

Aberdeen Cash Fund

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

Investment objective and policy

The investment objective of Aberdeen Cash Fund is to produce an attractive level of income commensurate with security principally by investing in cash deposits and money market instruments. The Fund may also invest in transferable securities and in collective investment schemes, including those managed by the ACD or companies related to the ACD. The Fund is a money market fund as such term is defined by the COLL sourcebook and the Fund's investment objective and policies will meet the requirements of this definition on an ongoing basis.

Cumulative performance (%)

	Period of report 31/07/2013 to 31/01/2014	5 Years 31/01/2009 to 31/01/2014	Since launch 13/08/1990 to 31/01/2014 ^B
Fund - A Accumulation	(0.03)	1.95	114.77
Benchmark ^A	0.18	2.19	221.71

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	(0.05)	0.42	0.36	0.34	0.85

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

Fund performance is shown net of standard rate tax, management fees and other expenses excluding dealing costs.

^A 3 Months GBP LIBID to 31/07/07, then 7 Day GBP LIBID.

^B Figures for Aberdeen Deposit Fund Unit Trust prior to 17 November 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

Over the period bond market sentiment in the UK was driven by a raft of positive domestic survey data prints, positive global economic data, interpretation of global central bank policy and the US Federal Reserve's widely anticipated decision to taper the size of their asset purchase programme. Despite the improvement in sentiment, the Monetary Policy Committee (MPC) left both the main policy rate and the size of the Asset Purchase Facility unchanged at 0.50% and £375 billion respectively.

The market has been testing the MPC's forward rate guidance which had been introduced at the beginning of Governor Carney's tenure in June last year. The MPC had indicated that they did not expect to raise base rates until the unemployment rate dropped below the threshold of 7%, however, unemployment has surprised the market by falling quicker than the MPC's expectations, and the threshold is likely to be reached much sooner than expectations. As such the market has been forwarding pricing an earlier hike in rates in anticipation that unemployment will be hitting the threshold possibly as soon as Q1 2014, currently 7.1%. Indeed the UK may be the first Central Bank to adjust policy accordingly.

The Quarterly Inflation Report (QIR) released in November was somewhat more informative for future expectations. Growth forecasts were revised up and inflation forecasts revised down. There was a change on the conditions to the Funding for Lending Scheme, where commercial banks are no longer able to gain further funding rights under the scheme through extended mortgage lending which is being held responsible for fuelling the housing market, along with the Prudential Regulatory Authority ending the temporary capital relief on mortgage lending under the scheme.

Economic data has continued to improve during the period, with the final print for second and third quarter GDP unchanged at 0.6% and 0.8% quarter-on-quarter, with the year-on-year figure revised up to 1.9% over the period. All Purchasing Managers Index survey components posted strong gains throughout and remained in strong positive territory. Manufacturing and Construction rose to 57.3 and 62.1, whilst the Services report, which is particularly relevant for the UK economy, rose to 62.1. CPI inflation fell aggressively to 2.0% year-on-year giving an excuse for the MPC to maintain an unchanged policy for now.

In the cash market there has been some hardening of longer dated yields in particular as the market considers the pricing of an earlier rate rise, this is more apparent in the 1 year 1 year forward rate which has remained elevated following a rise in June initially on Federal Reserve tapering, but subsequently as the market considers higher rates for the UK, reaching a new high in January of 1.58%.

Portfolio review

During the earlier period the curve was relatively flat, however following a move higher in yields we have taken the opportunity to add some longer dated maturities, although opportunities have been limited. Issuers are issuing below the curve in longer dates or have a preference for shorter issuance. We have continued to roll money with existing issuers where possible predominantly in the 3-6 month term, otherwise we have looked for alternative issuers along the curve. There have been some secondary and new issue offers at attractive yields in both fixed and floating rate which have helped with the overall yield level.

Outlook

Looking forward, expectations are for the economic data to remain strong and for previous GDP prints to be revised upwards along with the unemployment rate continuing to fall faster than forecast.

The MPC is likely to come under further pressure to explain their reaction function to incoming data - particularly in the lead up to the February QIR. Interest rates are likely to continue to move higher with the timing of the first rate hike being brought forward.

Portfolio breakdown

Portfolio of investments	As at 31 January 2014%	As at 31 July 2013%
Certificates of Deposit	32.94	34.27
Collective Investment Schemes	5.51	1.94
Commercial Papers	22.25	22.31
Corporate Bonds	38.84	36.85
Investment assets	99.54	95.37
Net other assets	0.46	4.63
Net assets	100.00	100.00

Fund facts

	Interim/annual accounting dates	Income payment dates
	31 January, 31 July	30 April, 31 July, 31 October, 31 January

	Ongoing charges figure % as at 31/01/2014	Ongoing charges figure % as at 31/07/2013
Share class A	0.63	0.63
Share class I	0.38	0.38
Share class Z	0.13	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 collective investments.

Distribution summary

	Total distribution (p) for the period to 31/01/2014	Total distribution (p) for the period to 31/07/2013
Share class A - Income	0.03000	0.19000
Share class I - Income	0.14000	0.27000
Share class A - Accumulation	0.03334	0.21070
Share class I - Accumulation	0.15725	0.30192
Share class Z - Accumulation	0.30784	0.50481

Distributions in respect of A and I shares are stated net of 20% income tax withheld. Distributions in respect of Z shares are stated gross of income tax. UK higher and additional rate taxpayers not holding through an ISA may have additional income tax to pay. Non taxpayers are entitled to a refund of income tax withheld. Corporate investors may have an additional liability to corporation tax. Corporate investors may have an additional liability to corporation tax. Corporate investors may be entitled to a refund of income tax withheld to the extent that it exceeds their corporation tax liability.

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	99.85	99.90	(0.05)
Share class I - Income	99.85	99.90	(0.05)
Share class A - Accumulation	111.02	111.03	(0.01)
Share class I - Accumulation	112.27	112.16	0.10
Share class Z - Accumulation	104.66	104.38	0.27

Net of tax and expenses.

Performance record

Calendar year		Highest share price (p)	Lowest share price (p)
2009	Income A	100.76	99.96
2009	Income I	100.81	99.96
2009	Accumulation A	109.84	108.66
2009	Accumulation I	110.17	108.78
2009 ^A	Accumulation Z	101.09	100.00
2010	Income A	100.18	99.93
2010	Income I	100.21	99.94
2010	Accumulation A	110.19	109.84
2010	Accumulation I	110.73	110.18
2010	Accumulation Z	102.01	101.11
2011	Income A	100.16	99.96
2011	Income I	100.21	99.95
2011	Accumulation A	110.58	110.18
2011	Accumulation I	111.33	110.74
2011	Accumulation Z	103.01	102.03
2012	Income A	100.19	99.97
2012	Income I	100.23	99.96
2012	Accumulation A	111.10	110.59
2012	Accumulation I	112.08	111.34
2012	Accumulation Z	104.11	103.02

Calendar year		Highest share price (p)	Lowest share price (p)
2013	Income A	100.13	99.85
2013	Income I	100.17	99.88
2013	Accumulation A	111.13	111.01
2013	Accumulation I	112.27	112.08
2013	Accumulation Z	104.63	104.11
2014 ^B	Income A	99.90	99.87
2014 ^B	Income I	99.94	99.90
2014 ^B	Accumulation A	111.05	111.03
2014 ^B	Accumulation I	112.30	112.26
2014 ^B	Accumulation Z	104.68	104.62

^A Share class Z launched on 1 April 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 1 because funds of this type have experienced very low 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 .
- 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 Cash 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 Cash 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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