

Aberdeen Japan Growth Fund

Annual short report for the year ended 31 July 2013

Investment objective and policy

The investment objective is to produce capital growth. The objective will be achieved through investment in a diversified portfolio of Japanese securities.

Risk profile

Shareholders should be aware of the risks inherent in investing in securities and other financial instruments. Financial markets can be vulnerable to unpredictable price movements and are affected by a number of factors.

The value of your investment and the revenue derived from it will rise and fall due to market and company specific factors.

The specific risk warnings relating to this fund are as follows:

- The value of your investment will rise or fall with any movement in exchange rates.
- The Fund invests in a specific country market which may increase share price volatility.
- The Fund invests in a concentrated portfolio of stocks. Concentrating on fewer stocks may increase the potential for capital gains but may also increase the risk of losses in comparison with a more broadly diversified fund.

Cumulative performance (%)

	Period of report 31/07/2012 to 31/07/2013	5 years 31/07/2008 to 31/07/2013	Since launch 11/08/1992 to 31/07/2013 ^c
Fund - A Accumulation	25.15	70.52	196.40
Benchmark ^a	28.99	38.57	98.84

Annual discrete performance to 31 July^b

	31/07/2012 to 31/07/2013	31/07/2011 to 31/07/2012	31/07/2010 to 31/07/2011	31/07/2009 to 31/07/2010	31/07/2008 to 31/07/2009
% change	25.15	0.42	15.26	11.81	5.28

Source: Lipper, Total Return, NAV to NAV, UK Net income reinvested, £.

^a Topix (Tokyo First Section).

^b Figures are as at valuation point.

^c Figures for Aberdeen Japan Growth Unit Trust prior to 27 November 1998.

Please remember that past performance is not a guide to future returns. The price of shares and the revenue from them may fall as well as rise. Investors may not get back the amount originally invested.

Market review

Japanese equities rose during the review period, outperforming their counterparts in Asia, along with most others across the world, but lagged those in Europe. Initially, global growth concerns and the yen's strength hampered gains. However from November, the stockmarket roared into life following Shinzo Abe's re-election as Prime Minister. Foreign investors returned on expectations that Abe's aggressive expansionary fiscal and monetary policies would haul the economy out of its decades-long malaise. A series of stimulatory measures soon bore positive results. Upbeat quarterly GDP data, along with a sharp decline in the yen boosted business and consumer confidence, as well as corporate bottom-lines. However subsequently, global financial markets were roiled by fears of a premature end to quantitative easing in the US. At the close of the period, Japanese equities were hurt by doubts that the domestic turnaround could be sustained.

Portfolio review

Among our holdings that contributed to performance was Pigeon Corp. The baby products maker's share price was bolstered by its better-than-expected full-year earnings, which were driven by growing sales in China, as well as the weak yen. Also contributing to performance was FCC. The part maker's motorcycle and automotive clutches segments both performed favourably and the company raised its earnings guidance on the back of revised currency assumptions. Meanwhile, medical equipment manufacturer Sysmex also boosted performance as it benefited from firm global demand for its haematology equipment. Conversely, Canon detracted as the consumer electronics giant posted weaker-than-expected quarterly results due to sluggish demand for cameras. Also costing the Fund was Nabtesco. Sales and orders in both the company's precision and the hydraulic equipment businesses weakened because of excess inventory levels among its Chinese customers and weak capital expenditure on robots by US carmakers. Our holding in Fanuc Corp was also a detractor as its share price suffered amid a slowdown in Apple's iPhone sales, which hampered demand for Fanuc's machine tools; the company subsequently lowered its full-year forecast.

In portfolio activity, we initiated a position in Makita Corp, a power-tools maker with a solid balance sheet and a track record of business expansion. The company is capitalising on its well-established presence in developed markets to venture into emerging markets. We also introduced bicycle component maker Shimano. The company's long-term prospects are positive, given its pricing power, well-established brand, economies of scale and expertise. Another new holding was Kansai Paint, a leader in automotive paints in Japan, which has significant operations in India, Thailand, Indonesia and South Africa. Against this, we sold Bank of Kyoto due to its deteriorating business outlook and shoe retailer ABC-Mart on growing concerns over its use of capital. Earlier, we sold our holding in shopping mall operator Parco, with the bulk going to J. Front Retailing (which we do not hold) as it completed its takeover offer at ¥1,100 per share; the remainder was sold in the market.

Outlook

Looking ahead, whether the stockmarket's rise can be sustained will hinge on where prime minister Abe's "third arrow" lands. So far, this final piece of the policy puzzle, which focuses on broad structural reforms, has been somewhat disappointing, given the apparent lack of detail. While the ruling LDP has been handed the prerequisite mandate through its victory in the upper house election, only time will tell if the much-anticipated reforms will materialise to help that last arrow find its mark.

Portfolio breakdown

Portfolio of investments	As at 31 July 2013%	As at 31 July 2012%
Basic Materials	7.89	5.79
Consumer Goods	33.40	29.83
Consumer Services	11.27	13.95
Financials	6.32	8.46
Health Care	11.33	13.02
Industrials	20.32	19.55
Technology	7.78	8.49
Telecommunications	1.62	-
Investment assets	99.93	99.09
Net other assets	0.07	0.91
Net assets	100.00	100.00

Fund facts

	Interim/annual accounting dates	Income payment date
	31 January, 31 July	31 October

	Ongoing charges figure % as at 31/07/2013	Ongoing charges figure % as at 31/07/2012
Share class A	1.63	1.61
Share class I	0.92	1.11
Share class Z	0.13	0.11

The ongoing charges figure is calculated in accordance with the guidelines issued by the European Securities and Markets Authority. It is the ratio of the total ongoing charges to the average net asset value over twelve months and includes the annual management charge, the other operating expenses and any synthetic element to incorporate the ongoing charges of any underlying collective investments.

On 1 October 2012 the Annual Management Charge on share class I decreased from 1.00% to 0.75%, this has resulted in a reduction to the ongoing charge.

Distribution summary

	Total distribution (p) for the year to 31/07/2013	Total distribution (p) for the year to 31/07/2012
Share class A - Accumulation	0.2442	0.6529
Share class I - Accumulation	1.2090	1.2642
Share class Z - Accumulation	2.4412	2.5593

Distributions in respect of the Fund come with a tax credit of 1/9th of the amount stated. UK higher and additional rate taxpayers not holding through an ISA may have additional income to pay. Non taxpayers are not entitled to a refund of the 1/9th tax credit. Distributions received by corporate investors are subject to the corporate streaming rules.

Performance summary

	Net asset value as at 31/07/2013 pence per share	Net asset value as at 31/07/2012 pence per share	Net asset value % change
Share class A - Accumulation	147.36	118.65	24.20
Share class I - Accumulation	153.72	122.89	25.09
Share class Z - Accumulation	163.10	129.34	26.10

Net of tax and expenses.

Performance record

Calendar year		Highest share price (p)	Lowest share price (p)
2009	Accumulation A	99.68	75.92
2009	Accumulation I	101.78	77.42
2009	Accumulation Z	104.13	78.74
2010	Accumulation A	120.68	96.20
2010	Accumulation I	124.01	98.35
2010	Accumulation Z	128.47	100.89
2011	Accumulation A	120.56	100.80
2011	Accumulation I	124.22	103.70
2011	Accumulation Z	129.37	107.65
2012	Accumulation A	124.89	111.12
2012	Accumulation I	129.68	114.77
2012	Accumulation Z	136.99	120.12
2013 ^A	Accumulation A	157.18	122.10
2013 ^A	Accumulation I	163.70	126.80
2013 ^A	Accumulation Z	173.45	133.97

^Ato 31 July 2013.

Risk and reward profile

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The shaded area in the table below shows the Fund's ranking on the Risk and Reward Indicator.

Typically lower rewards, lower risk				Typically higher rewards, higher risk		
1	2	3	4	5	6	7

Risk and reward indicator table as at 31 July 2013.

- This Fund is ranked at 6 because funds of this type have experienced high rises and falls in value in the past.
- Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Fund:
 - Exchange rates: Investing globally can bring additional returns and diversify risk. However, currency exchange rate fluctuations may have a positive or negative impact on the value of your investment.
 - Concentrated portfolio: The Fund may hold a limited number of investments. If one of these investments declines in value this can have a greater impact of the fund's value than if it held a larger number of investments.
- A full list of risks applicable to this Fund can be found in the Prospectus. The latest risk and reward profile can be found on the Key Investor Information Document (KIID) for this Fund which is available on our website at www.aberdeen-asset.co.uk

Other information

Annual Management Charge (AMC)

On 1 October 2012 the AMC on share class I decreased from 1.00% to 0.75%

Name change – Aberdeen Unit Trust Managers Limited

As a result of a recent review of our company names, on 20 May 2013 Aberdeen Unit Trust Managers Limited changed its name to **Aberdeen Fund Managers Limited**. The name change does not affect your holdings with Aberdeen or the way in which they are managed.

Literature and Fund information

Our website contains a wealth of information on our funds and investment approach, including Key Investor Information Documents (KIIDs) for all of the funds available for investment. We also publish Supplementary Information Documents (SIDs) which contain Application forms and additional information, such as Terms and Conditions.

You can invest online and access fund performance and pricing information.

Please visit:

www.aberdeen-asset.co.uk

www.aberdeenukprices.com

Alternatively please contact our Customer Services Team on:

Tel: 0845 300 2890

Email: customer.services@aberdeen-asset.com

Report and accounts

Copies of the annual and half-yearly long form report and accounts for this Fund are available free of charge on request to Aberdeen Fund Managers Limited.

Aberdeen Japan Growth Fund is a sub-fund of Aberdeen Investment Funds ICVC, an open-ended investment company ('OEIC') authorised under the Financial Services and Markets Act 2000.

Aberdeen Fund Managers Limited only provides information about its own products and will not give individual financial advice. If you are in any doubt about the suitability of a product to meet your financial needs, then you should seek the advice of a financial intermediary.

The information in this report is designed to enable shareholders to make an informed judgement on the activities of the Fund during the period it covers, and the results of those activities at the end of the period. The naming of specific shares or bonds is not a recommendation to deal in them. The views expressed are those of Aberdeen Fund Managers Limited and should not be construed as advice either to buy, retain, or sell a particular investment. Investment in the Fund should generally be viewed as a long-term investment.

Appointments

Authorised Corporate Director

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For more information on Aberdeen Asset Management PLC and our product range please visit www.aberdeen-asset.com



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