

# Aberdeen Emerging Markets Bond Fund

I Acc

Performance Data and Analytics to 30 June 2017



## Summary investment objective

To provide you with income and grow your capital by investing mostly in bonds (which are like loans that pay a fixed or variable rate of interest) issued by companies and/or governments based in emerging markets countries. These are typically countries that are still developing their economies.

For full investment objective and policy details please refer to the Prospectus.

## Performance (%)

	1 month	3 months	6 months	1 year	Annualised		Launch
					3 years	5 years	
Fund	-0.24	1.86	6.58	8.25	3.68	4.64	3.33
Benchmark	-0.24	1.95	5.67	5.16	5.15	5.62	4.45
Difference	0.00	-0.10	0.91	3.09	-1.48	-0.98	-1.12
Sector average	-0.48	-0.56	3.91	9.08	7.85	4.57	4.08
Sector ranking	9/23	3/23	3/22	12/22	18/20	6/13	6/13
Quartile	2	1	1	3	4	2	2

## Discrete annual returns (%) - year ended 30/06

	2017	2016	2015	2014	2013
Fund	8.25	5.96	-2.83	7.28	4.94

## Calendar year performance (%)

	Year to date	2016	2015	2014	2013
Fund	6.58	13.18	-4.40	3.08	-4.99
Benchmark	5.67	9.86	1.25	7.60	-5.20
Difference	0.91	3.32	-5.66	-4.52	0.21
Sector average	3.91	24.42	-3.80	4.88	-10.03
Sector ranking	3/22	20/25	13/25	12/22	5/21
Quartile	1	4	2	3	1

Performance Data: Share Class I Acc

Source: Lipper. Basis: Total return, NAV to NAV, net of annual charges, UK Net Income Reinvested.

These figures are gross of an initial charge: to the extent that this is paid, it will reduce performance from that shown.

Benchmark is for comparison purpose only. This fund is not managed against a specific benchmark.

Past performance is not a guide to future results.

## Fund manager's report

There was some divergence in emerging market asset performance during June as hard currency sovereign bonds underperformed both local currency sovereigns and hard currency corporates. Flows into the asset class continued to be positive and reached 27 consecutive weeks of inflows at the end of June. This allowed some high yield sovereign credits - Argentina and Belarus included - to issue without any stress. In the developed world, rates markets sold off aggressively at the end of the month and yield curves steepened, driven by a handful of hawkish comments from central bank governors at the European Central Bank's annual conference. The euro strengthened by over 1.5% against the US dollar during the month. Brent crude reached a low of US\$44.82 per barrel in the middle of June before recovering to end the period just shy of US\$50.

On the month, the JP Morgan EMBI Global Diversified (hedged into GBP) index returned -0.24% while the benchmark spread widened by 5bps to +310 basis points (bps) over US Treasuries.

Investment grade countries outperformed their high yield counterparts as commodity-linked credits suffered amid the sustained pressure on oil prices. Latin American countries Uruguay, El Salvador, Belize and Suriname were some of the top performers, while Pakistan and Namibia also experienced relatively strong returns. Venezuela bottomed the index as it dropped by more than 5% amid continued political strife and market worries about the government's ability to service its external Eurobond obligations. Iraq also declined, as did Mozambique after an independent audit report on the country's "hidden debt" was released.

During the month, we reduced exposure to Gabon, on concerns of significant build-up of debt and arrears. We also reduced our overweight holding in Bahrain, El Salvador and in Ivory Coast via a tender offer. In Venezuela, we continued to reduce our short-dated exposure and purchase more defensive bonds with a lower price and a higher coupon. In corporate space, we bought a new issue from United Bank of Africa and Vimpelcom, a Russian telecommunications company. In terms of local currency, we partially switched exposure in Uruguay from a short-dated inflation-linked bond to a new 3-year fixed rate security. We also re-entered an overweight exposure to the Russian ruble.

Top ten holdings	%
Brazil (Fed Rep of) 10% 01/01/27	2.5
Serbia (Rep of) 7.25% 28/09/21	2.5
Argentina (Rep of) 7.5% 22/04/26	2.4
Turkey (Rep of) 11% 02/03/22	2.1
Uruguay (Rep of) 5.1% 18/06/50	1.9
Argentina (Rep of) 8.28% 31/12/33	1.7
Indonesia (Rep of) 5.875% 15/01/24	1.5
Mexico (United Mexican States) 6.05% 11/01/40	1.5
Turkey (Rep of) 5.75% 22/03/24	1.5
Kazakhstan Temir Zholy 6.9% 10/07/42	1.3
<b>Total</b>	<b>18.9</b>
<b>Total number of holdings</b>	<b>135</b>

## Credit rating of holdings (%)

	Fund	Benchmark	Difference
AA	0.4	0.2	0.3
A	1.0	10.4	-9.3
BBB	23.1	35.5	-12.4
BB	28.8	24.1	4.7
B	30.8	23.7	7.0
CCC	7.7	5.6	2.2
CC	0.8	0.6	0.2
Unrated	1.0	-	1.0
Cash	6.3	-	6.3
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	

## Average long term rating

	BB-	BB
Fund		
Benchmark		

Figures may not always sum to 100 due to rounding.

## Market Exposure (%)

	Fund	Benchmark	Difference
Turkey	8.5	4.0	4.5
Argentina	6.5	3.3	3.2
Mexico	6.3	5.3	1.0
Brazil	5.9	3.5	2.4
Indonesia	5.3	4.4	0.9
Ukraine	4.8	2.6	2.1
Dominican Republic	3.8	2.3	1.5
Uruguay	3.4	2.3	1.1
Ecuador	2.8	1.8	1.0
Russia	2.6	3.8	-1.2
Other	50.1	66.7	-16.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	

## Key information

Benchmark	JPM EMBI Global Diversified (Hedged GBP 100%)
Sector	IA Global Emerging Markets Bond
Fund size	£ 85.7 m
Date of launch	1 October 2012
Investment team	Emerging Market Debt Team
Fund advisory company	Aberdeen Asset Managers Limited

The risks outlined overleaf relating to derivatives, bonds and emerging markets are particularly relevant to the fund but should be read in conjunction with all warnings and comments given in the prospectus for the fund.

[www.aberdeen-asset.co.uk](http://www.aberdeen-asset.co.uk)

# Aberdeen Emerging Markets Bond Fund

## Currency exposure

	%
United Kingdom Pounds	90.2
Brazilian Real	2.9
Turkish Lira	2.1
Peruvian Nuevo Sol	1.0
Uruguayan Peso	1.0
Russian Ruble	1.0
Indonesian Rupiah	0.9
Argentine Peso	0.7
United States Dollar	0.2
Euro	0.1
<b>Total</b>	<b>100.0</b>

Figures may not always sum to 100 due to rounding.

## Fund Statistics

Modified duration vs benchmark	6.1 vs 6.6
Weighted average life vs benchmark	9.9 vs 10.3
Yield to Maturity	6.0 vs 5.1
Yields <sup>c</sup>	5.10% underlying 6.10% distribution

Yields are net of charges and gross of tax and are not guaranteed.

## Codes (I Acc)

SEDOL	B5L9HN2
ISIN	GB00B5L9HN22
BLOOMBERG	ABEEB12 LN
REUTERS	LP68179428
VALOREN	12678061

## Additional information

Fund type	OEIC
Domicile	United Kingdom
Currency	GBP
Registered for sale	Please refer to <a href="http://www.aberdeen-asset.com">www.aberdeen-asset.com</a>
Minimum investment	£500.000
Charges	Current initial 0.00%
Ongoing Charges Figure (OCF) <sup>a</sup>	1.16%
Price as at 30/06/17	116.81p
Deal closing time	12.00 noon (UK)
Daily valuation point	12.00 noon (UK)

Source: Ex-post Ongoing charges Aberdeen Asset Managers Limited as at 31 July 2016.

<sup>a</sup>The Ongoing Charge Figure (OCF), is the overall cost shown as a percentage of the value of the assets of the Funds. It is made up of the Annual Management Charge (AMC) of 1.00% and other charges. It does not include any initial charges or the cost of buying and selling stocks for the Funds. The Ongoing Charges figure can help you compare the annual operating expenses of different Funds.

<sup>c</sup>The Distribution Yield reflects the amounts that may be expected to be distributed over the next twelve months as a percentage of the mid-market share price of the fund as at the date shown. The Underlying Yield reflects the annualised income net of expenses of the fund (calculated in accordance with relevant accounting standards) as a percentage of the mid-market share price of the fund as at the date shown. Both yields are based on a snapshot of the portfolio on the month-end date. They do not include any initial charges and Investors may be subject to tax on distributions. The Distribution Yield is higher than the Underlying Yield because a portion of the fund's expenses are charged to capital. This has the effect of increasing distributions and constraining the fund's capital performance. Analytics provided by The Yield Book® Software

## Important information

### Risk factors you should consider before investing:

- The value of investments and the income from them can go down as well as up and investors may get back less than the amount invested.
- Exchange Rates: The Fund may have holdings which are denominated in different currencies and may be affected by movements in exchange rates. Consequently, the value of the Fund's investments and the income from them may rise or fall in line with exchange rates.
- Emerging Markets: Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries and this may mean your money is at greater risk.
- Bonds: Bond valuations are affected by changes in interest rates, inflation and the creditworthiness of the bond issuer. There is a risk that a bond issuer may not be able to repay the money they borrowed nor make their required interest payments. This risk increases for bonds with lower credit ratings. Where a bond market has a low number of buyers and/or a high number of sellers, it may be harder to sell particular bonds at an anticipated price and/or in a timely manner.
- Derivatives: This Fund can use derivatives in order to meet its investment objective. The use of derivatives may result in greater fluctuations in the value of the Fund, and may increase the magnitude of any losses.
- A full list of risks applicable to this Fund can be found in the Prospectus.

### Other important information:

The Fund is a sub-fund of Aberdeen Investment Funds ICVC, an authorised open-ended investment company (OEIC). The Authorised Corporate Director is Aberdeen Fund Managers Limited. Nothing herein constitutes investment, legal, tax or other advice and is not to be relied upon in making an investment or other decision. No recommendation is made, positive or otherwise, regarding individual securities mentioned. This is not an invitation to subscribe for shares in the Fund and is by way of information only. Subscriptions will only be received and shares issued on the basis of the current Prospectus, relevant Key Investor Information Document (KIID) and Supplementary Information Document (SID) for the Fund. These can be obtained free of charge from Aberdeen Fund Managers Limited, PO Box 9029, Chelmsford, CM99 2WJ.

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All sources (unless indicated): Aberdeen Asset Management  
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[www.aberdeen-asset.co.uk](http://www.aberdeen-asset.co.uk)