

Aberdeen UK Mid-Cap Equity Fund

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

Investment objective and policy

The Fund's objective is to maximise total return from capital investment predominantly in the companies of the FTSE 250 Index, though other UK listed equities may be held where the ACD deems this appropriate.

Cumulative performance (%)

	Period of report 31/07/2013 to 31/01/2014	5 Years 31/01/2009 to 31/01/2014	Since launch 18/02/1982 to 31/01/2014 ^B
Fund - A Accumulation	4.00	185.57	3,545.04
Benchmark ^A	7.49	199.92	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	21.75	25.47	(1.86)	29.38	47.22

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

^A FTSE 250 Index to 31/10/2011, then FTSE 250 Ex IT's.

^B Figures for Aberdeen UK Mid Cap Unit Trust prior to 24 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

Mid-cap UK equities rose amid increasing volatility in the six months under review, despite improvements in the domestic economy. Initially, sentiment was buoyant, boosted by better global macroeconomic conditions and loose monetary policy. Even the US Federal Reserve's (Fed) decision to taper quantitative easing was met with hope that America was recovering, which foreshadowed better earnings growth. On the home front, economic growth continued to strengthen in tandem with healthier employment data, which appears set to fall below 7%, well ahead of the Bank of England's expectations. However, the central bank's pledge to keep policy accommodative helped underpin investor sentiment. Towards the period end, the local benchmark tempered on the back of familiar fears over a possible slowdown in China and its impact on emerging markets, while the Fed move to cut asset purchases by US\$10 billion added further pressure.

Portfolio review

At the stock level, our holdings in Wood Group and Mothercare proved costly. Wood Group detracted from performance following a muted trading update, particularly in its engineering division, due to project delays and weakness in Canada. Meanwhile, baby goods retailer Mothercare corrected after outperforming earlier in the period, on the back of difficult restructuring of loss-making UK operations.

Conversely, we benefited from our holdings in Euromoney Institutional Investor and Close Brothers. Euromoney Institutional Investor outperformed 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. Meanwhile, lender Close Brothers continued to do well, buoyed by growth in its loan book and improved profitability in its restructured wealth management division.

In portfolio activity, we initiated a position in Anite, a leading provider of network and handset testing services, which is exposed to the robust growth in mobile data usage. We also introduced Enquest, a North Sea-focused oil company with solid management, a good mix of development and production assets, and a strong balance sheet. We raised our exposure to Oxford Instruments, the leading provider of high-technology tools, given its attractive long-term prospects and valuation. We also added to Inmarsat because of its solid business, given the high barriers to entry and its legacy position in geostationary satellites, and took advantage of Aveva's share price weakness to add to our position, given the niche design software developer's attractive demand drivers and the significant percentage of its revenue which is recurring in nature.

Against this, we sold housebuilder Persimmon, on grounds of valuation and size, and took advantage of recent strong relative performance to exit GKN, which had outgrown the mid-cap index. We also took profits in chemicals firm Croda and media group DMGT following their relative strength, along with Cobham on fuller valuations.

Outlook

We believe that earnings have the potential to recover and this should be supportive of UK equities, given the accommodative monetary policies of major central banks that have underpinned the macroeconomic environment. In the UK, the reliance on the housing market and higher consumer borrowings to boost GDP growth has to give way to rising wages and a rebalancing of the economy in order for the recovery to be more sustainable. Although valuations are now less appealing on an absolute basis, they remain attractive relative to other asset classes. Britain is home to many good quality companies with strong competitive positions, robust balance sheets and attractive long-term growth prospects. Despite the difficulty in predicting the vagaries of economic activity, we are nevertheless confident that our holdings can deliver attractive earnings growth over the longer term, based on our in-depth company analysis.

Portfolio breakdown

Portfolio of investments	As at 31 January 2014%	As at 31 July 2013%
Oil & Gas	5.51	3.95
Basic Materials	6.55	6.60
Industrials	35.07	34.81
Consumer Goods	7.06	10.21
Health Care	1.88	1.98
Consumer Services	16.46	16.74
Telecommunications	3.02	2.86
Financials	14.37	14.92
Technology	7.73	6.25
Investment assets	97.65	98.32
Net other assets	2.35	1.68
Net assets	100.00	100.00

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	1.63	1.63
Share class I	0.88	0.88
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 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	0.4000	0.1800
Share class A - Accumulation	0.4502	0.2001
Share class I - Income	0.8400	0.4000
Share class I - Accumulation	0.8554	0.4000
Share class Z - Accumulation	1.9228	1.2925

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	150.84	144.87	4.13
Share class A - Accumulation	170.22	163.06	4.39
Share class I - Income	130.87	125.68	4.13
Share class I - Accumulation	134.12	127.98	4.80
Share class Z - Accumulation	189.96	180.59	5.19

Net of tax and expenses.

Performance record

Calendar year		Highest share price (p)	Lowest share price (p)
2009	Income A	84.39	52.05
2009	Accumulation A	90.19	54.93
2009	Accumulation Z	94.49	56.93
2010	Income A	106.64	79.60
2010	Accumulation A	115.47	85.40
2010	Accumulation Z	122.98	89.79
2011	Income A	113.59	90.16
2011	Accumulation A	123.25	98.88
2011	Accumulation Z	132.36	106.57
2012	Income A	120.61	96.94
2012	Accumulation A	134.07	106.32

Calendar year		Highest share price (p)	Lowest share price (p)
2012 ^A	Income I	104.76	97.91
2012 ^A	Accumulation I	104.76	97.91
2012	Accumulation Z	147.18	115.02
2013	Income A	155.61	122.56
2013	Accumulation A	175.14	136.24
2013	Income I	135.43	106.47
2013	Accumulation I	137.90	106.47
2013	Accumulation Z	195.19	149.60
2014 ^B	Income A	156.95	150.03
2014 ^B	Accumulation A	176.65	168.86
2014 ^B	Income I	136.61	130.65
2014 ^B	Accumulation I	139.11	133.04
2014 ^B	Accumulation Z	196.93	188.41

^A Share class I 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 risk of investing in this Fund:
- 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 UK Mid-Cap Fund to Aberdeen UK Mid-Cap Equity Fund.

Initial Charge

On 17 February 2014 the initial charge was removed from Aberdeen UK Mid-Cap 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 UK Mid-Cap 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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