

Aberdeen Multi-Asset Fund

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

Investment objective and policy

The investment objective of Aberdeen Multi-Asset Fund is to provide long term total return 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 and deposits.

Note: The term 'total return' means a combination of income and capital growth and no positive return is implied.

Cumulative performance (%)

	Period of report 31/07/2013 to 31/01/2014	5 Years 31/01/2009 to 31/01/2014	Since launch 09/05/2005 to 31/01/2014
Fund - A Accumulation	(4.19)	72.01	79.44
Benchmark ^A	0.34	75.59	98.51

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	1.66	11.67	2.70	15.68	27.55

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

^A Composite Benchmark (40% FTSE ALL Share, 25% MSCI World ex UK, 15% FTSE A Brit All Stocks, 5% HFRI Offshore Conservative, 5% FTSE Small Cap, 7.5% 7 Day Libid, 2.5% Macquarie Global Infrastructure 100 Index).

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

Investment markets were driven by sentiment and policy moves of central banks over the six months under review, as had been the case over the past several quarters. At the forefront was the US Federal Reserve, with its announcement of the start of a tapering of its asset purchases. Emerging markets took fright at the prospect of higher interest rates and suffered sizeable losses. Concerns over China's growth also played a part in exacerbating this market tumble. In Japan, quantitative easing is at a different stage. The central bank is on an easing path with some ammunition still intact (unlike the US which is clearly past the point of maximum accommodation). In Europe, the focus has been on economic stability, with expectations of improvement. UK data have been more positive and confirmed by notable sterling strength. On the continent, the outlook is patchier. While central banks are committed to maintaining loose monetary policy for some time to come, sentiment took a sharp dive towards the end of the period, not least in those markets which have been fed a diet of unprecedented liquidity.

While global equity markets fell over the review period, results were mixed across and within regions. In sterling terms, European markets fared well, especially the UK, given sterling's strength. Asian markets were among the poorest performers, with a decline of 4.9% as measured by the FTSE AW Asia Pacific ex Japan Index. Within bonds, yields for longer-dated UK bonds fell but those for maturities under eight years rose slightly. As a result, the longer-dated indices reaped the highest return. Non-UK bonds posted a negative return of 6.5% on the back of sterling strength, as measured by the Citigroup World Government Bond Index.

Portfolio review

Our main change to the portfolio was to reduce Asian currency risk by selling our position in the Aberdeen Asian Local Currency Short Duration Bond Fund. While the portfolio still has a sizeable exposure to Asian and emerging markets in terms of equity, short-term concerns led us to trim this exposure. Along with the divestment, we increased the equity weighting through additional purchases in the UK, where we are more comfortable with the outlook and market valuation metrics. We also favoured increasing the portfolio's exposure to sterling assets.

In terms of performance, the equity segment was the main cause of the portfolio's underperformance, in particular the underweight to the US and the overweight to Asia and the emerging markets.

Outlook

Accommodative monetary policy will remain one of the dominant themes for 2014. Investors will, thus, continue to face distorted asset prices and low yields in another year of abundant liquidity and near-zero interest rates. Our central scenario for 2014 is unchanged from the fourth quarter of 2013. Continued benign conditions will be supportive of risk assets. In particular, equity markets could be driven higher by continued price-to-earnings multiple expansion rather than corporate profits, although that will make the asset class increasingly vulnerable to setbacks. Moves towards more normal monetary policies and a pick-up in economic activity will weigh on bond markets, but the rise in yields is likely to be modest, given the commitment from central banks to maintain key policy rates at low levels.

Portfolio breakdown

Portfolio of investments	As at 31 January 2014%	As at 31 July 2013%
United Kingdom	42.30	35.95
Europe, Middle East & Africa	9.30	8.33
North America	11.23	11.10
Latin America	1.97	1.94
Japan	1.20	1.47
Asia	4.20	4.30
Alternative Investment	14.57	14.26
Collective Investment Schemes	15.19	22.48
Futures	-	(0.09)
Investment assets	99.96	99.74
Net other assets	0.04	0.26
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 31/01/2014	Ongoing charges figure % as at 31/07/2013
Share class A	1.68	1.66
Share class I	0.94	0.96

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 a synthetic element of 0.11% (2013 - 0.11%), to incorporate the ongoing charges of any underlying collective investments.

Distribution summary

	Total distribution (p) for the period to 31/01/2014	Total distribution (p) for the period to 31/01/2013
Share class A - Income	0.4400	0.6300
Share class I - Income	0.6700	0.7000
Share class A - Accumulation	0.4945	0.6996
Share class I - Accumulation	1.3346	1.3687

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 tax 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 31/01/2014 pence per share	Net asset value as at 31/07/2013 pence per share	Net asset value % change
Share class A - Income	180.76	188.73	(4.23)
Share class I - Income	106.72	111.45	(4.23)
Share class A - Accumulation	203.65	212.12	(3.99)
Share class I - Accumulation	213.93	222.00	(3.64)

Net of tax and expenses.

Performance record

Calendar year		Highest share price (p)	Lowest share price (p)
2009	Income A	146.43	97.54
2009	Accumulation A	155.90	102.52
2009	Accumulation I	159.99	104.87
2010	Income A	164.75	140.14
2010	Accumulation A	177.79	149.80
2010	Accumulation I	183.36	153.82
2011	Income A	169.73	148.43
2011	Accumulation A	183.75	162.59
2011	Accumulation I	189.99	168.31
2012	Income A	172.61	159.07
2012	Accumulation A	191.69	175.09
2012 ^A	Income I	102.18	98.78
2012	Accumulation I	199.78	181.82

Calendar year		Highest share price (p)	Lowest share price (p)
2013	Income A	196.19	172.94
2013	Accumulation A	218.64	192.05
2013	Income I	116.10	102.38
2013	Accumulation I	228.51	200.18
2014 ^B	Income A	187.68	180.74
2014 ^B	Accumulation A	210.94	203.13
2014 ^B	Income I	111.22	107.13
2014 ^B	Accumulation I	221.55	213.39

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

^B 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 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:
 - 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.
 - 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.
- A full risk 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 Multi-Asset 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 Multi-Asset 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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