

Aberdeen Property Share Fund

Annual short report for the year ended 31 July 2013

Investment objective and policy

The objective of the Fund is to provide long term total return, from a diversified portfolio of property company securities or companies which derive a significant proportion of their revenues or profits from property, or have a significant proportion of their assets in property. Holdings will be concentrated in the United Kingdom, though investment overseas is permitted.

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 Fund invests in a specialist market sector which is likely to carry higher risks than a more widely invested fund.
- 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 29/10/1990 to 31/07/2013 ^c
Fund - A Accumulation	33.77	28.67	468.13
Benchmark ^a	27.93	17.59	343.74

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	33.77	0.02	20.82	16.44	(31.64)

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

^a FTSE Real Estate Index to 30/11/2009 then FTSE 350 Real Estate Index.

^b Figures are as at valuation point.

^c Figures for Aberdeen Property Share Unit Trust prior to 24 April 2006.

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.

The Aberdeen logo, featuring a stylized blue 'A' followed by the word 'Aberdeen' in a blue sans-serif font.

Market review

Property stocks rallied during the year under review, buoyed by investors' continuing search for yield and ample liquidity from loose fiscal and monetary policies. Specifically, it was the European Central Bank's (ECB) decision to buy unlimited amounts of short-term debt, through its outright monetary transactions programme, that assuaged fears of a Eurozone breakup early in the reporting period. During this time, the US Federal Reserve also announced its long-awaited third round of quantitative easing. In May, markets received another shot of confidence when the ECB lowered interest rates and said it could impose negative deposit rates to boost lending, although subsequently gains were clipped by concerns that the US Federal Reserve would soon scale back its asset purchases. The UK, meanwhile, pledged to keep policy expansionary for an extended period. Despite ongoing economic and political headwinds, the real estate sector remained relatively resilient. Notably, UK commercial property values rebounded in May for the first time in 18 months, led by demand for office space and improving conditions outside of London. In Continental Europe, the residential and office sectors were supported by overseas buyers.

Portfolio review

At the stock level, our holdings in Persimmon, Helical Bar and Berkeley Group were the top contributors to relative performance. UK house builder Persimmon benefited from increased demand, helped in part by government schemes that boosted access to mortgages. It also progressed with its new long-term strategy that included plans to return capital to shareholders over the next decade. Residential developer Berkeley reported good demand in London while Helical Bar's results continued to improve following the sale of non-core assets.

Conversely, our holdings in Vopak and Segro detracted, along with the lack of exposure to Capital & Counties Properties and Grainger. Lower demand for storage and higher costs hurt Vopak's bottom-line. The chemical storage specialist subsequently lowered its profit outlook. Nevertheless, we like the company for its global network of attractive infrastructure assets that should benefit from further growth in energy transportation. Segro delivered a strong return due to increased investor interest in its high-yielding industrial properties together with steps it has taken to sell non-core assets to reduce its leverage. While positive in absolute terms, this hindered the Fund's relative performance because Segro's weight in the fund is less than its large weighting in the benchmark. Meanwhile, non-holding Grainger, a house builder, rallied as it continued to reduce its high debt levels. Capital & Counties gained after it secured the right to redevelop London's Earls Court but we remain concerned over its relatively concentrated portfolio.

During the year, we introduced Workspace, a real estate investment trust. Recent restructuring and share placements to raise capital have placed the company on a robust footing. The holding also increases the Fund's diversity by bringing exposure to high-yielding multi-let commercial property across London. Elsewhere, we added to Hansteen given its long-term rental prospects within Continental Europe's industrial sector, and food retailer Tesco, which has good international growth potential and scope for recovery in its UK business. Conversely, we took profits in property investors Unibail-Rodamco, British Land and Great Portland Estates, in addition to hotel and restaurant group Whitbread and health care facilities specialist Primary Health Properties on the back of relative price strength and increasingly uninspiring valuations.

Outlook

The prospect of reduced asset purchases in the US is likely to drive bond yields higher, potentially lifting mortgage rates and curbing demand in real estate. In the UK, fears of a housing bubble amid persistently rising prices could also dent sentiment. Other headwinds remain. Unemployment is still high and domestic demand lackluster. Political uncertainty ahead of the German election and unstable coalitions in other parts of Europe, amid mounting anti-austerity sentiment, are further risks. Against this uncertainty, stock-picking remains key. After the hefty gains, a market correction might prove timely. This could provide an opportunity to pick up or add to well-managed companies with the financial strength that will stand them in good stead against current uncertainties.

Portfolio breakdown

Portfolio of investments	As at 31 July 2013%	As at 31 July 2012%
France	9.47	10.50
Netherlands	3.09	3.32
Switzerland	1.67	1.53
United Kingdom	82.95	84.27
Investment assets	97.18	99.62
Net other assets	2.82	0.38
Net assets	100.00	100.00

Fund facts

	Interim/annual accounting dates	Income payment dates
	31 January, 31 July	30 April, 31 October

	Ongoing charges figure % as at 31/07/2013	Ongoing charges figure % as at 31/07/2012
Share class A	1.61	1.59
Share class I	0.86	N/A

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.

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	1.1865	0.8278
Share class I - Accumulation	2.4824	N/A

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.

	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	79.30	58.97	0.34
Share class I - Accumulation	130.10	N/A	N/A

Net of tax and expenses.

Performance record

Calendar year		Highest share price (p)	Lowest share price (p)
2009	Accumulation A	53.08	28.48
2010	Accumulation A	54.49	44.77
2011	Accumulation A	62.28	48.48
2012	Accumulation A	66.78	50.60
2012 ^A	Accumulation I	109.11	99.79
2013 ^B	Accumulation A	80.18	67.22
2013 ^B	Accumulation I	131.52	109.84

^A I Accumulation share class launched on 1 October 2012.

^B to 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:
- Specialist: The Fund invests in a specialist sector and it will not perform in line with funds that have a broader investment policy.
- The Fund invests in a relatively small number of investments which can potentially increase volatility relative to funds with larger numbers 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

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 Property Share 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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(Lines are open 9:00am to 5:00pm, Mondays
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visit www.aberdeen-asset.com



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