

Aberdeen Japan Equity Fund

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

Investment objective and policy

The investment objective is to produce capital growth. The objective will be achieved through investment in a diversified portfolio of Japanese securities.

Cumulative performance (%)

| | Period of report 31/07/2013 to 31/01/2014 | 5 Years 31/01/2009 to 31/01/2014 | Since launch 11/08/1992 to 31/01/2014 ^B |
|------------------------|---|--|--|
| Fund - A Accumulation | (6.73) | 51.94 | 176.44 |
| Benchmark ^A | (3.24) | 31.87 | 92.40 |

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 | 6.23 | 14.72 | (3.67) | 21.00 | 6.96 |

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

^A Topix (Tokyo First Section).

^B Figures for Aberdeen Japan Growth Unit Trust prior to 27 November 1998

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

Japanese equities recorded losses in sterling terms during the six months under review. Initially, exporters were boosted by yen weakness, driven in part by continued efforts by the Bank of Japan (BoJ) to expand the monetary base. As well, the acceleration in consumer prices indicated that Prime Minister Abe's plans to reflate the economy worked to an extent. However, the yen's appreciation towards the end of the period as well as the scaling back of capital spending plans erased earlier gains. Key developments during the review period included the approval of the sales tax hike from 5% to 8%, the first increment since 1997, despite concerns that this could hurt consumption when it comes into effect in April. To mitigate the impact of the tax hike, the government unveiled details of a ¥5.5 trillion stimulus package. Further, the BoJ Governor Kuroda said that quantitative easing could go on well beyond two years to meet the 2% inflation target. Separately, the cabinet passed a bill to boost competitiveness, with tax breaks to spur investments and business restructuring.

Portfolio review

Top contributors to relative performance included Keyence Corp, Chugai Pharmaceutical and Astellas Pharma. Keyence Corp was boosted by improving signs of capital spending, while Chugai Pharmaceutical's shares rose following its positive full-year earnings release. The drug maker continued to see solid growth of its mainstay drugs and has projected a healthy contribution from new drugs in the current fiscal year. Astellas Pharma's share price surged after the drug maker announced positive phase-3 trial data for the pre-chemo application of its core drug, Xtandi. It also announced a share buyback of 1.17% of outstanding shares.

Conversely, the main detractors from relative return were our holdings in Shin-Etsu Chemical, auto parts manufacturer FCC and Japan Tobacco. Shin-Etsu Chemical's shares fell on concerns over demand for silicon wafers. Similarly, FCC was affected by weak demand for its motorcycle components in emerging markets. Japan Tobacco fell on concerns that the company would not be passing on the consumption tax hike fully.

In portfolio activity, we initiated a position in Denso, one of the world's largest auto parts suppliers. The company, originally a parts manufacturing division of Toyota Motor, has successfully diversified its business; it is now a leading supplier of advanced automotive technology and components for all major auto manufacturers. With its scale and strong balance sheet, Denso is well positioned to tackle the challenges within the industry.

Outlook

Sentiment surrounding Japanese equities has been largely positive, a trend that is likely to continue. Prime Minister Abe's stimulus plans are widely expected to bolster corporate profits. On the economic front, however, concerns remain over the effect of the consumption tax hike on the nation's growth outlook. Retail spending may be significantly dented, unless companies boost wages to cushion the impact. Nevertheless, policymakers are confident that the economy is resilient enough to weather any headwinds ahead. One caveat, though – the massive stimulus plans raise questions over the government's ability to restore fiscal health over the medium to long term. As such, we remain cautious.

Portfolio breakdown

| Portfolio of investments | As at 31 January 2014% | As at 31 July 2013% |
|--------------------------|------------------------|---------------------|
| Basic Materials | 8.57 | 7.89 |
| Consumer Goods | 32.20 | 33.40 |
| Consumer Services | 10.26 | 11.27 |
| Financials | 6.14 | 6.32 |
| Health Care | 11.83 | 11.33 |
| Industrials | 20.00 | 20.32 |
| Technology | 6.70 | 7.78 |
| Telecommunications | 2.76 | 1.62 |
| Investment assets | 98.46 | 99.93 |
| Net other assets | 1.54 | 0.07 |
| 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 | 1.62 | 1.63 |
| Share class I | 0.87 | 0.92 |
| Share class Z | 0.12 | 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 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 | 138.73 | 147.36 | (5.86) |
| Share class I - Accumulation | 145.23 | 153.72 | (5.52) |
| Share class Z - Accumulation | 154.68 | 163.10 | (5.16) |

Net of tax and expenses.

Performance record

| Calendar year | | Highest share price (p) | Lowest share price (p) |
|-------------------|----------------|-------------------------|------------------------|
| 2009 | Accumulation A | 99.68 | 75.92 |
| 2009 | Accumulation I | 101.78 | 77.42 |
| 2009 | Accumulation Z | 104.13 | 78.74 |
| 2010 | Accumulation A | 120.68 | 96.20 |
| 2010 | Accumulation I | 124.01 | 98.35 |
| 2010 | Accumulation Z | 128.47 | 100.89 |
| 2011 | Accumulation A | 120.56 | 100.80 |
| 2011 | Accumulation I | 124.22 | 103.70 |
| 2011 | Accumulation Z | 129.37 | 107.65 |
| 2012 | Accumulation A | 124.89 | 111.12 |
| 2012 | Accumulation I | 129.68 | 114.77 |
| 2012 | Accumulation Z | 136.99 | 120.12 |
| 2013 | Accumulation A | 157.18 | 122.10 |
| 2013 | Accumulation I | 163.70 | 126.80 |
| 2013 | Accumulation Z | 173.45 | 133.97 |
| 2014 ^A | Accumulation A | 144.66 | 135.01 |
| 2014 ^A | Accumulation I | 151.38 | 141.33 |
| 2014 ^A | Accumulation Z | 161.18 | 150.52 |

^A 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 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.
 - Concentrated portfolio: The Fund may hold a limited number of investments. If one of these investments declines in value this can have a greater impact on the fund's value than if it held a larger number of investments.
- 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 Japan Growth Fund to Aberdeen Japan Equity Fund.

Initial Charge

On 17 February 2014 the initial charge was removed from Aberdeen Japan 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 Japan 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.

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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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Contact us

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(Lines are open 9:00am to 5:00pm, Mondays to Fridays, excluding bank holidays)

| | |
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For more information on Aberdeen Asset Management PLC and our product range please visit www.aberdeen-asset.com



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