

Aberdeen Sterling Government Bond Fund

Class I Acc

Performance Data and Analytics to 31 July 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 80% or more of its total net assets in bonds issued by the UK government that are priced in Sterling.

Performance (%)

	1 month	3 months	6 months	1 year	Annualised		
					3 years	5 years	Launch
Fund	1.22	4.60	5.20	6.84	1.67	4.59	4.58
Benchmark	2.06	5.00	5.77	7.44	1.97	5.76	5.44
Difference	-0.85	-0.39	-0.58	-0.60	-0.31	-1.17	-0.85

Discrete annual returns (%) - year ended 31/07

	2019	2018	2017	2016	2015
Fund	6.84	0.57	-2.20	12.29	6.07

Calendar year performance (%)

	Year to date	2018	2017	2016	2015
Fund	6.42	0.00	1.31	8.83	-0.58
Benchmark	6.90	0.57	1.83	10.10	0.57
Difference	-0.47	-0.57	-0.52	-1.27	-1.14

Performance Data: Share Class I Acc.

Source: Lipper, Basis: Total Return, NAV to NAV, UK Net Income Reinvested.

These figures do not include the initial charge; if this is paid it will reduce performance from that shown.

The comparator shown may be used for risk monitoring and portfolio construction purposes, as well as to provide a performance comparator; it is not an integral part of the Objective and Investment Policy for the fund and should not be considered as such.

⁴The Aberdeen Investment Funds ICVC Sterling Government Bond Fund was created by the transfer of the Aberdeen Investment Funds ICVC II Aberdeen Sterling Government Bond Fund into the Aberdeen Investments ICVC range on 17/07/2015. The historical track record shown prior to this date reflects that of the Aberdeen Investment Funds ICVC II Sterling Government Bond Fund.

Past performance is not a guide to future results.

Fund manager's report

Unlike most other central banks, the Bank of England has maintained its bias to raise interest rates. Going into the month-end Monetary Policy Committee meeting, a number of members reiterated the view that the market needed to price more into the UK curve. The result of the meeting was inconclusive. While the hawkish bias remained, downside risks had increased. With no Brexit conclusion in sight, and the drag from the global environment, it is likely that the Bank of England will soon fall into line with the rest of the global central bank community. UK gilt yields were five basis points lower over the course of June, with the 10-year yield starting the month at 0.89% and ending at 0.84%. Ten-year US Treasuries moved from 2.14% to 2%, while the yield on the German bund climbed from 0.2% to 0.32%.

The key driver of performance was cross-market positions. The Fund went into the month holding positions in Australia 15-year and France 30-year (versus gilts). Both positions performed well; the Reserve Bank of Australia cut its cash rate, while European Central Bank President Mario Draghi talked up the chances of interest rate cuts and opened up the possibility of further quantitative easing. The Fund added further to its position in France, this time in 10-year. However, close to the end of the month we shifted the position to the 30-year part of the curve. The Fund started June positioned with a long duration. Due to the large moves over May, the Fund pared back the long position, taking profits and closing the month marginally long.

A further driver of performance came from curve positions. The Fund closed out both the 10s30s steepener and the 5s10s steepener. We continue to favour the 10s30s trade as we believe the chance of a general election is still high. We will look to re-enter this position as we approach the end of summer. The Fund maintained its position in 2s5s and added a 3s10s steepener; this is on the basis that the Bank of England could shift away from its hawkish bias. The Fund maintained its position in 30-year and 10-year US Treasury Inflation-Protected Securities (TIPS). The Fund added further to its 10-year TIPS position.

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	%
UK (Govt Of) 0.5% 22/07/22 GBP	9.3
UK (Govt of) 1.625% 10/28	7.5
UK Treasury 4.5% 07/09/34 GBP	7.3
UK Treasury 4.25% 07/03/36 GBP	6.1
UK Treasury 2.75% 07/09/24 GBP	5.2
UK (Govt Of) 1.5% 22/07/47 GBP	5.0
UK Treasury 2.5% 22/07/65 GBP	3.5
UK Treasury 4.25% 07/06/32 GBP	3.3
UK Treasury 4.5% 07/12/42 GBP	3.1
UK Treasury 4% 22/01/60 GBP	3.0
Total	53.3

Total number of holdings 41

Sector breakdown (%)

	Fund	Benchmark	Difference
Domestic			
Government	99.8	100.0	-0.2
Cash	0.2	-	0.2
Total	100.0	100.0	

Credit rating of holdings (%)

	Fund	Benchmark	Difference
AA	99.8	100.0	-0.2
Cash	0.2	-	0.2
Total	100.0	100.0	

Average long term rating

AA AA

Cash includes cash at bank, outstanding settlements, call account cash, fixed deposits, cash used as margin and profit/losses on both derivative positions and forward currency contracts. Where bonds are split rated between two or more of S&P, Moody's and Fitch, the data shown takes a more conservative approach, splitting lower. This may not be consistent with the arrangement agreed in the prospectus, which may detail taking a higher rating where there is a split. In the absence of any agency ratings an internal Fund Manager rating may be applied. The benchmark shown reflects ratings from S&P, Moody's and Fitch only. This may differ from the ratings used by the benchmark provider detailed in the prospectus.

Key information

Benchmark	FTSE-A Brit Govt All Stocks
Sector	IA Unclassified
Fund size	£ 152.3 m
Date of launch	25 October 2004 ^A
Investment team	Rates
Fund advisory company	Aberdeen Asset Managers Limited

Aberdeen Sterling Government Bond Fund

Interest rate exposure (IRE) (years)

	Fund	Benchmark	Difference
United Kingdom	12.15	11.95	0.19
Euro	0.26	–	0.26
United States	0.10	–	0.10
Modified duration	12.51	11.95	0.56

Maturity profile IRE (years)

	Fund	Benchmark	Difference
<1	–	0.04	-0.04
1-3	0.43	0.26	0.17
3-5	0.23	0.31	-0.07
5-10	1.43	1.16	0.27
10-15	0.43	0.71	-0.28
15-30	5.93	4.76	1.17
>30	4.06	4.73	-0.66
TOTAL	12.51	11.95	0.55

Currency Exposure (%)

	Fund	Benchmark	Difference
United Kingdom Pound	99.7	100.0	-0.3
Euro	0.2	–	0.2
United States Dollar	0.1	–	0.1
Total	100.0	100.0	

Market Exposure (%)			
	Fund	Benchmark	Difference
United Kingdom	97.4	100.0	-2.6
France	1.3	–	1.3
United States	1.1	–	1.1
Other	0.2	–	0.2
Total	100.0	100.0	

Fund Statistics	
Weighted average life vs benchmark 16.8 vs 16.3	
Yields ^c	0.61% underlying 0.61% distribution

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

Codes (Class I Acc)	
SEDOL	BWK26S9
ISIN	GB00BWK26S93
BLOOMBERG	ABSGIAC LN
REUTERS	LP68329315
VALOREN	28880787
WKN	A14WHY

Additional information	
Fund type	OEIC
Domicile	United Kingdom
Currency	GBP
Registered for sale	Please refer to www.aberdeenstandard.com
Minimum investment	£500,000
Charges	Current initial 0.00%
Ongoing Charges Figure (OCF) ^b	0.50%
Price as at 31/07/19	193.88p
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.

^bThe 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 0.40% 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.

^cThe 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 and known irrecoverable withholding tax 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 and are not guaranteed and actual distributions received (where a share class pays distribution) may be higher or lower than the amount stated. 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.
- 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.
- 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.
- 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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