Q4 2018

Quarterly Commentary

Aberdeen Standard Investments

Aberdeen Dynamic Dividend Fund[1]

Fund performance

Aberdeen Dynamic Dividend Fund (Institutional Class shares net of fees)[2] returned -11.53% for the fourth quarter of 2018, outperforming the -12.65% return of its benchmark, the MSCI All Country (AC) World Index.[3]

Both stock selection and sector allocation contributed to the Fund's performance relative to the benchmark for the quarter. From a stock selection perspective, holdings in the information technology, industrials and consumer discretionary sectors added the most value. In terms of sector allocation, overweight positions in utilities and real estate bolstered performance. The largest contributors to Fund performance among individual holdings included an overweight allocation relative to the benchmark to CCR S.A, along with positions in Cosan Logistica and Randgold Resources, neither of which is a constituent of the MSCI AC World Index. Shares of CCR S.A., a Brazilian toll road operator, rallied along with the Brazilian equity market following Jair Bolsonaro's victory in the country's presidential election in October 2018. The company also benefited from expectations for additional privatizations of the country's toll roads. Furthermore, CCR reached an agreement with the Brazilian government to settle allegations of corruption against the company. Cosan Logistica is a holding company whose sole asset is shares of Rumo, a railway concession operator in Brazil. The company's shares rallied as political uncertainties in Brazil dissipated. In addition, Cosan Logistica has instituted a large capital expenditure plan in a bid to take market share away from higher-cost truck operators. This initiative is bearing fruit, as demonstrated by improved third-quarter 2018 earnings growth and overall robust volumes. Randgold Resources is a gold mining company that reported strong earnings for the third quarter of its 2018 fiscal year as its expenses were generally lower than expected. The company also approved its merger with Barrick Gold effective at the beginning of 2019.

Conversely, stock selection in the financials, materials and energy sectors hampered the Fund's performance relative to the benchmark over the quarter. In terms of sector allocation, an underweight position in consumer staples and an overweight allocation to energy had a negative impact on performance. The primary individual stock detractors from Fund performance were holdings in Stora Enso, Schlumberger Ltd., and FedEx Corp. Stora Enso is a Finland-based manufacturer of pulp, paper and other forest products. The company was hampered by weak pulp prices in China, coupled with investors' fears of moderating global economic growth and less demand for pulp. Shares of Schlumberger, an oilfield services company, fell due to sharply lower oil prices over the quarter. The company also lowered its earnings guidance for the fourth quarter of its 2018 fiscal year given a slowdown in activity North America, especially hydraulic fracking. Shares of FedEx Corp. declined due to the company's reduced earnings guidance for fiscal year 2019, and weaker economic growth in Europe and China.

Market review

Global financial markets swung wildly and volatility increased during the fourth quarter of 2018. Global equities, as measured by the MSCI AC World Index, suffered their largest monthly decline in over six years in October, before stabilizing, then falling sharply again in December. The index was down 12.65% in U.S. dollar terms during the quarter, its largest loss since the third quarter of 2011. This poor end-of-year performance led to an annual decline of 11%, with 2018 representing the weakest year for global equities since the global financial crisis of 2007-2008. Given the recent longest bull market in history, we think that a pullback may have been overdue.

The energy sector saw weak performance during the fourth quarter, tracking a steady decline in the oil price caused by fears of a supply glut and stuttering economic growth.

[1] The Fund acquired all of the assets and liabilities of the Alpine Dynamic Dividend Fund (the "Predecessor Fund"), a series of Alpine Equity Trust, in connection with a reorganization that occurred as of the close of business on May 4, 2018. Aberdeen Asset Management Inc. became the investment adviser effective upon the closing of the reorganization. The Predecessor Fund was managed by a different investment adviser. The returns presented for the Fund before May 5, 2018, reflect the performance of the Predecessor Fund.

[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 aberdeenstandard.us.

[3] The MSCI AC World Index is an unmanaged index considered representative of stock markets of developed and emerging markets. 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.

Technology companies, which had led the charge for most of 2018, also suffered heavy losses amid softer demand prospects and investors' valuation concerns. Traditionally more defensive categories, such as utilities, telecommunications and consumer staples, fared better, although most still posted negative returns for the quarter. The U.S. equity market changed course and underperformed the global market during the fourth quarter, wiping out gains made earlier in the year. The repricing of risk assets was widespread, with most regional equity markets posting declines; however, emerging markets held up relatively well. Latin America and Brazil, in particular, performed well in the fourth quarter.

Other asset classes also experienced an eventful quarter. At the start of October, the 10-year U.S. Treasury note yield rose sharply and traded consistently above 3% for the first time since mid-2011, before retreating in December. These market moves took place against mixed signals from global economic activity and the gradual, yet persistent, tightening of financial conditions. In our view, market moves also reflected the ebb and flow of ongoing trade tensions and heightened political uncertainty in Europe and elsewhere.

We feel that these issues are a reminder of the narrow path that central banks are treading in their quest for policy "normalization," in a generally challenging policy environment.

Outlook

In our opinion, politics and national self-interest look set to remain key themes going into 2019, but from a business perspective, no one wins over protectionism. We think that global barriers to trade are likely to result in companies experiencing lower growth and higher costs and–while rationally and intellectually bankrupt as a policy–until common sense prevails, it will continue to weigh on financial markets. We have remained generally cautious on global equity markets in terms of the expansion of earnings multiples[4] ascribed to corporates given the still fairly muted backdrop of economic growth despite until more recently, ultra-loose monetary policy within the developed world. As debt burdens continue to grow in absolute terms, we believe that there is a risk that increased funding costs will ultimately lead to further budgetary pressures. In our view, trade tensions are perhaps just a different dimension of sluggish domestic conditions but, whatever the reasons, increased trade barriers are just another obstacle in the way of economic growth.

Global equity markets have until very recently surprised investors by their ability to overlook some notable headwinds. However, following the recent tightening cycle in the U.S., the topics of rising debt, rising interest rates, stretched valuations, combined with increasing political risk and potential disruptions to global supply chain, appear to be back on the agenda. These present a challenging environment to navigate. Against this backdrop, we remain committed to finding companies that pay dividends and, in our judgment, are growing their dividends backed by strong cash flows, as well as organizations with proven and sustainable business models where management teams have a conservative mindset toward balance-sheet structure. We continuously look to strengthen the Fund's portfolio with businesses that we believe have moats[5] and strong positions which will diversify[6] the Fund's overall exposure, while remaining cognizant about current valuations, which we continue to view as stretched in certain areas of the market.

Aberdeen Dynamic Dividend 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
Class A w/o sales charges (Inception Date - 12/30/11)	-7.75	-11.84	-10.02	-10.02	5.86	4.56	-	7.23
Class A with sales charges (Inception Date - 12/30/11)	-13.05	-16.91	-15.20	-15.20	3.79	3.33	-	6.33
Institutional Class (Inception Date 9/22/03)	-7.47	-11.53	-9.57	-9.57	6.20	4.87	7.04	4.78
MSCI All Country World Index	-7.00	-12.65	-8.93	-8.93	7.18	4.82	10.05	7.41

Annual Calendar Year Returns (%)

	2018	2017	2016	2015	2014	2013	2012	2011
Class A w/o sales charges (Inception Date 12/30/11)	-10.02	23.06	7.13	-1.23	6.67	20.32	8.45	-
Institutional Class (Inception Date 9/22/03)	-9.57	23.35	7.39	-0.99	6.94	20.62	8.69	-15.65
MSCI All Country World Index	-8.93	24.62	8.48	-1.84	4.71	23.44	16.80	-6.86

Minimum Initial Investment (A, Inst.): $1,000, $1,000,000. Gross/Net expense ratio as of most recent prospectus (A, Inst.): 1.73%/1.63%, 1.48%/1.38%). 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 5/4/20 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% front-end 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 aberdeenstandard.com.

[4] The price/earnings multiple is calculated by dividing a company's current share price by the company's earnings per share.
[5] A moat refers to the ability of a business to maintain competitive advantages over its competitors in order to protect its long-term profits and market share from competing firms.
[6] Diversification does not ensure a profit or protect against a loss in a declining market.

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

	% of Fund
Apple	2.0
Broadcom Corp.	1.6
Nextra Energy	1.6
Enbridge NPV	1.5
Intel Corp.	1.5
Vodafone Group PLC	1.4
LG Chemical	1.4
Essity NPV	1.4
Ferrovial	1.4
United Health Care	1.4
Percent of Portfolio in Top Ten	**15.2**

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)	92	2,758
Weighted Average Market Cap (bn USD)	90.4	121.6

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

PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.
Aberdeen Standard Investments is a brand of the investment businesses of Aberdeen Asset Management and Standard Life Investments.

The Fund's strategy of investing in dividend-paying stocks involves the risk that such stocks may fall out favor with investors and underperform the market. In addition, there is the possibility that such companies could reduce or eliminate the payment of dividends in the future or the anticipated acceleration of dividends could not occur. The Fund may hold securities for short periods of time related to the dividend payment periods and may experience loss during those periods.

Favorable U.S. federal tax treatment of Fund distributions may be adversely affected, changed or repealed by future changes in tax laws.

The Fund may participate in initial public offerings ("IPOs") or secondary offerings which may result in a magnified impact on the performance of the Fund. IPOs and Secondary offerings are frequently volatile in price and may increase the turnover of the Fund, which may lead to increased expenses.

Foreign securities are more volatile, harder to price and less liquid than U.S. securities. They are subject to different accounting and regulatory standards, and currency exchange rate, political and economic risks. Fluctuations in currency exchange rates may impact a Fund's returns more greatly to the extent the Fund does not hedge currency exposure or hedging techniques are unsuccessful. These risks are enhanced in emerging markets countries.

Equity securities of small- and mid-cap companies carry greater risk, and more volatility than equity securities of larger, more established companies.

Please read the prospectus for more detailed information regarding these and other risks. 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.

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.aberdeenstanadrd.com. Please read the summary prospectus and/or prospectus carefully before investing any money.

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