

Aberdeen European Equity Fund

Interim short report for the six month period to 31 January 2014

Investment objective and policy

The Fund aims for maximum capital growth through investment in a broad spread of European securities. The Manager will invest in European companies which offer good prospects for capital growth. Whilst the Fund will invest principally in companies incorporated in Europe, the Manager may also invest in companies which derive an important proportion of their earnings from European trade or operations. It is intended that the Fund will have minimal exposure to the UK. The Manager will also take opportunities as they arise to invest in European emerging markets.

Cumulative performance (%)

	Period of report 31/07/2013 to 31/01/2014	5 Years 31/01/2009 to 31/01/2014	Since launch 08/11/1991 to 31/01/2014 ^B
Fund - A Accumulation	(6.05)	65.39	398.71
Benchmark ^A	1.74	79.77	681.23

Annual discrete performance to 31 January

	31/01/2013 to 31/01/2014	31/01/2012 to 31/01/2013	31/01/2011 to 31/01/2012	31/01/2010 to 31/01/2011	31/01/2009 to 31/01/2010
% change	0.95	19.99	(7.60)	15.69	27.73

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

^A FTSE Europe ex UK Index.

^B Figures for Aberdeen European Growth Unit Trust prior to 16 December 2005.

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

European equities edged higher in the face of increased volatility in the six months under review. Sentiment was buoyant initially, boosted by improving macroeconomic conditions and loose monetary policy. Even the US Federal Reserve's (Fed) decision to taper quantitative easing was met with hope that America was recovering, which could herald better earnings growth. However, the regional benchmark gave up the bulk of its gains towards the period-end, as familiar fears over a possible slowdown in China and its impact on emerging markets fuelled risk aversion, while the Fed's move to cut asset purchases by another US\$10 billion added further pressure.

Portfolio review

At the stock level, our holdings in Fugro and Swedish Match detracted from relative performance. Fugro reported a solid overall set of results but underperformed following concerns over a decline in oil and gas activity. Swedish Match has been facing increased competition at the low value end of the market for snus in Scandinavia, as well as intense rivalry in US cigars.

Conversely, our lack of exposure to Sanofi, together with our holding in Fuchs Petrolub, contributed to performance. French pharmaceutical company Sanofi strongly aided our relative performance after it cut its guidance and expected a fall in profits due to increased competition from generic drugs. Fuchs Petrolub delivered strong results during the year due to healthy volume increases and favourable raw material pricing.

In portfolio activity, we introduced Swatch for its portfolio of brands that include Breguet, Omega, Longines, Rado, and Tissot. We feel that it is positioned well for long-term growth, operates in an attractive industry, and is backed by good management and conservative financing. We also took advantage of share price weakness to add to Swedish lender Svenska Handelsbanken, and to Syngenta because of attractive valuations and its exposure to growing markets for its products. Against this, we took profits from Givaudan, Fuchs Petrolub and Dassault Systemes following their strong share price performances, and pared Casino Guichard Perrachon to fund better opportunities elsewhere.

Outlook

European stockmarkets have paused for breath after last year's heady liquidity-driven rally. For stock prices to keep rising, there needs to be further evidence of sustained earnings growth. Structural risks persist though. Among these are high unemployment and the spectre of deflation that has cast a pall over the slowly improving GDP numbers. However, firming growth prospects, particularly at the periphery, are likely to give market sentiment a boost, at least in the short term.

Portfolio breakdown

Portfolio of investments	As at 31 January 2014%	As at 31 July 2013%
Austria	2.98	2.94
Denmark	4.07	3.58
France	19.33	20.72
Germany	9.53	10.51
Italy	2.68	2.58
Netherlands	12.39	13.21
Norway	4.11	3.67
Spain	2.97	2.47
Sweden	17.28	16.69
Switzerland	23.88	22.12
Investment assets	99.22	98.49
Net other assets	0.78	1.51
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 31/01/2014	Ongoing charges figure % as at 31/07/2013
Share class A	1.67	1.64
Share class I	0.92	0.91
Share class Z	0.17	0.14

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.

Performance summary

	Net asset value as at 31/01/2014 pence per share	Net asset value as at 31/07/2013 pence per share	Net asset value % change
Share class A - Accumulation	131.20	139.93	(6.24)
Share class I - Accumulation	125.26	133.09	(5.88)
Share class Z - Accumulation	145.09	153.65	(5.57)

Net of tax and expenses.

Performance record

Calendar year		Highest share price (p)	Lowest share price (p)
2009	Accumulation A	111.34	65.18
2009 ^A	Accumulation I	103.72	93.13
2009	Accumulation Z	115.86	67.17
2010 ^{BC}	Accumulation A	117.85	95.89
2010 ^{BC}	Accumulation I	110.37	89.54
2010 ^C	Accumulation Z	124.49	100.40
2011	Accumulation A	126.30	92.69
2011	Accumulation I	118.49	87.13
2011	Accumulation Z	134.11	98.99
2012	Accumulation A	121.27	101.98
2012	Accumulation I	114.79	96.19
2012	Accumulation Z	132.00	110.05
2013	Accumulation A	143.11	121.21
2013	Accumulation I	135.91	114.75
2013	Accumulation Z	156.68	131.97
2014 ^D	Accumulation A	137.72	130.79
2014 ^D	Accumulation I	131.44	124.87
2014 ^D	Accumulation Z	152.20	144.64

^A Share class I Accumulation launched on 9 October 2009, when Aberdeen European Fund, a sub-fund of Aberdeen International Funds ICVC amalgamated into the Fund.

^B Aberdeen European Opportunities Fund, a sub-fund of Aberdeen Investment Funds ICVC amalgamated into the Fund on 12 March 2010.

^C The Fund changed its name on 12 March 2010.

^D to 31 January 2014.

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 January 2014.

- 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

Other information

Initial Charge

On 17 February 2014 the initial charge was removed from Aberdeen European Equity Fund. This change reflects a movement in the UK funds' industry towards increased transparency of fund charges and associated costs.

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 European Equity Fund is a sub-fund of Aberdeen Investment Funds ICVC, an openended 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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