

Aberdeen Diversified Growth Fund

Class R - Acc

Performance Data and Analytics to 31 October 2018



Objectives and investment policy

Objective: To generate income and increase the value of the unitholder's investment over the long term (capital growth and income). The Fund aims to achieve this with less net asset value volatility than global equity markets.

Investment policy: The Fund's investments will include collective investment schemes (which in turn will invest in a wide range of assets such as equities, bonds, property, hedge Funds, private equity, commodities, currency and cash) including those managed by the Investment Manager and/or its associated group companies. The Fund may also invest directly into a wide range of asset classes.

Performance (%)

	1 month	3 months	6 months	1 year	Annualised		
					3 years	5 years	Launch
Fund	-1.70	-2.44	-0.76	-0.26	4.20	-	4.56

Discrete annual returns (%) - year ended 31/10

	2018	2017	2016	2015	2014
Fund	-0.26	7.87	5.17	-	-

Calendar year performance (%)

	Year to date	2017	2016	2015	2014
Fund	-1.17	7.50	6.83	-	-

Performance Data: Share Class RAcc

Source: Lipper. Basis: Total return, NAV to NAV, net of annual charges, gross income reinvested.

These figures are gross of an initial charge: to the extent that this is paid, it will reduce performance from that shown.

Past performance is not a guide to future results.

Fund manager's report

Market review

Despite a strong finish to the month, global stock markets finished the month down 7.0% (MSCI World hedged to GBP). Various factors have been cited for this weakness including concerns over rising US interest rates and building US/China trade tensions. Notably, October marked the worst month for US stocks in over seven years, with the rout in tech stocks widely publicised, and European markets dropped to a level not seen since mid-2016.

The EM Local Currency bond index delivered a small positive return in October versus our currency basket reflecting constructive developments in several emerging economies. The most notable gain was from Brazil, where the success of far-right candidate Jair Bolsonaro in the recent elections was well received by markets. Throughout his election campaign Bolsonaro has been pro-reform, with specific plans on privatisation and pension reform. Argentina and Turkey also performed well following the announcement in September of increased financial support from the International Monetary Fund (IMF) for Argentina and monetary policy tightening from the Central Bank of the Republic of Turkey. Mexico performed poorly, as both bonds and the currency fell when President-elect Lopez Obrador halted construction of a partially built new airport for Mexico City. This fanned investor concerns that the new President will not be as business-friendly as hoped.

Towards the end of the month, the UK Chancellor announced in the budget that there would be no new UK infrastructure projects procured using PFI (or its successor PF2). The Chancellor added that "Existing PFI and PF2 projects will not be impacted by this announcement. Voluntarily terminating PFI contracts is rarely value for money because of the costs of the compensation that must be paid to break the contracts. The Government will therefore honour existing contracts". We believe that the announcement of no new projects has no material impact on the social infrastructure funds that we invest in. These funds have increasingly been investing in overseas projects and/or diversifying into other infrastructure assets.

The highest risk period for our ILS investments is the US hurricane season (June-October). Up to end-September this has been relatively uneventful however there are two events which may lead to potential losses. Hurricane Michael made landfall in northern Florida on 10 October and initial insured losses are estimated to be \$2-10bn. Typhoon Jebi made landfall in Japan on 4 September and current insured losses are estimated to be around \$5bn.

Portfolio changes

The main asset allocation change was an increase of c.3% in listed equity through the introduction of a position in Eurostoxx 50 Dividend Futures. This is an asset class that we have invested in before but sold out of last year as valuations appeared quite rich. The recent sell off in equity markets led to a relatively aggressive sell off in dividends resulting in an attractive pricing. In response we have added positions in the Dec 19, 20 and 21 contracts (in total around 3% of fund). This was funded from a reduction in our infrastructure exposure where we have been taking profits on some holdings that are trading on significant premiums to NAV and recycling the money into what we believe are better value opportunities.

Please see the risks outlined overleaf. These should be read along with all comments given in the prospectus. Please visit the attached link to our Jargon Buster which contains a glossary of terms used in this document > <http://glossary.aberdeen-asset.com/jargonbuster/>

Top ten holdings (excluding cash)	%
Prytania Diversified Asset Backed Securities Fund	3.8
TwentyFour Asset Backed Opportunities Fund	3.4
Fair Oaks Dynamic Credit Fund	2.9
Alternative Risk Premia	2.7
CATCo Reinsurance Opportunities Fund C*	2.5
HICL Infrastructure*	2.3
P2P Global Investments*	2.2
Aberdeen Diversified Income and Growth Trust*	2.0
Intl Public Partner*	1.9
John Laing Group	1.8
Total	25.5

Total number of holdings 271

*Closed-end Investment Company.
Top 10 holdings may exclude investments in cash funds.

Asset allocation	%
Emerging Market Bonds	25.6
Listed Equity	20.2
Asset Backed Securities	14.9
Special Opportunities	10.3
Infrastructure	9.2
Property	6.0
Absolute Return	5.1
Insurance Linked	4.2
Private Equity	0.8
Loans	0.8
Cash	2.9
Total	100.0

Figures may not always sum to 100 due to rounding.

Key information

Target	IE 1 Month GBP LIBOR + 4.5% (IRP)
Sector	IA Specialist NR
Fund size	£ 469.5 m
Share Class	
Performance Launch Date	11 September 2015
Investment team	Diversified Assets Team
Fund advisory company	Aberdeen Asset Managers Limited

www.aberdeenstandard.co.uk

Aberdeen Diversified Growth Fund

In special opportunities we initiated a holding in Tufton Oceanic Assets (SHIP). SHIP invests in second-hand commercial sea-going vessels diversified across the core segments of shipping (tankers, containerships and bulkers) and by employment strategy (bareboat charter, time charters and spot). We believe it is a particularly attractive time to be invested in shipping given the supply/demand dynamics and believe that SHIP can generate a mix of strong cash yield and capital gain potential. SHIP has a dividend yield target of 7% p.a. and a net unlevered IRR target of 12% p.a.

Codes (Class R - Acc)	
SEDOL	B5L4436
ISIN	GB00B5L44363
BLOOMBERG	ABDGPR LN
REUTERS	LP68332861
VALOREN	29222032

Additional information	
Fund type	Non-UCITS Retail Scheme
Domicile	United Kingdom
Currency	GBP
Registered for sale	Please refer to www.aberdeenstandard.com
Minimum investment	£1,000
Charges	Current initial 0.00%
Ongoing Charges Figure (OCF) ^a	1.47%
Price as at 31/10/18	115.03p
Deal closing time	12.00 noon (UK)
Daily valuation point	12.00 noon (UK)
Historic Yield ^b	3.40% Share Class R Acc
Units	Inc & Acc

Source: Ex-post Ongoing charges Aberdeen Standard Investments as at 31 October 2017

^aThe Ongoing Charge Figure (OCF), is the overall cost shown as a percentage of the value of the assets of the Funds. It is made up of the Annual Management Charge (AMC) of 1.25% and other charges. It does not include any initial charges or the cost of buying and selling stocks for the Funds. The Ongoing Charges figure can help you compare the annual operating expenses of different Funds.

^bThe Historic Yield reflects distributions declared over the past twelve months as a percentage of the mid-market unit price, as at the date shown. It does not include any preliminary charge and investors may be subject to tax on their distributions. Multi-Manager Portfolio daily fund prices are available at www.aberdeen-asset.co.uk

Important information

Risk factors you should consider before investing:

- The value of units and the income from them can go down as well as up and you may get back less than the amount invested.
- Investing globally can bring additional returns and diversify risks. However, currency exchange rate fluctuations may have a positive or negative impact on the value of your investment.
- Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. This may mean your money is at greater risk.
- Bonds are affected by changes in interest rates, inflation and any decline in creditworthiness of the bond issuer. Bonds that produce a higher level of income usually also carry greater risk as such bond issuers may not be able to pay the bond income as promised or could fail to repay the capital amount used to purchase the bond.
- This Fund can use derivatives in order to meet its investment objectives. This may result in gains or losses that are greater than the original amount invested.
- A full list of risks applicable to this Fund can be found in the Prospectus.

Other important information:

The Fund is a sub-fund of Aberdeen Funds, an authorised Unit Trust. The manager is Aberdeen Fund Managers Limited. Nothing herein constitutes investment, legal, tax or other advice and is not to be relied upon in making an investment or other decision. No recommendation is made, positive or otherwise, regarding individual securities mentioned. This is not an invitation to subscribe for units in the Fund and is by way of information only. Subscriptions will only be received and units issued on the basis of the current Prospectus, relevant Key Investor Information Document (KIID) and Supplementary Information Document for the Fund. These can be obtained free of charge from Aberdeen Fund Managers Limited, PO Box 9029, Chelmsford, CM99 2WJ.

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All sources (unless indicated): Aberdeen Standard Investments
31 October 2018.

www.aberdeenstandard.co.uk