

# Aberdeen World Equity Fund

Annual short report for the year ended 31 July 2013

## Investment objective and policy

The investment objective of Aberdeen World Equity Fund is to provide long term total return from an internationally diversified portfolio of equities.

## 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 value of your investment will rise or fall with any movement in exchange rates.

## Cumulative performance (%)

	Period of report 31/07/2012 to 31/07/2013	5 years 31/07/2008 to 31/07/2013	Since launch 01/09/1983 to 31/07/2013
Fund - A Income	15.88	53.78	882.63
Benchmark <sup>A</sup>	28.11	65.82	N/A

## 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	15.88	4.04	13.77	18.32	(5.24)

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

<sup>A</sup> MSCI World Index.

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

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

Equities worldwide rallied during the year under review, following concerted efforts by major central banks to stimulate the faltering global economy, underlining the shared sense of urgency. In particular, the US unveiled a third round of quantitative easing, while an agreement was reached on the budget deal following the re-election of President Obama. The European Central Bank's plan to buy unlimited amounts of short-term bonds in cash-strapped nations also lifted sentiment, as did its interest rate cut to a record low of 0.5%. However, gains were pared following US Federal Reserve chairman Bernanke's hint at a possible end to monetary easing, although he reiterated much later that policy would remain accommodative, which reassured investors. In Asia, decelerating growth in China weighed on sentiment, whereas Japan's economy responded to Prime Minister Abe's aggressive expansionary policies. Nevertheless, the global economy still struggled to gain traction through the review period – although second-quarter GDP growth in the US improved, it still remains below historical levels, while weak domestic consumption in the Eurozone prompted the European Central Bank to lower its economic outlook for both 2013 and 2014.

## Portfolio review

The Fund's underperformance was largely a result of the non-benchmark exposure to Brazil, where our holdings such as miner Vale, Banco Bradesco and Petrobras were among the main detractors. Generally, Brazilian equities and the real were affected by slowing growth and anti-government protests. Vale was also hurt by disappointing manufacturing data from China, one of its main export markets, while Banco Bradesco's second-quarter profit growth missed estimates. Costing the Fund as well was stock selection in Canada, where Potash Corp was the top detractor. The fertiliser producer's share price suffered late in the period following the decision by one of its Russian competitors, Uralkali, to quit one of the world's two biggest potash cartels. This has caused severe uncertainty and the very real possibility of significantly lower prices for this key crop nutrient.

On a positive note, the lack of exposure to US technology company Apple helped the Fund the most, as the stock sold off due to intense competition and a lack of new innovations. It also reported its slowest growth rate in years in January and indicated that the trend may continue. Our holding in Swiss drugmaker Roche also contributed to relative performance, as its share price was lifted by news that it received regulatory approval for its breast cancer therapy, as well as arthritis and colorectal cancer drugs; it also formed a partnership with AstraZeneca to share research data. Elsewhere, EOG Resources was supported by solid growth in oil and natural gas revenues.

In portfolio activity, we introduced several US holdings at attractive valuations. These included Chevron, a well-managed integrated oil business with a solid asset base and stable growth, driven by its upstream operations; industrial gas company Praxair, which enjoys good pricing power, high barriers to entry and long-term contracts that afford decent visibility; as well as health care equipment supplier Baxter International, which has a sound balance sheet and healthy cash flow. We also initiated positions in global miner BHP Billiton because of its high quality assets and attractive valuations, as well as South African-listed telecoms company MTN Group, given its attractive growth profile, cash flow generation and progressive dividend policy. Against this, we divested Kraft Foods as valuations appeared expensive and the outlook more lacklustre after it spun off its snack food business Mondelez, as well as China Mobile in view of more attractive investment opportunities elsewhere.

## Outlook

There has been a pick-up in economic activity in the developed world, particularly the US and Japan. In particular, business confidence in Japan has strengthened considerably and profitability is improving. As well, further market-friendly policies are expected to be announced following prime minister Shinzo Abe's victory in the upper house elections. Conversely, economic conditions for some emerging economies have deteriorated, with clear signs of stress in China, particularly that of excessive credit growth. We remain cautious on the overall global economic outlook, preferring to focus on the core fundamentals of companies instead.

## Portfolio breakdown

Portfolio of investments	As at 31 July 2013%	As at 31 July 2012%
United Kingdom	17.89	17.18
Europe (excluding UK)	23.72	22.92
North America	29.43	26.55
Latin America	7.05	7.31
Japan	5.23	5.46
Asia Pacific	11.18	14.97
Collective Investment Schemes	-	2.51
<b>Investment assets</b>	<b>94.50</b>	<b>96.90</b>
<b>Net other assets</b>	<b>5.50</b>	<b>3.10</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 October

  

	Ongoing charges figure % as at 31/07/2013	Ongoing charges figure % as at 31/07/2012
Share class A	1.65	1.63
Share class I	1.15	1.13
Share class Z	0.15	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	2.2000	2.1700
Share class A - Accumulation	2.4569	2.3887
Share class I - Income	2.0900	N/A
Share class I - Accumulation	3.3970	3.2466
Share class Z - Accumulation	5.4734	5.2706

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	161.73	140.60	15.03
Share class A - Accumulation	182.71	156.68	16.62
Share class I - Income	113.63	N/A	N/A
Share class I - Accumulation	187.45	159.94	17.20
Share class Z - Accumulation	200.68	169.52	18.38

Net of tax and expenses.

## Performance record

Calendar year		Highest share price (p)	Lowest share price (p)
2009	Income A	125.66	80.28
2009	Accumulation A	133.96	84.29
2009	Accumulation I	134.97	84.68
2009	Accumulation Z	139.43	86.83
2010	Income A	140.96	117.64
2010	Accumulation A	152.30	125.42
2010	Accumulation I	154.22	126.43
2010	Accumulation Z	160.90	130.74
2011	Income A	145.81	120.42
2011	Accumulation A	157.83	132.13
2011	Accumulation I	160.23	134.21
2011	Accumulation Z	168.05	140.93

Calendar year		Highest share price (p)	Lowest share price (p)
2012	Income A	146.39	131.13
2012	Accumulation A	163.13	144.51
2012 <sup>A</sup>	Income I	103.04	97.74
2012	Accumulation I	166.87	147.38
2012	Accumulation Z	177.60	155.91
2013 <sup>B</sup>	Income A	171.57	146.35
2013 <sup>B</sup>	Accumulation A	191.70	163.09
2013 <sup>B</sup>	Income I	120.74	103.02
2013 <sup>B</sup>	Accumulation I	196.49	166.84
2013 <sup>B</sup>	Accumulation Z	209.95	177.60

<sup>A</sup> I Income 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 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 risk 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.
- 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)

---

## 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 World Equity 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**

Aberdeen Fund Managers Limited

### **Head Office**

10 Queens Terrace  
Aberdeen  
AB10 1YG

### **Registered Office**

Bow Bells House  
1 Bread Street  
London  
EC4M 9HH

### **Depository**

National Westminster Bank Plc  
Trustee & Depository Services  
Younger Building  
3 Redheughs Avenue  
Edinburgh  
EH12 9RH

### **Auditors**

KPMG Audit PLC  
Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EG

### **Registrar**

International Financial Data Services (UK) Limited  
IFDS House  
St. Nicholas Lane  
Basildon  
Essex  
SS16 5FS  
(the register of shareholders can be inspected at  
this address)

## Contact us

### **Phone**

(Lines are open 9:00am to 5:00pm, Mondays  
to Fridays, excluding bank holidays)

Dealing	0800 833 580
Customer Services	0845 300 2890
Broker Desk	0800 592 487

### **Post**

All enquiries Aberdeen Fund Managers Limited,  
PO Box 9029, Chelmsford, CM99 2WJ

For more information on Aberdeen Asset  
Management PLC and our product range please  
visit [www.aberdeen-asset.com](http://www.aberdeen-asset.com)



**Recycled**  
Supporting responsible use  
of forest resources  
[www.fsc.org](http://www.fsc.org) Cert no. SA-COC-1605  
© 1996 Forest Stewardship Council



