

Aberdeen Cash Fund

Annual short report for the year ended 31 July 2013

Investment objective and policy

The investment objective of Aberdeen Cash Fund is to produce an attractive level of income commensurate with security principally by investing in cash deposits and money market instruments. The Fund may also invest in transferable securities and in collective investment schemes, including those managed by the ACD or companies related to the ACD.

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 warning relating to this fund is as follows:

- The Fund invests in a specific country market which may increase share price volatility.

Cumulative performance (%)

	Period of report 31/07/2012 to 31/07/2013	5 years 31/07/2008 to 31/07/2013	Since launch 13/08/1990 to 31/07/2013 ^c
Fund - A Accumulation	0.15	4.02	114.83
Benchmark ^a	0.37	3.91	221.04

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	0.15	0.43	0.42	0.37	2.60

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

Fund performance is shown net of standard rate tax, management fees and other expenses excluding dealing costs.

^a 3 Months GBP LIBID to 31/07/07, then 7 Day GBP LIBID.

^b Figures are as at valuation point.

^c Figures for Aberdeen Deposit Fund Unit Trust prior to 17 November 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.

Market review

Global economies remained weak during the period. Euro area concerns were prominent throughout as a Spanish banking bailout, bungled Italian election and EU bailout of Cyprus coupled with central bank easing in the US, UK and Japan saw gilt yields fall to historical lows. A partial agreement to the 'US Fiscal Cliff' and comments from the Federal Reserve (Fed) surrounding the "tapering" of its asset purchase programme led to a weaker tone across bond markets, and an aggressive rise in government bond yields in June.

UK economic data was generally weak over the period, although positive prints are becoming more regular. The final print for first quarter GDP was confirmed at +0.3% quarter-on-quarter although the annual rate was revised down 0.6% to +0.3% Year-on-Year (YoY), whilst the double-dip recession in 2012 was revised away. Second quarter GDP was also positive in July at +0.6%.

Inflation fell over the period, with the latest CPI Inflation figure down to 2.8% YoY, while the unemployment rate ended the period at 7.8%. The Construction, Manufacturing and Services Purchasing Managers Indices all ended the period higher and in expansive territory.

The Bank of England (BoE) left the main policy rate and the size of the Asset Purchase Facility unchanged at 0.5% and £375 billion respectively. May's meeting revealed an extension in the length of the Funding for Lending Scheme by one year to January 2015. The programme is set to include lending which involves certain non-bank providers of credit, while incentivising banks further to lend to small and medium sized enterprises.

There were two other announcements of note by the Monetary Policy Committee (MPC) over the period. Firstly, it was announced that coupons received by the Asset Purchase Scheme were to be transferred back to the Treasury in order to reduce outstanding debt. Whilst the methodology of this transfer is consistent with procedure in the US and Japan, it does raise further questions over the true independence of the BoE from the Government. The second announcement was that of the appointment of Mark Carney, who succeeded Mervyn King as Governor of the BoE in July. His standing in the financial industry and across political spectrums is high and the decision to appoint him was widely welcomed. Meanwhile, Sir Mervyn King's final Quarterly Inflation Report (QIR) noted a slightly more upbeat outlook for the UK economy, raising growth forecasts and lowering inflation forecasts. Elsewhere, the Chancellor came under increased pressure over his austerity plan as the UK is expected to endure an increase in public sector net debt, a continued weak growth outlook and a rise in government borrowing costs.

A statement was issued after Governor Mark Carney's first meeting in July voicing MPC concerns about the sharp increase in bond yields at the front-end of the yield curve. This mirrored commentary from Fed Chairman Ben Bernanke and European Central Bank president Mario Draghi after aggressive market moves since the pre-announcement of tapering by the Fed.

Portfolio review

The maturity profile of the Fund was extended throughout the period in order to take advantage of the potential yield falls we have seen. Maturities in the earlier part of the period were sold down early and reinvested long to continue to benefit from any further yield compression. This strategy has worked well throughout although it has been difficult to find quality issuers in the longer maturities. For liquidity we have preferred the 3-6 month area particularly towards the end of the reporting period as there has been little reward in reinvesting longer with the curve now so flat. We have continued to opportunistically add some additional yield through short dated fixed rate bonds and floating rate notes.

Outlook

Looking ahead, the most important event for UK rates markets will be the August QIR. There is talk and even some pricing in of a rate cut at the August MPC meeting. However, we believe that Governor Carney was brought in to improve the communication policy of the BoE and as a result the major announcement will likely be forward rate guidance.

It remains to be seen if rates are judged to remain on hold until certain thresholds are met, or for a particular amount of time, or a combination of both. However the net impact should be the same. The front-end of the curve should remain anchored for the foreseeable future stating a clear message to the real economy of this fact. A combination of accommodative monetary policy in the face of improving macroeconomic data, in developed market economies, will likely result in a steeper yield curve going forward. We do not expect any further traditional quantitative easing via gilt purchases until there is any aggressive increase in longer-term yields.

Portfolio breakdown

Portfolio of investments	As at 31 July 2013%	As at 31 July 2012%
Certificates of deposit	34.27	39.36
Fixed Deposits	-	2.62
Collective Investment Schemes	1.94	3.68
Commercial Papers	22.31	42.20
Corporate Bonds	36.85	12.09
Investment assets	95.37	99.95
Net other assets	4.63	0.05
Net assets	100.00	100.00

Fund facts

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

	Ongoing charges figure % as at 31/07/2013	Ongoing charges figure % as at 31/07/2012
Share class A	0.63	0.63
Share class I	0.38	0.38
Share class Z	0.13	0.13

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 - Income	0.27000	0.37000
Share class I - Income	0.48000	0.57000
Share class A - Accumulation	0.29955	0.40918
Share class I - Accumulation	0.53733	0.63465
Share class Z - Accumulation	0.86279	0.99908

Distributions are stated net of 20% income tax withheld. UK higher and additional rate taxpayers not holding through an ISA may have additional income tax to pay. Non taxpayers are not entitled to a refund of income tax withheld. Corporate investors may have an additional liability to corporation tax. Corporate investors may be entitled to a refund of income tax withheld to the extent that it exceeds their corporation tax liability.

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 - Income	99.90	100.03	(0.13)
Share class I - Income	99.90	100.03	(0.13)
Share class A - Accumulation	111.03	110.89	0.13
Share class I - Accumulation	112.16	111.77	0.35
Share class Z - Accumulation	104.38	103.66	0.70

Net of tax and expenses.

Performance record

Calendar year	Highest share price (p)	Lowest share price (p)
2009 Income A	100.76	99.96
2009 Income I	100.81	99.96
2009 Accumulation A	109.84	108.66
2009 Accumulation I	110.17	108.78
2009 ^A Accumulation Z	101.09	100.00
2010 Income A	100.18	99.93
2010 Income I	100.21	99.94
2010 Accumulation A	110.19	109.84
2010 Accumulation I	110.73	110.18
2010 Accumulation Z	102.01	101.11
2011 Income A	100.16	99.96
2011 Income I	100.21	99.95
2011 Accumulation A	110.58	110.18
2011 Accumulation I	111.33	110.74
2011 Accumulation Z	103.01	102.03

Calendar year		Highest share price (p)	Lowest share price (p)
2012	Income A	100.19	99.97
2012	Income I	100.23	99.96
2012	Accumulation A	111.10	110.59
2012	Accumulation I	112.08	111.34
2012	Accumulation Z	104.11	103.02
2013 ^B	Income A	100.13	99.93
2013 ^B	Income I	100.17	99.95
2013 ^B	Accumulation A	111.13	111.05
2013 ^B	Accumulation I	112.19	112.08
2013 ^B	Accumulation Z	104.41	104.11

^A Share class Z launched on 1 April 2009.

^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 1 because funds of this type have experienced very low 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 .
- 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 Cash 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

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