

Edinburgh Dragon Trust plc

Performance Data and Analytics to 31 December 2011



Investment objective

To achieve long term capital growth through investment in the Far East. The company's benchmark is the MSCI AC Asia ex Japan Index. Investments are made in stock markets in the region, with the exception of Japan and Australasia, principally in large companies. When appropriate, the trust will utilise gearing to maximise long term returns.

Benchmark

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

Cumulative performance (%)

	as at 31/12/11	1 month	3 months	6 months	1 year	3 years	5 years
Share Price	217.0p	(0.9)	6.1	(11.0)	(13.8)	79.7	72.6
NAV ^A	236.4p	1.8	4.4	(9.5)	(13.3)	75.7	69.6
MSCI AC Asia ex Japan		1.8	3.5	(15.4)	(16.5)	58.7	45.1

Discrete performance (%)

Year ending:	31/12/11	31/12/10	31/12/09	31/12/08	31/12/07
Share Price	(13.8)	33.0	56.8	(22.6)	24.1
NAV ^A	(13.3)	35.1	50.1	(24.4)	27.7
MSCI AC Asia ex Japan	(16.5)	23.7	53.6	(33.9)	38.2

Total return, NAV to NAV, net income reinvested, GBP.

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 Review

Asian equities posted modest gains in December but ended the year with double-digit losses. Eurozone debt worries and the possibility of further sovereign credit rating downgrades depressed sentiment but losses were mitigated by an injection of liquidity into Europe's banking system and better-than-expected US economic data.

Regional economies showed further signs of slowing, with Indian industrial output contracting for the first time in more than two years. Chinese factory production and exports decelerated, while forward-looking manufacturing indicators pointed to slowdowns in Taiwan and Korea.

Moderating inflationary pressures allowed central banks to hold or loosen policy rates. In particular, Thailand cut benchmark rates, while mortgage rates were loosened for first-time homebuyers in Beijing and Shanghai.

In politics, North Korean dictator Kim Jong-Il's death caused uncertainty in regional markets. India had to backpedal after its attempt to open the retail sector faced a backlash, though it did ratify an earlier decision to open up its market to foreign single-brand retailers.

Portfolio Review

In portfolio activity, we introduced Singapore-headquartered conglomerate Keppel Corporation, which has a growing pipeline of business in its key offshore and marine division.

Ten largest equity holdings

	Country	%
Samsung Electronics Pref.	South Korea	4.9
Standard Chartered ^B	Hong Kong/United Kingdom	4.7
Jardine Strategic Oversea-Chinese	Hong Kong	4.3
Banking Corp.	Singapore	4.1
Infosys Technologies	India	3.9
Taiwan Semiconductor	Taiwan	3.9
HDFC	India	3.9
Swire Pacific B	Hong Kong	3.7
China Mobile	China	3.3
City Developments	Singapore	3.2
Total		39.9

Total number of investments 47

^B Hong Kong and UK listings held.

Country allocation (%)

	Trust	Regional Index	Month's market change ^C
Hong Kong	24.5	11.3	3.2
Singapore	18.5	6.7	(1.4)
India	14.2	8.6	(4.9)
Korea	8.1	20.8	(0.5)
China	7.5	24.7	3.7
Taiwan	6.4	15.1	4.2
Thailand	6.0	2.7	3.6
Malaysia	4.1	4.9	5.3
United Kingdom	3.4	0.0	–
Philippines	3.1	1.0	4.9
Sri Lanka	2.4	0.0	–
Indonesia	1.5	4.1	4.6
Cash	0.3	–	–
Total	100.0	100.0	

^C Represents the individual country returns calculated using the MSCI Index Series (£). Market change is total return in GBP.

Source: Aberdeen Asset Managers Limited and MSCI.

Figures may not add up to 100 due to rounding.

Portfolio characteristics

Three years to 31 December 2011 (£)

	Trust	Regional Index
Annualised Statistics		
Rate of return	20.7	16.7
Standard deviation	18.8	21.0
Tracking Error	6.1	–
Information Ratio	0.5	–
Monthly Statistics		
Max return	12.2	13.2
Min return	(7.6)	(9.2)
Average return	1.7	1.5
Regression Statistics		
Beta	0.9	1.0
Correlation to index	1.0	1.0

Source: Aberdeen Asset Managers Limited and Russell Mellon Analytical Services. Market Proxy: MSCI AC Asia Pacific ex Japan, Risk-free proxy is Sterling 3 months Interbank Rate.

Fund managers' report continued overleaf ►

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

Private investors 0500 00 00 40
Institutional investors Ian Massie
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All sources (unless indicated):
Aberdeen Asset Managers Limited 31 December 2011.

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Fund managers' report - continued

In portfolio-related news, Samsung Electronics grabbed headlines with a broad management reshuffle. It promoted a division head to a post of vice chairman, signifying a shift towards a two-headed strategy that paved the way for a clearer separation of its component and finished goods businesses. The market viewed the move as a means of allaying concerns over the transfer of trade secrets from its component business to the finished goods operations.

Outlook

Asian stock markets will continue to face more of the same external headwinds in the year ahead. Global growth is likely to slow in 2012. Europe appears headed for a recession under the weight of the raft of austerity measures, while the US is still deleveraging, despite the recent improvement in short-term economic data. Asia is unlikely to escape these external problems unscathed. Yet, Asia's long-term prospects remain undiminished. This is because inflationary pressures appear to be ebbing, allowing central banks greater leeway in supporting growth. At the same time, governments in the region are in much better fiscal shape than those in developed countries, affording them the policy tools necessary to stimulate their flagging economies should the need arise.

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.
- 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 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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Key information

Calendar	
Year end	31 August
Accounts published	November
AGM	December
Dividend paid	December
Established	1987
Fund manager	Andrew Gillan
Total expense ratio	1.2%
Annual management fee	1.0%
Discount with Debt at par	(8.2)%
Yield	1.5%
Gearing with Debt at par ^D	13.1%
Assets/Debt	
	£m
Gross ^E	519.6
Debt (CULS) at nominal value	60.0
<small>^D Gearing is expressed as a percentage of gross assets, which includes current year revenue, divided by shareholders' funds.</small>	
<small>^E Includes current year revenue.</small>	
Capital structure	
Ordinary shares	196,346,350
3.5% Convertible Unsecured Loan Stock 2018 (CULS) at nominal value	£59,891,013
Allocation of management fees and finance costs	
Capital	0%
Revenue	100%
Trading details	
Reuters/Epic/ Bloomberg code	EFM
Stockbrokers	WINS Investment Trusts
Market makers	SETSmm

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