Q2 2019

Quarterly Commentary

Aberdeen Standard Investments

Aberdeen Global Infrastructure Fund[1]

Fund performance

Aberdeen Global Infrastructure Fund (Institutional Class shares net of fees)[2] returned 4.81% for the second quarter of 2019, outperforming the 3.80% return of the MSCI All Country (AC) World Index and lagging the 5.34% return of S&P Global Infrastructure Index—the Fund's two benchmarks.[3] Global infrastructure stocks, in general, were supported by the declining interest-rate environment during the second quarter.

Overall stock selection detracted from the Fund's performance relative to the S&P Global Infrastructure Index during the second quarter, particularly holdings in the industrials and energy sectors. In terms of sector allocation, an out-of-benchmark allocation to the consumer discretionary sector had a negative impact on the Fund's relative performance. The main detractors from Fund performance among individual holdings included the lack of exposure to Aena and Auckland International Airport Ltd., along with a position in SemGroup Corp., which is not a constituent of the S&P Global Infrastructure Index. Aena is a state-owned company that manages airports, largely in Spain. Aena's shares rallied as the company reported solid earnings for the first quarter of its 2019 fiscal year, led by strong passenger traffic. The company also diversified its portfolio by acquiring six airports in Brazil. Auckland International Airport runs the largest airport in New Zealand. New retail offerings in the airport's expanded international terminal has helped to boost revenues. In addition, the low-interest-rate environment has led to solid demand for real asset plays. Shares of SemGroup, a North American midstream energy company, declined over the quarter as the company's initial guidance for 2019 disappointed the market. This resulted in several analyst downgrades, further pressuring its share price.

Overall sector allocation had a positive impact on the Fund's performance relative to the benchmark S&P Global Infrastructure Index over the second quarter. Specifically, underweight allocations to energy and real estate contributed to the Fund's performance. From a stock selection perspective, the utilities sector contributed to the Fund's relative performance. The main contributors to Fund performance among individual holdings included overweight positions in Cellnex Telecom, Cosan Logistica, and CCR S.A. Cellnex Telecom, a Spanish wireless telecommunication infrastructure operator. The company's shares moved higher as it demonstrated the successful implementation of its expansion strategy. In particular, Cellnex Telecom raised capital in March 2019 in order to purchase additional cell towers in Europe. In May, the company announced acquisitions of 10,700 additional towers. Cosan Logistica is a holding company whose sole asset is shares of Rumo, a railway concession operator in Brazil. Cosan Logistica benefited as shares of Rumo performed well. There were also renewed hopes that Cosan Logistica's parent, Cosan Ltd., would simplify its corporate structure. CCR S.A., a Brazilian toll road operator, was supported by expectations of lower interest rates in the country. Investors also anticipated that CCR could win new concessions as Brazil privatizes additional infrastructure projects.

[1] The Fund acquired all of the assets and liabilities of the Alpine Global Infrastructure Fund (the "Predecessor Fund") in connection with a reorganization that occurred as of the close of business on May 4, 2018. Aberdeen Asset Management Inc. (the "Adviser") became the investment adviser effective upon the closing of the reorganization. The Predecessor Fund was managed by a different investment adviser.

[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 AC World Index is an unmanaged index considered representative of stock markets of developed and emerging markets. S&P Global Infrastructure Index is an unmanaged index considered representative of stock markets of developed and emerging markets. The S&P Global Infrastructure 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.

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 Jerome 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.

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

Aberdeen Global Infrastructure 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)	4.09	4.75	19.32	15.52	10.70	4.62	—	10.30
Class A with sales charges (Inception Date – 12/30/11)	-1.90	-1.28	12.46	8.88	8.53	3.39	—	9.44
Institutional Class (Inception Date 11/03/08)	4.10	4.81	19.44	15.79	10.96	4.88	12.36	12.78
MSCI All Country World Index	6.59	3.80	16.60	6.32	12.22	6.74	10.73	10.60
S&P Global Infrastructure Index	5.46	5.34	20.15	12.17	8.78	4.83	9.33	8.86

Annual Calendar Year Returns (%)

	2018	2017	2016	2015	2014	2013	2012	2011
Class A w/o sales charges (Inception Date – 12/30/11)	-9.57	24.90	9.86	-11.32	6.70	19.61	24.99	—
Institutional Class (Inception Date – 1/30/08)	-14.77	25.22	10.13	-11.07	6.90	19.99	24.75	-5.05
MSCI All Country World Index	-8.93	24.62	8.48	-1.84	4.71	23.44	16.80	-6.86
S&P Global Infrastructure Index	-9.50	20.13	12.43	-11.46	12.98	14.99	11.89	-0.39

* The inception date for benchmark performance data is 11/3/08, which is the inception date of the Institutional Class share, the oldest share class of the Fund.

Minimum Initial Investment (A; C; Inst.): $1,000; $1,000; $1,000,000. Gross/Net expense ratio as of most recent prospectus (A, Inst.): 1.59%/1.46%; 1.33%/1.21%. 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 go to aberdeen-asset.us.

The Fund acquired all of the assets and liabilities of the Alpine Global Infrastructure 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. Returns of the Predecessor Fund have been adjusted to reflect applicable sales charges but not the differences in the expenses applicable to the respective classes of the Fund.

Total returns assume the reinvestment of all distributions. Total returns may 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 You cannot invest directly in an index.

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.

We believe that there are numerous opportunities to invest in infrastructure globally. In April 2019, the World Economic Forum projected that the world is facing a US$15 trillion infrastructure gap by 2040.[3] Meanwhile, according to Oxford Economics, Global Infrastructure Hub, China, the U.S. and Brazil have infrastructure investment gaps of US$1.9 trillion, US$3.8 trillion, and US$1.2 trillion, respectively.[4] China is in the midst of investing US$1 trillion in its "One Belt, One Road"[5] project. Furthermore, the urban population of the world has grown from 751 million in 1950 to 4.2 billion in 2018. Fifty-five percent of the world's population now lives in urban areas, a proportion that is expected to increase to 68% by 2050.[6] Projections show that urbanization, combined with the overall growth of the world's population, could add another 2.5 billion people to urban areas by 2050.[7] We believe that cities will need to invest in their infrastructure in an effort to accommodate that growth.

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

	% of Fund
Kinder Morgan	2.9
Ferrovial	2.9
Cosan Logistica NPV	2.8
William Companies	2.8
Cellnex Telecom	2.8
Enbridge NPV	2.7
Vinci	2.6
Grupo CCR	2.1
Crown Castle International	2.1
Tower Bersama Infrastructure	1.9
Percent of Portfolio in Top Ten	**25.6**

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)	66	76
Weighted Average Market Cap (bn USD)	26.2	33.5

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.

[3] Source: World Economic Forum, April 11, 2019.
[4] Source: Oxford Economics, Global Infrastructure Hub, July 2017.
[5] The Chinese government's One Belt, One Road project is focused on improving connectivity and cooperation among multiple countries spread across the continents of Asia, Africa and Europe.
[6, 7] Source: The 2018 Revision of World Urbanization Prospects, produced by the Population Division of the UN Department of Economic and Social Affairs.

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Aberdeen Standard Investments is a brand of the investment businesses of Standard Life Aberdeen plc., its affiliates and subsidiaries.

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.

The Fund is subject to the risk of concentrating investments in infrastructure related companies, which makes it more susceptible to factors adversely affecting issuers within that industry than would a fund investing in a more diversified portfolio of securities. These risks include high interest costs in connection with capital construction programs and the costs associated with environmental and other regulations.

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 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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