

# 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 31/12/09	1 month	3 months	6 months	YTD	1 year	3 years	Since portfolio change 31/01/05
Share Price	193.5p	5.3	8.4	31.9	75.1	75.1	42.0	105.1
Diluted NAV <sup>A</sup>	209.2p	3.4	6.1	31.3	55.2	55.2	43.7	127.2
Undiluted NAV <sup>A</sup>	237.4p	3.8	7.2	35.2	64.4	64.4	50.4	155.5
Warrant 2010 price	91.0p	11.0	19.0	85.7	237.0	237.0	46.2	225.0
MSCI India		5.2	6.7	31.4	80.6	80.6	50.5	206.7

## Discrete performance (%)

Year ending:	31/12/09	31/12/08	31/12/07	31/12/06	Since portfolio change 31/01/05 annualised
Share Price	75.1	(33.2)	21.5	10.1	15.7
Diluted NAV <sup>A</sup>	55.2	(31.7)	35.5	11.0	18.2
Undiluted NAV <sup>A</sup>	64.4	(35.3)	41.5	12.8	21.0
Warrant 2010 price	237.0	(62.1)	14.5	32.4	27.1
MSCI India	80.6	(51.0)	70.2	32.5	25.6

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.

<sup>A</sup> 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 continued to rally in December, capping 2009 with impressive gains, as expectations of strong economic growth fuelled hopes of a robust quarterly earnings season. Generally healthy global economic indicators and Abu Dhabi's US\$10 billion bailout of Dubai further boosted sentiment. Domestic exports grew year-on-year in November, while the wholesale price index accelerated over the same period, driven by increasing food prices. A strong rebound in industrial activity led the government to upgrade its GDP forecast for the current fiscal year to almost 8%, despite shrinking farm output caused by the poor monsoon.

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

	%
Infosys Technologies	10.7
HDFC	9.0
Tata Consulting Services	6.7
ICICI Bank	6.3
Hero Honda	4.5
ABB India	4.3
Grasim Industries	4.0
GlaxoSmithKline India	3.9
Godrej Consumer Products	3.8
Mphasis	3.4
ITC	3.2
Bosch	3.1
Container Corporation	3.1
HDFC Bank	3.0
Sun Pharmaceutical	3.0
<b>Total</b>	<b>72.0</b>
<b>Total investments</b>	<b>30</b>

## Sector allocation (%)

	Trust	Benchmark
Information Technology	22.0	16.4
Financials	19.2	24.1
Health Care	12.2	3.4
Materials	9.9	12.4
Consumer Staples	9.7	5.3
Utilities	8.3	6.2
Consumer Discretionary	7.6	4.6
Industrials	7.4	9.7
Telecommunication Services	2.8	1.3
Energy	0.6	16.6
Cash	0.3	n/a
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

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

## Portfolio characteristics

### Three years to 31 December 2009 (£)

	Trust	Regional Index
<b>Annualised statistics</b>		
Rate of return	12.8	14.6
Standard deviation	25.8	38.5
Tracking Error	16.0	-
Information Ratio	(0.4)	-
<b>Monthly statistics</b>		
Max return	12.3	25.6
Min return	(14.7)	(21.1)
Average return	1.3	1.8
<b>Regression statistics</b>		
Beta	0.6	1.0
Correlation to index	1.0	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

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Receive the factsheet of your choice by email as soon as they are available by registering at [www.investments.co.uk/ITemail](http://www.investments.co.uk/ITemail)

All sources (unless indicated): Aberdeen Asset Managers Limited 31 December 2009.

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## Fund managers' report – continued

### Portfolio review

There were no significant portfolio transactions in December.

In corporate news, Indian banks had notable exposure to Dubai World compared to financial institutions elsewhere. Although one of our holdings, Bank of Baroda, had lent US\$200 million to the troubled property group, Fitch Ratings did not re-rate the lender. Bharti Airtel is in discussions to acquire a stake in Warid Telecom, one of the largest mobile phone operators in Bangladesh. Infosys is among three vendors chosen by Walmart for contracts worth over US\$600 million.

### Outlook

Despite ample liquidity, improving GDP data and a fairly healthy earnings outlook, stocks are unlikely to repeat their stellar performance of 2009. Inflationary risks, a large pipeline of new equity issues and worries about the widening budget deficit – projected to reach almost 7% of GDP in the fiscal year ending March 2010 – could cap market gains. A premature withdrawal of fiscal and monetary stimuli may further undermine any recovery. Meanwhile the economy, having skirted recession during the financial crisis, is likely to continue expanding at a healthy pace. But with economic growth gaining momentum and inflation driven higher by escalating food prices, the central bank faces mounting pressure to tighten policy.

## Key information

<b>Calendar</b>	
Year end	31 March
Accounts published	July
AGM	September
Warrants exercisable	2010
Exercise price	100p
Dividend paid	n/a
<b>Launch date</b>	
Original trust	February 1994
Name change/reconstruction	December 2004
<b>Fund manager</b>	Asian Equities Team
<b>Total expense ratio</b>	1.8%
<b>Annual management fee<sup>B</sup></b>	1.0%
<sup>B</sup> 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.	
<b>Premium/(Discount)<sup>C</sup></b>	(7.5)%
<sup>C</sup> Based on diluted NAV	
<b>Yield</b>	nil
<b>Gearing</b>	nil
<b>Assets</b>	£m
Gross assets	111.5
Debt	nil
<b>Capital structure</b>	
Ordinary shares	46,954,143
Warrants	12,115,997
<b>Allocation of expenses and interest</b>	
Capital	0%
Revenue	100%
<b>Trading details</b>	
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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