small companies, single countries and exchange rate movements are particularly relevant to this trust but should be read in conjunction with all warnings and comments given.

Fifteen largest equity holdings

	%
HDFC	10.3
Infosys Technologies	9.6
ICICI Bank	7.9
Tata Consulting Services	6.2
Hero Honda	4.7
ABB India	4.0
GlaxoSmithKline India	4.0
Godrej Consumer Products	3.9
ITC	3.6
Gujarat Gas	3.5
Bosch	3.3
HDFC Bank	3.3
Hindustan Unilever	3.3
Container Corp of India	3.2
Mphasis	3.1
Total	73.9
Total investments	30

Sector allocation (%)

	Trust	Benchmark
Financial	21.5	24.9
Information Technology	20.1	16.7
Health Care	11.4	4.0
Consumer Staples	10.8	5.8
Materials	9.8	10.4
Utilities	8.4	6.1
Consumer Discretionary	8.0	5.2
Industrials	7.2	10.1
Telecommunication Services	2.5	0.9
Energy	0.0	16.0
Cash	0.3	n/a
Total	100.0	100.0

Source: Aberdeen Asset Managers Limited and Bloomberg. Benchmark may not add up to 100 due to rounding.

Portfolio characteristics

Three years to 30 June 2010 (£)

	Trust	Regional Index
Annualised Statistics		
Rate of return	14.7	13.5
Standard deviation	25.6	38.2
Tracking Error	16.0	–
Information Ratio	(0.2)	–
Monthly Statistics		
Max return	12.3	25.6
Min return	(14.7)	(21.1)
Average return	1.4	1.7
Regression Statistics		
Beta	0.6	1.0
Correlation to index	0.9	1.0

Source: Aberdeen Asset Managers Ltd, Russell/Mellon Analytical Services. Market Proxy: MSCI India, Risk Free Proxy: Sterling 3 months Interbank Rate

Further information

Private investors **0500 00 00 40**
 Institutional investors **Kenneth Harper**
+44 (0)131 528 4000
 Website **www.newindia-trust.co.uk**

Receive the factsheet of your choice by email as soon as they are available by registering at www.investments.co.uk/ITemail

All sources (unless indicated): Aberdeen Asset Managers Limited 30 June 2010.

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Fund managers' report – continued

Portfolio review

In June, we sold Akzo Nobel after a strong run. Against this, we topped up Mphasis as valuations appear attractive after the recent sharp correction.

In portfolio-related news, Hindustan Unilever's board approved a share buyback at a premium to the prevailing market price, which is a positive signal for the company's shares.

Outlook

Although Europe's debt problems have raised concerns of a double-dip recovery, India's domestically focused economy is likely to remain relatively unscathed. Economic growth is expected to reach at least 8% this year. However, inflation is ratchet higher and the central bank is likely to maintain its tightening stance, which in our view, is beneficial for the economy over the longer term.

We will remain conservative in our investment approach, focusing on well-managed businesses that have robust balance sheets, ample cash flow and sensible management with healthy regard for minority shareholders. Notably, valuations, which are no longer cheap, are still reasonable.

Key information

Calendar	
Year end	31 March
Accounts published	July
AGM	September
Find warrants exercise date	2 August 2010
Exercise price	100p
Dividend paid	n/a
Launch date	
Original trust	February 1994
Name change/reconstruction	December 2004
Fund manager	
Asian Equities Team	
Total expense ratio	
1.6%	
Annual management fee^B	
1.0%	
^B The basic management fee is 1% of net assets per annum. There is also a performance fee that may become payable which could result in a maximum fee payable of 1.75% in any one year.	
Premium/(Discount)^C	
(9.2)%	
^C Based on diluted NAV	
Yield	
–	
Gearing	
nil	
Assets	
£m	
Gross assets	131.9
Debt	nil
Capital structure	
Ordinary shares	46,954,143
Warrants	12,115,997
Allocation of expenses and interest	
Capital	0%
Revenue	100%
Trading details	
Bloomberg/Epic/Reuters code	NII
Stockbroker	WINS Investment Trusts
Market makers	ARBT, CANA, CAZR, CSCS, WINS

Important information

Risk factors you should consider prior to investing:

- In common with most investment companies, investment trusts 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 a relatively small movement, down or up, in the value of a trust's assets will result in a magnified movement, in the same direction, of that NAV. The exercise of Warrants will result in a dilution of Shareholders' interests if the net asset value of the Ordinary Shares exceeds the exercise price payable on the exercise of a Warrant at the relevant time.
- Movements in exchange rates can impact on both the level of income received and the capital value of your investment. If the currency of your country of residence strengthens against the currency in which the underlying investments of the Trust are made, the value of your investment will reduce and vice versa.
- The Trust 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. In some circumstances the underlying investments may become illiquid which may constrain the Investment Manager's ability to realise some or all of the portfolio. The registration and settlement arrangements in emerging markets may be less developed than in more mature markets so the operational risks of investing are higher. Political risks and adverse economic circumstances are more likely to arise putting the value of your investment at risk.
- The Trust invests in small companies, and / or companies investing in technology or venture and development capital stocks where the potential volatility may increase the risk to the value of your investment. Above average price movements may be expected.
- Exposure to a single country market increases potential volatility.
- The value of shares and the income from them can go down as well as up and you may get back less than the amount invested.
- Past performance is not a guide to the future.
- There is no guarantee that the market price of shares in the Trust will fully reflect their underlying Net Asset Value.
- As with all stock exchange investments the value of investment trust shares purchased will immediately fall by the difference between the buying and selling prices, the bid-offer spread.

Other important information:

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