Q2 2019

Quarterly Commentary

Aberdeen Standard Investments

Aberdeen Dynamic Dividend Fund[1]

Fund performance

Aberdeen Dynamic Dividend Fund (Institutional Class shares net of fees)[2] returned 2.63% for the second quarter of 2019, underperforming the 3.80% return of its benchmark, the MSCI All Country (AC) World Index.[3]

Overall sector allocation drove the Fund's underperformance versus its benchmark during the quarter. Specifically, an underweight in information technology and a tactical position in industrials hampered the Fund's relative performance. From a stock-selection perspective, holdings in the communication services, materials and consumer discretionary sectors had the largest negative effect on Fund performance. The primary individual stock detractors from performance included positions in Daito Trust Construction Co., Nokia and Infineon Technologies. Tokyo-based property developer Daito Trust Construction Co. had a disappointing quarter after the company reported weak apartment orders for the month of April, which fell 36% year-over-year to their lowest level since 2002. The lack of tax breaks for apartment purchases following a consumption tax hike means that the environment for orders on apartments is likely to remain difficult. The company announced a halt to their buyback program in response to these developments. Against this backdrop, we eliminated our position in the stock. An overweight position in Nokia detracted from results. Towards the end of April, the company announced weak first quarter results, with gross and operating margins coming under pressure due to the competitive environment, the cost of 5G trials, product mix issues, service cost overruns and operational execution. In spite of the business facing a number of issues at this point, management still reaffirmed their 2019 and 2020 guidance, with a strong recovery expected for the second half of this year. Infineon Technologies is a German semiconductor manufacturer. An overweight position in company detracted from returns as its shares declined after the acquisition of Cypress Semiconductor. Infineon Technologies announced a capital offering to fund the transaction, which weighted on its share price.

The Fund's holdings in the industrials, healthcare and utilities sectors enhanced performance for the quarter. From a sector allocation perspective, the Fund's tactical positioning the financials sector bolstered performance. The largest contributors to Fund performance among individual holdings included overweight positions in Leidos Holdings and TE Connectivity, as well as a position in LaSalle Logiport REIT, which is not a constituent of the benchmark. Leidos Holdings is an American defense, aviation, information technology and biomedical research company. Its shares rallied as the company reported strong first quarter earnings which exceeded analyst expectations and raised forward guidance. In addition, operational cash flows were significantly higher than anticipated and its order backlog was higher quarter-over-year and year-over-year. TE Connectivity is a technology company that designs and manufactures connectivity and sensor products for harsh environments in a variety of industries. The company's fiscal second-quarter earnings, released in April 2019, showed that revenues were roughly in line with consensus expectations. However, operating margins significantly improved, and TE Connectivity's earnings per share exceeded the high end of guidance, driven by strong cost controls. This, in turn, drove its share price higher and benefited Fund performance. LaSalle Logiport REIT focuses on investments in prime logistics within the Tokyo and Osaka areas. It announced impressive fiscal semiannual results in mid-April. Management also reported impressive progress on occupancy rates at its recently acquired properties. Toward the end of May, the company raised ¥12 billion

[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.

via an equity offering for further investment in five distribution facilities. The company subsequently raised their distribution-per-unit guidance for both 2019 and 2020.

Market review

The second quarter was symptomatic of the environment surrounding the global economy over the last few quarters. Politics again trumped monetary policy as the key driver of financial markets, and increasingly influenced the direction of both. From last quarter's soothing words from the U.S. Federal Reserve (Fed) and Fed Chairman Powell's "patient" pause on the tightening cycle, to rising hopes of a truce in the U.S.-China trade war, equity markets initially started the quarter in buoyant fashion. In addition, a better-than-expected earnings season propelled global markets higher and pushed U.S. markets to fresh records. However, what followed in May (the worst U.S. equity returns in May since 2010) and June (the best June returns since the 1930s) was a clear reflection of the current push and pull of politics and monetary policy, respectively.

Despite concerns over the impact from trade tensions, the U.S. economy delivered stronger-than-expected first quarter GDP, with growth of 3.1% — the best start to the year since 2015. This is a continuation of the improving growth rate of the past 18 months, which began with the supporting jolt from tax cuts feeding through to the wider economy. Unemployment levels are at 50-year lows. This supports wage increases of 3% and U.S. consumers' willingness to continue spending. As a result, the economy looks set to push into record territory, with July 2019 marking the longest expansion in U.S. history. However, little about this decade-old expansion has been what you could call normal, and this appears likely to continue being the case.

With the Fed now firmly on an easing footing, the troika of central banks are now back in synchronization. That said, the European Central Bank (ECB) and Bank of Japan would clearly favor having the added interest-rate flexibility afforded to their U.S. peer. The spluttering export-centric German economy and declining inflationary pressures encouraged ECB President Mario Draghi to surprise the markets with hints of further monetary easing. This propelled German interest rates into record negative territory. While this had the impact of adding fuel to the dovish liquidity fire supporting equities in June, it also sparked the Trump administration's ire around currency manipulation concerns. Meanwhile, in the U.K., the electorate was asked to participate in elections two months after the initial Brexit date, and five months ahead of the latest revised exit date. Unfortunately, the political stalemate shows little sign of ending soon. With this ongoing uncertainty around the U.K.'s future relationship with the European Union, the Brexit hangover finally caught up with its economy, as GDP shrank 0.4% in April. This has raised expectations that the UK government's second-quarter 2019 GDP data report, which will be released in early August, will indicate that the economy flirted with contraction in the second quarter, as pressures in the global auto industry and Brexit inventory build-up unwind.

Aberdeen Dynamic Dividend Fund Total Returns (%)

	Cumulative as of June 30, 2019			Annualized as of June 30, 2019				
	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)	6.55	2.57	12.29	2.17	10.25	5.51	-	8.40
Class A with sales charges (Inception Date - 12/30/11)	0.42	-3.33	5.84	-3.71	8.09	4.27	-	7.55
Institutional Class (Inception Date 9/22/03)	6.57	2.63	12.13	2.41	10.62	5.82	8.19	5.38
MSCI All Country World Index	6.59	3.80	16.60	6.32	12.22	6.74	10.73	8.22

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.): 1.68%/1.61%; 1.43%/1.36%). 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.

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.

In contrast to Europe, the political election calendar in Asia passed with little noise during the quarter, as India and Indonesia returned to incumbent governments. This was welcomed by the respective equity markets, providing a sense of continuity as the leaders of both nations have been granted five more years to progress their reform agendas. While India has been involved in its own ongoing trade skirmish with the U.S., U.S-China trade and technology tensions have been front and center of regional concerns and investors' minds. The black-listing of Huawei is a case in point. With 20% of their exports derived from memory chips, South Korea's run of six consecutive months of contracting exports reflects the near-term challenges this presents. For the Chinese authorities, with a further $325 billion of trade under the threat of tariffs, moderating growth has encouraged further moderate easing actions. This has taken the form of the People's Bank of China cutting reserve requirements by 1%, fresh lending targeted at small businesses and infrastructure and stimulus plans aimed at the consumption of eco-friendly consumer goods.

Outlook

We think that politics and national self-interest may remain key themes in 2019. As we move into the third quarter of 2019, trade disputes most likely will continue to challenge market expectations. While the near-term tensions between China and the U.S. are dominating the headlines, tensions between the U.S. and Europe lurk in the shadows. This uneasiness in international trade has raised the stakes for future central bank policy. We believe that global monetary policy will continue erring on the side of caution over the coming quarters. But will it be cautious enough to meet market expectations?

From a corporate perspective, looser monetary policy, stimulus plans and a relatively resilient consumer provide a supportive earnings backdrop. However, the heightened risk of rolling tariff disputes, deteriorating balance sheets, fading comparative tax benefits and the aging economic cycle merits caution from an investment perspective. Indeed, with equity markets reacting positively to an increasingly accommodative stance by the Federal Reserve, valuations have expanded again as investors have rediscovered their willingness to pay for earnings growth in a low-growth, low-inflation environment. As a result, our expectation remains that the market will continue to be increasingly susceptible to disappointments and higher periods of volatility. In line with our investment approach, we view such periods as opportunities for disciplined investors.

Top Ten Fund holdings (as of June 30, 2019)

	% of Fund
Apple	2.3
Microsoft Corp.	1.6
Intel Corp.	1.4
Nestle	1.4
Essity AB	1.4
Cisco Systems	1.3
Oversea-Chinese Banking	1.3
Kinder Morgan	1.3
Lowes	1.3
Treasury Wine Estates	1.3
Percent of Portfolio in Top Ten	**14.6**

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 June 30, 2019)

	Fund	Benchmark
Number of Holdings (not including cash)	90	2,849
Weighted Average Market Cap (bn USD)	110.7	147.9

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.

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

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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