

Aberdeen European Smaller Companies 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 primarily by investing in equity and equity-related securities of European smaller companies. Income is not a consideration.

Cumulative performance (%)

| | Period of report 31/07/2013 to 31/01/2014 | 5 Years 31/01/2009 to 31/01/2014 | Since launch 19/10/1990 to 31/01/2014 ^B |
|------------------------|---|--|--|
| Fund - A Accumulation | 0.59 | 121.09 | 975.23 |
| Benchmark ^A | 10.19 | 147.93 | 861.15 |

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 | 6.41 | 21.32 | (5.81) | 26.54 | 43.68 |

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

^A HSBC Smaller Companies Europe ex UK to 31/10/09 then HSBC Smaller Companies Europe inc UK.

^B Figures for Aberdeen European Smaller Companies 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

Small-cap European equities rose and outpaced their larger counterparts in the face of increased volatility in the six months under review. Sentiment was buoyant initially, boosted by improving macroeconomic conditions and loose monetary policy. Even the US Federal Reserves' decision to taper quantitative easing was met with hope that America was recovering, which could herald better earnings growth. However, the regional benchmark tempered towards the period-end, as familiar fears over a possible slowdown in China and its impact on emerging markets fuelled risk aversion.

Portfolio review

At the stock level, our holdings in Fugro and Vienna Insurance detracted from relative performance. Fugro reported a solid overall set of results but underperformed following concerns over a decline in oil and gas activity. Vienna Insurance reported results reflecting tougher competition in Romania and weak motor insurance results in Italy. However, the long-term structural growth potential in its market remains significant, given the low penetration levels for its products.

Conversely, our holdings in Euromoney Institutional Investor, Mersen and The Sage Group contributed to performance. Euromoney Institutional Investor performed strongly following robust full-year results, as demand from financial institutions showed signs of improvement and advertising revenues returned to growth after two years of decline. Mersen rallied on the back of a partial recovery in what had been sluggish trading during the review period, together with the expectation of a further improvement in demand. Finally, we benefited from our holding in The Sage Group. The company's full-year numbers showed evidence that management's long-term growth strategy had gained traction, while good progress was also made in rolling out a subscription-based pricing model.

In portfolio activity, we introduced Swiss designer and manufacturer of ventilation and water systems for buildings, Belimo. It is exposed to long-term growth drivers, has robust balance sheet and delivers attractive margins. We also added to MTU Aero Engines, Virbac and Aveva on share price weakness. Against this, we pared Amec, Mersen, Fuchs Petrolub, Euromoney Institutional Investor, Flughafen Zuerich, Croda and Baron de Ley after strong share price performances over the period.

Outlook

European stockmarkets have paused for breath after last year's heady liquidity-driven rally. For stock prices to keep rising, there needs to be further evidence of sustained earnings growth. Structural risks persist though. Among these are high unemployment and the spectre of deflation that has cast a pall over the slowly improving GDP numbers. However, firming growth prospects, particularly at the periphery, are likely to give market sentiment a boost, at least in the short term.

Portfolio breakdown

| Portfolio of investments | As at 31 January 2014% | As at 31 July 2013% |
|--------------------------|------------------------|---------------------|
| Austria | 3.51 | 4.00 |
| France | 3.77 | 3.57 |
| Germany | 20.02 | 19.89 |
| Netherlands | 6.71 | 7.64 |
| Norway | 4.28 | 4.61 |
| Spain | 4.48 | 4.79 |
| Sweden | 2.00 | 2.02 |
| Switzerland | 11.61 | 10.76 |
| United Kingdom | 41.48 | 39.65 |
| Investment assets | 97.86 | 96.93 |
| Net other assets | 2.14 | 3.07 |
| 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 | 1.64 |
| Share class I | 0.89 |
| Share class Z | 0.14 |

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 | 1,011.34 | 1,007.91 | 0.34 |
| Share class I - Accumulation | 120.09 | 119.19 | 0.76 |
| Share class Z - Accumulation | 1,156.58 | 1,142.50 | 1.23 |

Net of tax and expenses.

Performance record

| Calendar year | | Highest share price (p) | Lowest share price (p) |
|-------------------|----------------|-------------------------|------------------------|
| 2009 | Accumulation A | 699.11 | 390.64 |
| 2009 | Accumulation Z | 748.46 | 414.62 |
| 2010 | Accumulation A | 845.68 | 647.91 |
| 2010 | Accumulation Z | 921.95 | 696.96 |
| 2011 | Accumulation A | 912.23 | 691.94 |
| 2011 | Accumulation Z | 1,002.25 | 762.98 |
| 2012 | Accumulation A | 906.25 | 738.82 |
| 2012 ^A | Accumulation I | 106.67 | 98.59 |
| 2012 | Accumulation Z | 1,018.09 | 822.38 |
| 2013 | Accumulation A | 1,052.31 | 913.79 |
| 2013 | Accumulation I | 124.80 | 107.61 |
| 2013 | Accumulation Z | 1,200.55 | 1,027.41 |
| 2014 ^B | Accumulation A | 1,052.06 | 1,010.72 |
| 2014 ^B | Accumulation I | 124.82 | 119.95 |
| 2014 ^B | Accumulation Z | 1,201.11 | 1,154.66 |

^A Accumulation I 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 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.
 - Smaller Companies: Shares of smaller companies may be more difficult to buy and sell than those of larger companies. This means that the Investment Manager may not be able to buy and sell at the best time or may suffer losses. This could reduce your returns.
- 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 European Smaller Companies Fund to Aberdeen European Smaller Companies Equity Fund.

Initial Charge

On 17 February 2014 the initial charge was removed from Aberdeen European Smaller Companies 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 European Smaller Companies Equity 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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For more information on Aberdeen Asset Management PLC and our product range please visit www.aberdeen-asset.com



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