

Aberdeen Emerging Markets Fund

Morningstar Analyst Rating™
Aberdeen Emerging Markets Fund



Morningstar Analyst Rating™
as of January 5, 2019.
**PAST PERFORMANCE IS NO
GUARANTEE OF FUTURE RESULTS.**
Please see the Morningstar rating
methodology in the "IMPORTANT
INFORMATION" section on page 5.

Performance highlights

- Emerging markets (EMs) declined in the fourth quarter of 2018, but proved resilient relative to their developed-market counterparts, which suffered a sharp reversal of earlier gains.
- While we do not minimize the risks, we feel that recent EM concerns have been overdone and we anticipate that investor sentiment and the Fund's higher-quality holdings should recover.¹

Fund performance

Aberdeen Emerging Markets Fund (Institutional Class shares at net asset value) returned -3.40%² for the fourth quarter of 2018, significantly outperforming the -7.40% return of its benchmark, the MSCI Emerging Markets Index.³ Both asset allocation and stock selection benefited Fund performance for the quarter.

Amid a backdrop of falling energy prices, several notable oil-importing countries held up well or gained ground over the quarter, including India and Indonesia. The Fund's overweight allocation to both markets relative to the benchmark enhanced performance, with holdings in conglomerate Astra International and Bank Central Asia benefiting from the recovery in the Indonesian rupiah. The overweight exposure

to Brazil also had a positive impact on performance. Market-friendly right-wing candidate Jair Bolsonaro's victory in Brazil's presidential election in October and his unexpected good showing in Congress fueled investors' optimism about a revived reform agenda. The Fund's long-standing overweight positions in lender Banco Bradesco, retailer Lojas Renner and premium mall operator Multiplan were among the major contributors among individual holdings.

The Fund's underweight allocation to China bolstered performance as that market lagged the broader MSCI Emerging Markets Index. At the stock level, shares of China Resources Land rose on robust quarterly results and an improved earnings outlook, as well as expectations that the Chinese government's stimulus would boost the property sector. The lack of exposure to internet company Baidu.com also contributed to performance, as shares of most software and internet firms declined amid investors' fears of an economic slowdown in China. The Fund's holding in 58.com was roiled by investors' rotation out of U.S. exchange-listed technology stocks over the quarter.

¹ Forecasts and estimates are offered as opinion and are not reflective of potential performance, are not guaranteed and actual events or results may differ materially.

² *The performance quoted represents past performance, which does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. Performance data current to the most recent month-end may be obtained by calling 800-387-6977 or visiting aberdeen-asset.us.*

³ The MSCI Emerging Markets Index is an unmanaged index considered representative of stocks of developing countries. Indexes are unmanaged and have been provided for comparison purposes only. No fees or expenses are reflected. You cannot invest directly in an index. Index performance is not an indication of the performance of the Fund itself. For complete fund performance, please visit aberdeenstandard.us.

From a sector standpoint, in an environment of tightening financial conditions, the Fund's bank holdings outperformed over the quarter, particularly Indian lenders HDFC and Kotak Mahindra bank. However, the Fund's position in Banorte, which was hampered by the Mexican government's proposal to reduce banking fees and commissions as part of its populist agenda, detracted from performance. The Fund's underweight allocation to the energy sector relative to the benchmark aided performance, as falling oil prices weighed on most companies, including Fund holding Tenaris. Most notable, however, was the positive contribution from the Fund's position in retailers, where the underweight and positive stock selection drove the outperformance. The lack of exposure to online retailing giant Alibaba comprised the majority of the Fund's outperformance in the sector, as the company's shares fell by sharply over the quarter, hurt by a U.S.-led technology sell-off and broader investor fears regarding the slower pace of Chinese economic growth. Other contributors to Fund performance included Hindustan Unilever and Ultratech Cement, as Indian equities proved to be relatively more defensive during the quarter.

Conversely, other detractors for the period included Wuxi Biologics, as its business model appears threatened by trade worries, which we feel could impede the transfer of biological data. Similarly, shares of major players in the global tech hardware supply chain, such as Fund holdings Sunny Optical and Samsung Electronics, also declined over the quarter. The companies' outlooks were further clouded by expectations of a slowing equipment-replacement and upgrade cycle. Elsewhere, shares of Mexican airport operator Asur sold off following incoming President Andrés Manuel López Obrador's announcement that he would cancel the construction of a new airport in Mexico City.

Fund activity and positioning

As bottom-up stock-pickers, our country allocations are driven by where we can find what we believe are high-quality companies with attractive valuations. This style may lead to significant deviations from the index.

Over the quarter, we initiated a position in steel pipe-maker Tenaris, which we believe should be a beneficiary of the recovering capital expenditure cycle for the oil industry with significant operating leverage. We added to the Fund's holding in internet and media company Naspers on share-price weakness, as we felt that management continued to show its commitment to narrowing the stock's discount to its net asset value. We also increased the positions in India-based financial services companies Housing Development Finance Corp. (HDFC) and Kotak Mahindra Bank, Mexican bank Banorte, and Chinese online auto retailer Autohome on share-price weakness.

Conversely, we took some profits from two Fund holdings in Brazil, Banco Bradesco and retailer Lojas Renner, on currency strength, as well as Mexican airport operator Grupo Aeroportuario del Sureste (Asur), as we are concerned about the potential risks from President Andrés Manuel López Obrador's administration. We reduced the Fund's exposure to telecom China Mobile and Hungarian pharmaceutical firm Gedeon Richter, while trimming the holding in South Africa-based apparel retailer Truworths, given the worsening economic backdrop. We reduced the Fund's position in Korean internet giant Naver Corp. to raise cash after the company's weak quarterly results and Indonesian cement-maker Indocement on declining quality and our decreased conviction in the stock. Finally, we trimmed the Fund's exposure to Indian financial services company Aditya Birla Capital, Korean conglomerate AmorePacific and Hang Lung Group to fund positions in what we believed were relatively more attractive companies. We reduced the Fund's holdings in Indonesian conglomerate Astra

International, Bank of the Philippine Islands, and two India-based companies, consumer products maker Hindustan Unilever, and Ultratech Cement, on share-price strength.

We exited the Fund's position Standard Chartered, as we believe that the lender's outlook remains difficult, characterized by weak credit growth and burdensome regulatory pressures, and its profitability has been increasingly challenged. We sold the Fund's shares in Russian retailer Magnit given our concerns over its strategic outlook and governance.

Market review

EMs declined in the fourth quarter of 2018, but proved resilient relative to their developed-market counterparts, which suffered a sharp reversal of earlier gains. A confluence of factors, including simmering U.S.-China trade tensions, faltering global growth, and the U.S. Federal Reserve's commitment to reducing its balance sheet weighed on investor sentiment.

China was among the worst-hit markets over the quarter. Respite from the rapprochement with the administration of U.S. President Donald Trump seemed fleeting after Chinese telecom giant Huawei's chief financial officer was arrested on allegations of violations of economic sanctions on Iran, and investors remained anxious over its impact on the outcome of the U.S.-China trade talks. The market was also hampered by investors' jitters regarding the technology sector, which reeled from supply disruption worries, weaker-than-expected results from large U.S. tech companies and signs of a slowing Chinese economy. In an effort to boost private consumption and investment, the Chinese government unveiled a raft of stimulus measures and slashed the reserve requirement ratio for commercial lenders. Other export-dependent markets, including Korea and Taiwan, also suffered from collateral damage, with contraction in overseas orders and manufacturing data.

On the positive side, oil prices eased, as the Organization of the Petroleum Exporting Countries' (OPEC's) pledge to curb output was overshadowed by rising U.S. shale production and expectations of falling demand. As a result, the Indonesian and Indian equity markets rebounded. For Indonesia, investors welcomed the central bank's sixth interest-rate hike of 2018 in a bid to manage a widening current account deficit, lending further support to the Indonesian rupiah. The Indian market was resilient during the quarter, shrugging off the ruling Bharatiya Janata Party's (BJP's) defeat in three key states and the stand-off between the Indian government and the central bank that led to the resignation of its governor.

Meanwhile, political developments took center stage in Latin America. Brazilian stocks and the real were boosted by right-wing candidate Jair Bolsonaro's presidential election victory in October 2018, and his market-friendly agenda that promised to uproot corruption and reform the country's burgeoning pension system. In contrast, Mexico's left-leaning President Lopez Obrador unnerved investors by scrapping the construction of a new airport after a controversial referendum, with further populist measures in the offing. Amid the heightened policy uncertainty and a worsening inflation outlook, Mexico's central bank raised its benchmark interest rate twice over the quarter and lowered its growth forecast.

Outlook

In our view, the backdrop for EMs began to turn more positive at the end of the year and going into 2019. The Fed switched to a more cautious tone on monetary policy tightening and China slowly implemented its stimulus agenda. Heading into 2019, we think that the lack of certainty on Fed interest-rate hikes could weigh on the U.S. dollar, boding well for EM currencies. Moreover, we believe that large economic adjustments in major EMs such as Argentina and Turkey suggest that these markets will start from a better fundamental position compared to January 2018. Coupled with more attractive valuations relative to other risk assets, we feel that these factors point to a possible turn in investor sentiment towards EMs. Key risks remain around the U.S.-China trade dispute, with little evidence indicating a compromise is near, while political risks in EMs stem from upcoming elections in Argentina, Indonesia, India and South Africa.

Overall Morningstar Rating™:



Institutional class shares rated 4 overall stars by Morningstar among 708 US Fund Diversified Emerging Mkts funds for the period ended 9/30/18 based on risk-adjusted performance.

For the 3-, 5- and 10-year periods, respectively, the Fund was rated 3, 3 and 4 stars among 708, 533, and 238 funds in the US Fund Diversified Emerging Mkts funds category for the time period 12/31/18. The Morningstar Rating™ for funds, or “star rating,” is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product’s monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. **PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.**

Aberdeen Emerging Markets Fund Total Returns (%)

	Cumulative as of Dec. 31, 2018			Annualized as of Dec. 31, 2018				
	1 Mo	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception 05/11/07
Class A w/o sales charges	-1.60	-3.54	-15.10	-15.10	7.06	0.54	9.10	4.62
Class A with sales charges	-7.26	-9.09	-19.98	-19.98	4.97	-0.64	8.45	4.09
Institutional Class	-1.46	-3.40	-14.65	-14.65	7.57	0.94	9.38	4.85
MSCI Emerging Markets Index	-2.06	-7.40	-14.25	-14.25	9.65	2.03	8.39	2.52

Annual Calendar Year Returns (%)

	2018	2017	2016	2015	2014	2013	2012	2011
Class A w/o sales charges	-15.10	29.56	11.56	-13.96	-2.71	-7.82	25.90	-11.05
Institutional Class	-14.65	30.24	11.96	-13.68	-2.45	-7.49	26.15	-11.05
MSCI Emerging Markets Index	-14.25	37.75	11.60	-14.60	-1.82	-2.27	18.63	-18.17

Minimum Initial Investment (A; C; Inst.): \$1,000; \$1,000; \$1,000,000. Gross/Net expense ratio as of most recent prospectus (A; C; Inst.): 1.58%/1.58%; 2.30%/2.10%; 1.13%/1.10%. Annual distributions/ annual capital gains. Expenses stated as of the Fund's most recent prospectus. All classes of the Fund have contractual waivers in place and may not be terminated before 2/28/19 without approval of the Independent Trustees.

PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS. The performance data quoted represents past performance and current returns may be lower or higher. Class A shares have up to a 5.75% frontend sales charge and a 0.25% 12b-1 fee. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. To obtain performance information current to the most recent month-end, which may be higher or lower than the performance shown above, please call 866-667-9231 or go to abernstandard.com.

Returns prior to 11/23/09 reflect the performance of the Aberdeen-managed predecessor fund before its reorganization into the Aberdeen Funds family. The Inception Date represents the inception date for the oldest share class. Performance prior to the inception date for each share class may be linked to performance for the oldest share class. Please see the Fund's prospectus for further details. Total returns assume the reinvestment of all distributions. Total returns may reflect a waiver of part of the Fund's fees for certain periods since inception, without which returns would have been lower. Indexes are unmanaged and have been provided for comparison purposes only. No fees or expenses are reflected. You cannot invest directly in an index.

Top Ten Fund holdings (as of Dec. 31, 2018)

	% of Fund
Tencent Holdings	6.4
Samsung Electronics	5.7
Taiwan Semiconductor	5.0
Housing Development Finance Corp.	3.8
Banco Bradesco	3.3
Ping An Insurance Group	3.0
Vale	2.6
AlA Group	2.5
Astra International	2.5
Kweichow Moutai Co. Ltd.	2.2
Percent of Portfolio in Top Ten	36.9

Figures may not sum due to rounding. Holdings are subject to change and are provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities shown.

Portfolio characteristics (as of Dec. 31, 2018)

	Fund	Benchmark
Number of Holdings (not including cash)	64	1,125
Weighted Average Market Cap (bn USD)	76.8	70.4
Beta	1.0	1.0
Alpha	-0.5	0.0
Standard Deviation	14.7	14.6
R-Squared	90.8	100.0
Sharpe Ratio	0.5	0.6

The beta, alpha, standard deviation and R-squared are based on a 36-month rolling period. Beta is a measure of the volatility of a portfolio in comparison to a benchmark index. Alpha is a measure of performance that takes the volatility of a mutual fund and compares its risk-adjusted performance to a benchmark index. Standard deviation measures historical volatility. R-squared is a statistical measurement that determines the proportion of a fund's return that can be explained by variations in the market, as measured by a benchmark index. Sharpe ratio measures risk-adjusted performance.

IMPORTANT INFORMATION

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Aberdeen Standard Investments is a brand of the investment businesses of Aberdeen Asset Management and Standard Life Investments.

Investing in mutual funds involves risk, including possible loss of principal. There is no assurance that the investment objective of any fund will be achieved. Foreign securities are more volatile, harder to price and less liquid than U.S. securities. They are subject to different accounting and regulatory standards, as well as political and economic risks. These risks are enhanced in emerging markets countries. Equity stocks of small and mid-cap companies carry greater risk and more volatility than equity stocks of larger, more established companies.

Investors should carefully consider a fund's investment objectives, risks, fees, charges and expenses before investing any money. To obtain this and other fund information, please call 866-667-9231 to request a summary prospectus and/or prospectus, or download at www.aberdeen-asset.us. Please read the summary prospectus and/or prospectus carefully before investing any money.

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