

Aberdeen North American Equity Fund

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

Investment objective and policy

The Fund aims to achieve capital growth from a portfolio of North American securities.

Cumulative performance (%)

	Period of report 31/07/2013 to 31/01/2014	5 Years 31/01/2009 to 31/01/2014	Since launch 26/02/1982 to 31/01/2014 ^B
Fund - A Accumulation	(4.28)	75.63	1,327.45
Benchmark ^A	2.25	113.94	4,059.90

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	10.48	14.33	0.56	18.39	16.80

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

^A S&P 500 Index (lagged by 1 day)

^B Figures for Aberdeen American Growth Fund, a sub-fund of Aberdeen Investments I prior to 10 April 2006.

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

North American equities rose in US dollar terms (but fell in sterling terms) in the six-month period under review. During the period, the S&P 500 Index rallied to all-time highs, supported by the release of generally positive US economic data and continued accommodative monetary policy—despite the Federal Reserve's decision to reduce its bond-buying programme. The market rally through the end of 2013 was driven primarily by valuation expansion, unlike in 2011 and 2012 when earnings growth was the primary factor that drove higher returns. Following a strong end to 2013, the market opened the year by posting negative returns amid concerns that valuation levels were too high in the face of economic slowdown in China and data reflecting a weak US holiday retail season.

Portfolio review

The largest detractor from the fund's relative performance was retailer Target Corporation., which experienced slower traction in its Canadian store expansion and suffered a security breach by hackers seeking customer credit card data. Tobacco company Philip Morris International saw disappointing volumes in 2013 amid excise tax increases in several regions and broadly slower growth from many emerging market countries, as well as currency headwinds. Lastly, the absence of exposure to Google also hampered the fund's performance as the stock performed well over the reporting period.

The fund's primary contributor to performance was IT services provider Cognizant Technology Solutions; its shares rose on receding risks from immigration legislation as the US Congress focused on more pressing issues such as the federal budget and debt ceiling. Media and cable company Comcast benefited from strength in the business services and broadband units within its cable division, which continue to offset declines in its video subscriber base. Shortly after the end of the reporting period, Comcast announced an agreement to acquire Time Warner Cable for US\$45.2 billion in stock. The merger, which is subject to review by the US Federal Communications Commission, is expected to result in significant cost savings for Comcast and substantially increase its cash flow. Meanwhile, loyalty programs and marketing solutions provider Alliance Data System reported earnings that reflected consistent performance across all three of its business segments.

During the interim period, we initiated holdings in International Flavors & Fragrances and Equifax, a consumer credit reporting company. We believe both businesses have good barriers to entry, healthy long-term outlooks, and pragmatic management teams. We exited the position in Kellogg given continued pressures on its core cereal business and management's poor execution of its growth and margin expansion initiatives.

Outlook

Looking ahead, we expect corporate fundamentals to remain resilient with continued healthy profitability. Corporate operating margins have progressively expanded for the past few years and we believe they should remain stable with an upward bias in the near term. Given the strong balance sheets and healthy cash-flow generation of the companies we hold, our main concerns are potential revenue disappointments and earnings shortfalls.

Similar to last year, we expect earnings per share growth of mid-single digits in 2014, driven by real gross domestic product growth close to 3%, and scope for incremental operating margin expansion. We think that total returns may be supplemented by further share repurchases and dividends. With valuation expansion still possible, we believe total returns for large-cap stocks may be lower than in 2013, but should remain respectable.

We believe valuations across sectors are currently quite closely aligned, which is likely to change over the months ahead. While we remain focused on bottom-up analysis, our recent company visits have uncovered certain sectors that we feel could hold more risk-adjusted value. Rapid shifts in technology could influence some companies' long-term prospects, while many smaller and more nimble companies appear to be making inroads against their larger counterparts. We believe the energy sector will continue to benefit from attractive and largely stable commodity prices and expanding domestic production. Across the industrial sector, the past few years have seen widespread cost-cutting and efficiency gains, which have improved profitability and positioned many companies for earnings and cash-flow growth against even mild revenue expansion.

Portfolio breakdown

Portfolio of investments	As at 31 January 2014%	As at 31 July 2013%
Industrials	10.35	8.71
Materials	6.48	5.54
Consumer Staples	16.02	17.57
Financials	13.64	14.65
Health Care	13.09	14.15
Consumer Discretionary	11.64	13.04
Energy	10.32	9.84
Information Technology	14.38	14.35
Telecommunications Services	2.18	1.55
Investment assets	98.10	99.40
Net other assets	1.90	0.60
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	1.63	1.63
Share class I	0.88	0.91

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	1,434.20	1,509.53	(4.99)
Share class I - Accumulation	1,525.08	1,599.07	(4.63)

Net of tax and expenses.

Performance record

Calendar year		Highest share price (p)	Lowest share price (p)
2009 ^A	Accumulation A	1,014.12	669.10
2009 ^A	Accumulation I	1,053.12	692.02
2010	Accumulation A	1,155.06	939.50
2010	Accumulation I	1,205.39	978.15
2011	Accumulation A	1,203.90	949.67
2011	Accumulation I	1,259.75	994.35
2012	Accumulation A	1,219.43	1,097.29
2012	Accumulation I	1,285.30	1,151.00
2013	Accumulation A	1,526.47	1,199.06
2013	Accumulation I	1,617.13	1,264.93
2014 ^B	Accumulation A	1,501.49	1,426.24
2014 ^B	Accumulation I	1,596.16	1,516.54

^A Aberdeen US Alpha Equity Fund, a sub-fund of Aberdeen International Funds ICVC amalgamated into the Fund on 9 October 2009.

^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 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

Name Change

On 01 January 2014 the name of the fund changed from Aberdeen American Equity Fund to Aberdeen North American Equity Fund.

Initial Charge

On 17 February 2014 the initial charge was removed from Aberdeen North American 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 North American 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

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