

Aberdeen Diversified Income Fund

I Inc

Performance Data and Analytics to 30 June 2019

Objectives and investment policy

Objective: To generate income and increase the value of the shareholder's investment over the long term (income and capital growth).

Investment policy: The Fund invests more than 50% of its total net assets in worldwide equities and bonds, with the remainder invested in other asset classes such as cash, property and infrastructure. The Fund's bond investments may be issued by governments, corporations and other large organisations, and may be any credit quality. The Fund may gain exposure to some assets by investing in other Funds (mainly those managed by the investment adviser or its affiliates).

The Fund has a wide range of investment powers. The Investment Manager has the flexibility to amend the investment allocation between different asset classes, in line with its view on markets, in pursuit of the investment objective.

Performance (%)

	1 month	3 months	6 months	1 year	Annualised		
					3 years	5 years	Launch
Fund	0.97	1.36	4.49	0.85	4.66	3.97	4.88

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

	2019	2018	2017	2016	2015
Fund	0.85	-0.39	14.11	2.84	3.07

Calendar year performance (%)

	Year to date	2018	2017	2016	2015
Fund	4.49	-5.27	7.24	13.75	-1.27

Performance Data: Share Class I Inc

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.

Past performance is not a guide to future results.

Fund manager's report

Market review

Global equities experienced gains in June as the Federal Reserve signalled that its next move on interest rates would be a cut, and with the People's Bank of China and the European Central Bank also suggesting a willingness to act should headwinds build further, global stocks rallied at the prospect of looser monetary policy around the world. The bullish sentiment was also supported by hopes for a breakthrough in trade relations between the US and China at a meeting of the countries' presidents at the G20 summit at the end of the month in Osaka.

Local currency emerging market bonds produced a positive return in June with bond prices in local currencies contributing positively. Turkey was a notable contributor to performance, where the Central Bank kept interest rates on hold – rather than moving them lower – in the run up to the repeat of the Istanbul mayoral election. Markets also reacted positively to the resounding victory of the opposition challenger against President Recep Tayyip Erdogan in the election.

At the start of the month CATCo, the insurance-linked securities investor, announced increases to loss reserves recorded in its NAV for 2017 and 2018 loss events. This resulted in NAV of both share classes reducing by c.18% (the end May NAVs were published at the end of June). The increases to loss reserves were driven by Markel CATCO's receipt of updated loss notifications from insurance counterparties and in light of increased industry loss estimates from the loss events. The prices of both share classes have fallen 30-35% since the announcement and are now trading on 55-60% discounts to NAV. Both share classes are in active run off. We believe that both share classes should offer highly attractive returns from this point given the extent of the discounts.

Portfolio changes

In property we reduced our exposure to Kojamo, which invests in Finnish residential property. We initially invested in Kojamo in November 2018 as a result of our increasing interaction with the Global REITs team. Since then, performance has been extremely strong and reducing our exposure has led to the realisation of profits. We also reinitiated a position in Tritax Big Box REIT, which invests in large scale logistics assets in the UK.

In infrastructure we reduced our exposure to The Renewables Infrastructure Group (TRIG), which invests in a portfolio of predominantly operational wind and solar assets in the UK and Northern Europe. We increased our position in TRIG at the end of March via a placing, the investment has performed strongly since and reducing our exposure has led to profit realisation. We also reinitiated a position in Sequoia Economic Infrastructure (SEI) via a capital raise. The SEI portfolio largely includes private debt investments across economic infrastructure assets in the UK, North America, Europe and Australia.

Our exposure to absolute return declined as we exited our position in the Alternative Risk Premia strategy (ARP). The sale was driven by the higher than anticipated correlations between the strategies within ARP and other asset classes we have exposure to. From a portfolio perspective we felt it was prudent to exit this position.

Our exposure to insurance-linked securities declined over the month due to market moves discussed above.

Risk factors should be read in conjunction with all warnings and comments given in the prospectus for the fund. Please visit the attached link to our Jargon Buster which contains a glossary of terms used in this document > <http://glossary.aberdeen-asset.com/jargonbuster/>



Top ten holdings (excluding cash)	%
TwentyFour Asset Backed Opportunities Fund	3.0
Prytania Diversified Asset Backed Securities Fund	3.0
HICL Infrastructure*	2.5
P2P Global Investments*	2.2
BioPharma Credit*	2.0
John Laing Group	1.8
Intl Public Partner*	1.8
Fair Oaks Dynamic Credit Fund	1.8
Burford Capital	1.7
TwentyFour Income*	1.5
Total	21.2
Total number of holdings	354

*Closed-ended Investment Company.
Top 10 holdings may exclude investments in cash funds.
Where the Fund invests in an open-ended collective investment scheme which is operated or managed by the ACD/the Manager or an associate of the ACD/the Manager, no additional annual management charge will be incurred by the Fund on such an investment.

Asset allocation	%
Emerging Market Bonds	27.1
Listed Equity	20.6
Asset Backed Securities	13.2
Infrastructure	10.7
Special Opportunities	10.3
Property	8.1
Absolute Return	1.2
Private Equity	1.0
Insurance Linked	0.6
Cash	7.2
Total	100.0

Key information

Target	1 month GBP LIBOR + 5%pa Gross, over rolling 5 year periods
Sector	IA Mixed Investment 20-60% Shares
Fund size	£ 221.2 m
Date of launch	1 October 2012
Investment team	Diversified Assets Team
Fund advisory company	Aberdeen Asset Managers Limited
Historic Yield	5.16% (I Inc) ^a

^aThe Historic Yield reflects distributions declared over the past twelve months as a percentage of the mid-market share price, as at the date shown. It does not include any preliminary charge and investors may be subject to tax on their distributions. The fund charges 100% of the annual management charge to capital. This has the effect of increasing distributions for the year and constraining the fund's capital performance to an equivalent extent.

www.aberdeenstandard.co.uk

Aberdeen Diversified Income Fund

Codes (I Inc)	
SEDOL	B1C4288
ISIN	GB00B1C42886
BLOOMBERG	ABMDI2I LN
REUTERS	LP68175041
VALOREN	2725854
Additional information	
Fund Type	OEIC
Domicile	United Kingdom
Currency	GBP
Registered for sale	Please refer to www.aberdeenstandard.com
Income payable	28 February, 31 March, 30 April, 31 May, 30 June, 31 July, 31 August, 30 September, 31 October, 30 November, 31 December, 31 January
Minimum investment	£500,000
Charges	Current initial 0.00%
Ongoing Charges Figure (OCF) ^c	0.78%
Price as at 30/06/19	106.77p
Deal closing time	12.00 noon (UK)
Daily valuation point	12.00 noon (UK)
Source: Simulated Ongoing charges Aberdeen Standard Investments as at 1 December 2018.	

^cThe 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 0.60% 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.

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.
- 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.
- 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.
- 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.
- REITs: The Fund may invest in real estate investment trusts (REITs) which themselves invest directly in real estate. Under adverse market or economic conditions, such assets may become difficult to buy or sell or experience a drop in value.
- 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 Standard 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 Standard Fund Managers Limited, PO Box 9029, Chelmsford, CM99 2WJ.

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