

# Aberdeen World Equity Fund

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

## 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.

## Cumulative performance (%)

	Period of report 31/07/2013 to 31/01/2014	5 Years 31/01/2009 to 31/01/2014	Since launch 01/09/1983 to 31/01/2014
Fund - A Income	(6.44)	70.47	819.32
Benchmark <sup>A</sup>	(1.20)	91.77	N/A

## 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	(1.23)	14.69	1.48	18.00	25.66

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

<sup>A</sup> MSCI World 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.

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## Market review

Global equities declined during the interim period; losses were particularly acute towards the end of the period. Dominating investor sentiment was the Federal Reserve's about-turns with regards to its views on tapering. Initially, the US Federal Reserve maintained that it will not taper its bond purchase programme until there is sustained economic improvement, although that statement was subsequently reversed, albeit temporarily. Developed markets applauded the Federal Reserve's long-awaited decision to reduce its asset purchases gradually from January 2014, which ended months of uncertainty. Sentiment also strengthened following loose monetary policy in the developed world, such as the European Central Bank's unexpected rate cut by 25 basis points to 0.25%. Japanese equities responded positively to the yen's weakness as well, driven in part by the Bank of Japan's continued efforts to expand the monetary base. However, mixed US and Chinese data and the start of the Federal Reserve's tapering of assets led to renewed turmoil in emerging economies, which fuelled risk aversion. In particular, emerging markets' currencies suffered a sharp sell-off, which forced several central banks to raise interest rates.

## Portfolio review

Top stock contributors to relative performance included UK Telco Vodafone, Korea's Samsung Electronics and Swiss drugmaker Roche. Vodafone's shares climbed after partner Verizon agreed to buy out its stake in their wireless joint venture. Speculation of a possible takeover by US network company AT&T also boosted its shares. Samsung Electronics' shares did well as third-quarter operating profits rose to a record 10.1 trillion won. Roche upgraded its profit forecast, following rising sales from its cancer drugs.

Conversely, Australia's QBE Insurance was the top detractor from relative return. QBE's shares fell on the back of the company's warning of a reported net loss of US\$250 million this financial year. This followed a strategic review of its North American operations which resulted in additional provisions, restructuring charges and a goodwill write-down totalling US\$1.93 billion. The chairperson, in acknowledgement, announced that she will bring forward her retirement from the board. However, the core underwriting business remains profitable and, barring any catastrophe, the capital base remains robust. We have also stepped up our engagement with management.

Costing the Fund as well were our holdings in Banco Bradesco and US tobacco company Philip Morris International. Bradesco fell in line with the sector on the back of concerns over a lawsuit by depositors, which dates back to the 90s and could cost the banking sector an estimated US\$65 billion. The lender also forecast lower net interest income as a result of high interest rates. Philip Morris's shares suffered after it downgraded its profit outlook for 2014.

In portfolio activity, we sold Japan's Canon in view of better opportunities elsewhere.

## Outlook

Risk assets could come under further pressure, as the preference for safe havens may remain for some time. In particular, emerging markets are likely to witness further volatility, although objectively speaking, the sell-off appears to be overdone. Amid recent market gyrations, selective valuations have fallen to decent levels, which could present long-term buying opportunities. We remain comfortable with our emerging markets exposure in the portfolio, as we believe their long-term fundamentals remain intact.

Looking at the global economy, the risks are primarily political and policy-related, given that several countries such as the US, Brazil, India and South Africa will be holding elections this year. With regards to China, excessive credit growth still presents systemic risks to the economy. As well, slower growth in China will weigh on exporters globally. In view of the increased uncertainty, we remain cautious in our outlook.

## Portfolio breakdown

Portfolio of investments	As at 31 January 2014%	As at 31 July 2013%
United Kingdom	18.50	17.89
Europe (excluding UK)	23.61	23.72
Latin America	7.73	7.05
North America	30.69	29.43
Japan	4.41	5.23
Asia Pacific	10.84	11.18
<b>Investment assets</b>	<b>95.78</b>	<b>94.50</b>
<b>Net other assets</b>	<b>4.22</b>	<b>5.50</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 31/01/2014	Ongoing charges figure % as at 31/07/2013
Share class A	1.64	1.65
Share class I	1.14	1.15
Share class Z	0.14	0.15

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 period to 31/01/2014	Total distribution (p) for the period to 31/01/2013
Share class A - Income	0.2500	0.4000
Share class A - Accumulation	0.2824	0.4458

	Total distribution (p) for the period to 31/01/2014	Total distribution (p) for the period to 31/01/2013
Share class I - Income	0.4600	0.5300
Share class I - Accumulation	0.7589	0.8583
Share class Z - Accumulation	1.8000	1.8078

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	150.92	161.73	(6.69)
Share class A - Accumulation	170.78	182.71	(6.53)
Share class I - Income	106.01	113.63	(6.69)
Share class I - Accumulation	175.64	187.45	(6.30)
Share class Z - Accumulation	189.00	200.68	(5.82)

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
2012	Income A	146.39	131.13
2012	Accumulation A	163.13	144.51
2012 <sup>A</sup>	Income I	103.04	97.74

Calendar year		Highest share price (p)	Lowest share price (p)
2012	Accumulation I	166.87	147.38
2012	Accumulation Z	177.60	155.91
2013	Income A	171.57	146.35
2013	Accumulation A	191.70	163.09
2013	Income I	120.74	103.02
2013	Accumulation I	196.49	166.84
2013	Accumulation Z	209.95	177.60
2014 <sup>B</sup>	Income A	157.78	151.16
2014 <sup>B</sup>	Accumulation A	178.24	170.77
2014 <sup>B</sup>	Income I	111.10	106.46
2014 <sup>B</sup>	Accumulation I	183.28	175.62
2014 <sup>B</sup>	Accumulation Z	197.14	188.98

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

<sup>B</sup> 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](http://www.aberdeen-asset.co.uk)

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## Other information

### Initial Charge

On 17 February 2014 the initial charge was removed from Aberdeen World 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](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.

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## Appointments

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