

Edinburgh Dragon Trust plc



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 30/06/10	1 month	3 months	6 months	1 year	3 years	5 years
Share Price	209.6p	3.6	0.0	8.3	44.8	55.2	132.0
NAV ^A	232.4p	1.4	0.8	11.7	44.6	47.4	133.6
MSCI AC Asia ex Japan		(1.2)	(3.5)	4.1	34.8	27.7	107.9

Discrete performance (%)

Year ending:	30/06/10	30/06/09	30/06/08	30/06/07	30/06/06
Share Price	44.8	4.5	2.5	22.0	22.5
NAV ^A	44.6	3.1	(1.1)	31.3	20.7
MSCI AC Asia ex Japan	34.8	(0.6)	(4.7)	34.3	21.3

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 equity markets ended mixed in June on 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.

Economic data stayed positive but there were signs that growth may start to slow, particularly in China, where the pace of manufacturing output decelerated.

Inflation advanced further in China, India, Korea and Indonesia but most central banks continued to hold interest rates steady. Only Taiwan raised interest rates.

In politics, Chinese regulators warned of rising bad debt from the banking sector's exposure to property and Taiwan signed a trade pact with Beijing that will see lower tariffs and increased market access for services.

Portfolio Review

There were no major changes to the portfolio in June.

In portfolio-related news, Samsung Electronics will invest US\$3.6 billion in its US plant to take advantage of a global recovery in demand for consumer electronics. Swire Pacific is buying Cathay Pacific's remaining 15% stake in Hong Kong Aircraft Engineering Company for HK\$2.62

Fund managers' report continues 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.

Ten largest equity holdings

	Country	%
Jardine Strategic	Singapore	4.9
Oversea-Chinese Banking Corp.	Singapore	4.4
Swire Pacific 'B'	Hong Kong	4.0
Samsung Electronics Pref.	South Korea	3.9
HDFC	India	3.7
Standard Chartered	Hong Kong	3.6
Infosys Technologies	India	3.4
Singapore Technologies Engineering	Singapore	3.4
Singapore Telecommunications	Singapore	3.4
Taiwan Semiconductor	Taiwan	3.4
Total		38.1
Total number of investments		44

Country allocation (%)

	Portfolio	Benchmark	Month's market change ^B
Singapore	24.8	7.0	0.8
Hong Kong	17.9	10.5	0.1
India	16.3	11.6	1.3
China	8.1	26.6	(1.7)
South Korea	7.5	18.9	(2.0)
Thailand	6.3	2.1	0.7
Taiwan	5.8	15.1	(4.7)
Malaysia	5.0	4.1	0.3
Indonesia	2.8	3.4	3.4
Sri Lanka	2.8	0.0	n/a
Philippines	2.7	0.7	(0.4)
Cash	0.0	n/a	n/a
Total	100.0	100.0	

^B 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 30 June 2010 (£)

	Trust	Regional Index
Annualised Statistics		
Rate of return	13.8	8.5
Standard deviation	23.9	28.6
Tracking Error	8.7	-
Information Ratio	0.4	-
Monthly Statistics		
Max return	13.5	17.3
Min return	(14.4)	(16.2)
Average return	1.3	1.0
Regression Statistics		
Beta	0.8	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.

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

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

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Fund managers' report – continued

billion, or at a 20% premium. ST Engineering's marine arm, ST Marine, and its local partner were awarded a S\$66.5 million contract to design and construct a waste management facility in Brunei.

Outlook

Economies appear at a crossroads, with leading indicators pointing to slower growth. Even China, the world's engine room, is experiencing a deceleration, although growth remains positive for now. Clouding the outlook further is the slew of austerity measures being introduced in Europe. Such fiscal prudence at a time when final private demand is still weak risks pushing the world back into recession.

Hence, we remain cautious but are confident that our holdings, which are characterised by their solid balance sheets, experienced management, and sound business practices, will remain resilient and able to weather the challenges that lie ahead.

Key information

Calendar	
Year end	31 August
Accounts published	November
Dividend paid	December
AGM	December
Established	1987
Fund manager	Andrew Gillan
Total expense ratio	1.3%
Premium/(Discount)	(9.8)%
Yield	0.8%
Gearing	nil
Assets	£m
Gross	456.2
Debt ^c	nil
^c The Company has available a £40 million facility which is undrawn as at 31 May 2010.	
Capital structure	
Ordinary shares	196,311,219
Allocation of expenses and interest	
Capital	0%
Revenue	100%
Trading details	
Bloomberg/Epic/Reuters code	EFM
Stockbroker	WINS Investment Trusts
Market makers	SETSmm

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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