

# Aberdeen Managed Distribution Fund

Annual short report for the year ended 31 July 2013

## Investment objective and policy

The Fund aims to achieve both capital growth and an attractive level of income from a diversified portfolio. The Fund may invest in transferable securities and may also hold units in collective investment schemes (in particular, schemes managed by the Investment Adviser), money market instruments, warrants, derivatives and forward transactions, cash and near cash deposits.

## 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 may use derivatives for both investment and hedging purposes. The use of derivatives for investment purposes will increase the risk profile of the Fund while their use in hedging may restrict potential gains in a rising market.
- The Fund charges annual management charges to capital which will constrain capital growth.

## Cumulative performance (%)

	Period of report 31/07/2012 to 31/07/2013	5 years 31/07/2008 to 31/07/2013	Since launch 08/12/2003 to 31/07/2013 <sup>c</sup>
Fund - A Accumulation	10.33	54.07	87.50
Benchmark <sup>a</sup>	11.04	49.25	101.15

## Annual discrete performance to 31 July<sup>b</sup>

	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	10.33	8.50	11.75	17.83	(2.26)

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

<sup>a</sup> 50% FTSE All Share, 50% BofA Merrill Lynch Sterling Broad Market Index.

<sup>b</sup> Figures are as at valuation point.

<sup>c</sup> Figures for Aberdeen Managed Distribution Fund 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.

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

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## Market review

Overall asset performance was mixed with significant divergence between asset classes over the period under review. Risk assets, in particular, enjoyed a strong year. After an uninspiring start, markets were bolstered by central bank intervention, which largely trumped economic uncertainty and mixed corporate results for most of the period. However, assets sensitive to interest rate changes struggled in the latter stages, as fears mounted over a tapering of quantitative easing by the US Federal Reserve. Government bond valuations were driven to extreme levels. The resultant lack of yield encouraged investors to seek higher income in riskier assets, such as corporate bonds and equities.

The solid overall performance masked a stark divergence in returns between, and within, regional markets. In sterling terms, global stocks returned 26.3%, as measured by the FTSE World Index. Markets that outperformed the global index were US and Japanese equities. On the other hand, Asian and emerging markets suffered. Within the UK equity market, the small- and mid-cap sectors outperformed the FTSE 100 Index by some margin. The FTSE Small Cap index returned 38.5% and the FTSE 250 Index gained 37.3%, compared with the FTSE 100 Index's rise of 22%.

Investment returns within bonds were also mixed. The UK All Stocks Gilt Index shed 3.6 %, as longer-duration assets produced the weakest performance. Credit fared reasonably well, with the ML Non Gilts benchmark index gaining 4.5%.

## Portfolio review

The Fund saw positive cash flows, which enabled incremental purchases across the portfolio during the period. As conditions permitted, we increased the equity exposure during the fourth quarter of 2012. Risk markets rallied into the year-end, buoyed by the continued accommodative environment created by the key global central banks. As this trend matured, the Fund's risk positioning was dampened. The extent to which markets, equities in particular, had advanced at a rapid rate without any fundamental support was a concern. As risk positions were reduced, allocations to government bonds rose.

Throughout the year, we took the opportunity to increase allocations to infrastructure assets. Cash balances rose slightly towards the period-end.

## Outlook

Economically, encouraging signs are beginning to emerge. However, it is also fair to say some uncertainties remain. Public-sector debt issues in Europe and the US could take several years to resolve. Growth is consequently likely to remain low for some time. A pause at least in risk assets is understandable, especially given the Federal Reserve's most recent statement and the seemingly inexorable rise of markets so far this year. Fortunately, though, investment opportunities remain. A discerning and nimble approach is perhaps prudent in the near term as markets digest and reflect on the latest news.

## Portfolio breakdown

Portfolio of investments	As at 31 July 2013%	As at 31 July 2012%
Oil & Gas	6.04	6.29
Basic Materials	2.69	2.74
Industrials	3.74	2.72
Consumer Goods	5.38	5.47
Health Care	3.53	3.59
Consumer Services	5.28	5.63
Telecommunications	2.81	2.19
Utilities	3.64	3.44
Financials	15.24	14.97
Technology	1.16	1.79
Collective Investment Schemes	48.75	48.79
Future contracts	(0.04)	-
<b>Investment assets</b>	<b>98.22</b>	<b>97.62</b>
<b>Net other assets</b>	<b>1.78</b>	<b>2.38</b>
<b>Net assets</b>	<b>100.00</b>	<b>100.00</b>

## 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	1.37
Share class I	0.74
	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 of 0.08% (2012 - 0.05%), 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	3.6700	3.6400
Share class A - Accumulation	5.1376	4.9386
Share class I - Income	3.0500	N/A
Share class I - Accumulation	3.0837	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.

## 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	124.58	116.14	7.27
Share class A - Accumulation	177.67	160.75	10.53
Share class I - Income	106.48	N/A	N/A
Share class I - Accumulation	109.63	N/A	N/A

Net of tax and expenses.

## Performance record

Calendar year	Highest share price (p)	Lowest share price (p)
2009 Income A	102.20	75.76
2009 Accumulation A	127.85	92.77
2010 Income A	111.35	98.46
2010 Accumulation A	144.47	125.01
2011 Income A	113.84	105.59
2011 Accumulation A	153.38	141.13
2012 Income A	118.70	111.79
2012 Accumulation A	165.22	153.26
2012 <sup>A</sup> Income I	101.25	99.04
2012 <sup>A</sup> Accumulation I	101.75	99.52
2013 <sup>B</sup> Income A	128.35	118.19
2013 <sup>B</sup> Accumulation A	181.41	164.50
2013 <sup>B</sup> Income I	109.62	100.76
2013 <sup>B</sup> Accumulation I	111.88	101.26

<sup>A</sup> I share class launched on 1 October 2012.

<sup>B</sup> 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 5 because funds of this type have experienced medium to 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:
- Bonds: 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.
- Derivatives for investment purposes: The Fund can use derivatives in order to meet its investment objectives or to protect from price and currency movements. 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.
- 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](http://www.aberdeen-asset.co.uk)

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## 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](http://www.aberdeen-asset.co.uk)

[www.aberdeenukprices.com](http://www.aberdeenukprices.com)

Alternatively please contact our Customer Services Team on:

Tel: **0845 300 2890**

Email: [customer.services@aberdeen-asset.com](mailto: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 Managed Distribution 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.

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## Appointments

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Aberdeen Fund Managers Limited

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**Auditors**  
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Edinburgh  
EH1 2EG

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## Contact us

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visit [www.aberdeen-asset.com](http://www.aberdeen-asset.com)



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