

# Aberdeen Liquidity Fund (Lux)

Annual Report and Accounts  
For the period from 1 April 2017 to 30 June 2018



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## Incorporation

Aberdeen Liquidity Fund (Lux) (the Company) is a société anonyme, qualifying as an open-ended société d'investissement à capital variable (a SICAV). It is registered under number B167827 at the Register of Commerce at the District Court of Luxembourg.

As at 30 June 2018, the Company has issued shares in the following Funds:

Canadian Dollar Fund  
Euro Fund  
Sterling Fund  
Ultra Short Duration Sterling Fund  
US Dollar Fund

The full name of each Fund is constituted by the name of the Company, Aberdeen Liquidity Fund (Lux), followed by a hyphen and then the specific name of the Fund. Throughout the Financial Statements, the Funds are referred to by their short names as indicated above.

No subscriptions can be received on the basis of this document. Subscriptions are only valid if made on the basis of the current prospectus and the latest Key Investor Information Document, accompanied by a copy of the latest annual report or of the subsequent semi-annual report if it has been published.

Please see the Notes to the Financial Statements for changes during the period.

### Important information

Following the merger of Aberdeen Asset Management PLC and Standard Life plc there have been no amendments to legal entities and naming conventions, and therefore the references to Aberdeen Asset Management throughout this report have not been changed.

## Net Asset Value History

Sub-Fund	Base Currency	Share Class	NAV per Share 30.06.18	NAV per Share 31.03.17 <sup>A</sup>	NAV per Share 31.03.16 <sup>A</sup>	Ongoing Charges % <sup>†</sup> as at 30.06.18
Canadian Dollar Fund	CAD	A-2	2,260.3130	2,245.6689	2,242.3481	0.50
	CAD	I-2	1,148.3164	1,137.8897	1,133.8142	0.29
	CAD	K-1 <sup>B</sup>	-	-	1.0000	0.00
	CAD	L-1 <sup>C</sup>	1.0000	1.0000	-	0.10
Euro Fund	EUR	A-2	441.9231	444.3181	445.8071	0.06
	EUR	I-2	1,210.6940	1,217.0999	1,221.0618	0.05
	EUR	J-2	1,073.3807	1,079.0602	1,082.5727	0.05
	EUR	J-3	1.0000	1.0000	1.0000	0.05
	EUR	K-2	9.9184	9.9675	9.9983	0.05
	EUR	Z-3	1,000.0000	1,000.0000	1,000.0000	0.02
Sterling Fund	GBP	A-2	4,791.8951	4,781.0259	4,775.2046	0.23
	GBP	I-2	1,149.8678	1,147.1206	1,144.0718	0.22
	GBP	I-3 <sup>D</sup>	1,000.0000	-	-	0.20
	GBP	J-3 <sup>E</sup>	1.0000	1.0000	-	0.20
	GBP	K-1	1.0000	1.0000	1.0000	0.15
	GBP	K-3 <sup>E</sup>	1.0000	1.0000	-	0.15
	GBP	L-1	1.0000	1.0000	1.0000	0.10
	GBP	L-3 <sup>E</sup>	1.0000	1.0000	-	0.10
	GBP	Z-1	1,000.0000	1,000.0000	1,000.0000	0.02
	GBP	Z-3 <sup>E</sup>	1,000.0000	1,000.0000	-	0.00
Ultra Short Duration Sterling Fund	GBP	J-2 <sup>E</sup>	103.7864	103.2157	-	0.22
	GBP	K-2 <sup>E</sup>	127.6616	126.8812	-	0.17
	GBP	Z-2 <sup>E</sup>	132.3293	131.2746	-	0.02
US Dollar Fund	USD	A-2	3,146.1355	3,092.1195	3,071.5915	0.14
	USD	I-2	1,258.9034	1,237.1360	1,228.8022	0.13
	USD	J-2	1,111.7104	1,092.4880	1,085.1374	0.13
	USD	K-1	1.0000	1.0000	1.0000	0.15
	USD	K-2	10.2867	10.1025	10.0295	0.08
	USD	L-1	1.0000	1.0000	1.0000	0.10
	USD	Z-1	1,000.0000	1,000.0000	1,000.0000	0.03
	USD	Z-2	1,170.1373	1,148.4719	1,139.5866	0.03

<sup>A</sup> The financial year end has changed from 31 March to 30 June, as resolved at the EGM on 12 September 2017.

<sup>B</sup> Share class closed 26 May 2016.

<sup>C</sup> Share class launched 11 May 2016.

<sup>D</sup> Share class launched 20 June 2017.

<sup>E</sup> Share class launched 15 July 2016.

<sup>†</sup> Source: Aberdeen Asset Management. Calculated in accordance with the European Securities and Markets (ESMA) guidelines. The ongoing charges figure (OCF) is the total expenses paid by each share class in the period against its average net asset value. This includes the annual management charge, the other operating expenses and any synthetic element to incorporate the ongoing charges of any underlying collective investments. The OCF can fluctuate as underlying costs change. Where underlying costs have changed, the OCF disclosed in the Key Investor Information Document will be updated to reflect current charges.

The currency exchange rates against the USD as at the following period end dates were as follows:

Exchange Rates	30.06.18	31.03.17	31.03.16
USD - CAD	1.315450	1.333650	1.293450
USD - EUR	0.856494	0.934973	0.877539
USD - GBP	0.757432	0.799712	0.695749

## Summary of Historic Information

Sub-Fund	Base Currency	Net Asset Value 30.06.18 ('000)	Net Asset Value 31.03.17 <sup>A</sup> ('000)	Net Asset Value 31.03.16 <sup>A</sup> ('000)
Canadian Dollar Fund	CAD	75,623	83,813	90,617
Euro Fund	EUR	800,606	899,795	732,708
Sterling Fund	GBP	15,135,206	15,051,458	393,698
Ultra Short Duration Sterling Fund <sup>B</sup>	GBP	4,593,739	4,620,378	-
US Dollar Fund	USD	1,199,403	1,475,978	1,576,305
<b>Combined Total</b>	<b>USD</b>	<b>28,238,789</b>	<b>27,099,849</b>	<b>3,047,183</b>

<sup>A</sup> The financial year end has changed from 31 March to 30 June, as resolved at the EGM on 12 September 2017.

<sup>B</sup> First net asset value calculated on 18 July 2016.

## Performance History

Sub-Fund	Base Currency	30.06.18 %	31.03.17 <sup>A</sup> %	31.03.16 <sup>A</sup> %	31.03.15 <sup>A</sup> %
Canadian Dollar Fund - A Accumulation Shares	CAD	0.65	0.15	0.14	0.53
Benchmark: Bank Of Canada Overnight Lending Rate Index	CAD	1.19	0.50	0.57	0.96
Euro Fund - A Accumulation Shares	EUR	(0.54)	(0.33)	(0.09)	0.08
Benchmark: 7 Day EUR LIBID	EUR	(0.68)	(0.52)	(0.32)	(0.10)
Sterling Fund - A Accumulation Shares	GBP	0.23	0.12	0.11	0.06
Benchmark: 7 Day GBP LIBID	GBP	0.31	0.20	0.36	0.35
Ultra Short Duration Sterling Fund - J Accumulation Shares <sup>B</sup>	GBP	0.55	0.61	-	-
Benchmark: 1 Month GBP LIBID	GBP	0.33	0.11	-	-
US Dollar Fund - A Accumulation Shares	USD	1.75	0.67	0.15	0.04
Benchmark: 7 Day USD LIBID	USD	1.57	0.41	0.10	-

<sup>A</sup> The financial year end has changed from 31 March to 30 June, as resolved at the EGM on 12 September 2017.

<sup>B</sup> First net asset value calculated on 18 July 2016.

Performance basis is detailed within the Manager's Review.

For the current period end, performance is calculated from 1 April 2017 to 30 June 2018.

Past performance is no indication of current or future performance. These performance data do not take account of the commissions and costs incurred on the issue and redemption of shares.

Performance is calculated at 30 June each year unless otherwise stated.

## Aberdeen Liquidity Fund (Lux) - Combined Statements

### Statement of Net Assets

As at 30 June 2018

	Notes	US\$'000
<b>Assets</b>		
Investments in securities	2.2	22,304,347
Cash at bank and cash equivalents		6,005,151
Interest and dividends receivable		21,923
Subscriptions receivable		792
Other assets		1,213
<b>Total assets</b>		<b>28,333,426</b>
<b>Liabilities</b>		
Payable for investments purchased		(80,389)
Bank overdrafts		(164)
Taxes and expenses payable		(4,862)
Redemptions payable		(1,195)
Other liabilities		(8,027)
<b>Total liabilities</b>		<b>(94,637)</b>
<b>Net assets at the end of the period</b>		<b>28,238,789</b>

### Statement of Changes in Net Assets

For the period from 1 April 2017 to 30 June 2018

	Notes	US\$'000
Net assets at the beginning of the period		27,099,849
Exchange rate effect on opening net assets		1,462,152
Net gains from investment		151,988
Net realised losses		(755)
Net unrealised losses		(7,793)
Proceeds from shares issued		147,631,087
Payments for shares redeemed		(148,010,521)
Net equalisation paid	10	(1,361)
Dividends paid	5	(85,857)
<b>Net assets at the end of the period</b>		<b>28,238,789</b>

### Statement of Operations

For the period from 1 April 2017 to 30 June 2018

	Notes	US\$'000
<b>Income</b>		
Investment income	2.3	180,655
Bank interest		7,189
<b>Total income</b>		<b>187,844</b>
<b>Expenses</b>		
Management fees	4.1	(33,130)
Administration fees	4.2	(2,172)
Depositary fees	4.3	(2,337)
Domiciliary agent, registrar, paying and transfer agent fees	4.4	(1,102)
Management Company fees	4.5	(880)
Operational expenses	4.6	(1,235)
Expense cap refunded by the Investment Manager	4.7	5,911
Annual tax	4.8	(911)
<b>Total expenses</b>		<b>(35,856)</b>
<b>Net gains from investments</b>		<b>151,988</b>
Realised losses on investments		(755)
<b>Net realised losses</b>		<b>(755)</b>
Decrease in unrealised appreciation on investments		(7,793)
<b>Net unrealised losses</b>		<b>(7,793)</b>
<b>Net increase in assets as a result of operations</b>		<b>143,440</b>

The accompanying notes form an integral part of these financial statements.



# Canadian Dollar Fund

For the period from 1 April 2017 to 30 June 2018

## Performance

For the period from 1 April 2017 to 30 June 2018, the value of Canadian Dollar Fund - A Accumulation shares increased by 0.65% compared to an increase of 1.19% in the benchmark, Bank of Canada Overnight Lending Rate Index.

Source: Aberdeen Asset Management, Lipper, BNP Paribas.

Basis: Total Return, published NAV to NAV, net of annual charges, gross income reinvested, CAD.

Please remember that past performance is not a guide to future returns. The price of shares and the income from them may fall as well as rise. Investors may not get back the amount originally invested.

## Market review

The Bank of Canada (BoC) raised rates three times throughout the period under review. The first hike was on the 12 July 2017 which was the first time in seven years. Two more hikes followed on 6 September and again on 17 January 2018 bringing the final rate for the period to 1.25%. Since the end of the reporting period, the BoC has hiked rates again (11 July 2018) by 0.25% bringing the target rate to 1.50%.

Governor Stephen Poloz spoke in late September on the central bank's monetary policy. He argued that their policy should aim to zero the gap between output and inflation. Poloz stressed that policy should not be most concerned with the most recent inflation numbers but with forecasts of future inflation. The governor also stressed that the Bank must move cautiously and monitor how the economy, particularly the highly-levered household sector, responds to rate increases. He concluded that the Bank would "feel our way cautiously as we get closer to home" by monitoring the economy's response to hikes.

In Canada, economic data has been robust. The global economy continued with a strong momentum into the fourth quarter of 2017. Canada's economy began 2018 at a solid pace but moderated somewhat from the fourth quarter of 2017 as growth in household spending continued to slow. Data for the second quarter of 2018 suggests the market continued grappling with the new guidelines and higher borrowing costs into May, although there were nascent signs that it could soon stabilize. However in recent weeks the outlook worsened for trade. The US announced new steel and aluminium tariffs on Canadian imports, which Canada quickly reciprocated. This could indicate the US's intentions to add additional tariffs on the Canadian automotive and agricultural industries. At the end of the period, inflation hit a six-year high in June of 2.5%, up from 2.2% in May.

## Portfolio review

The Fund maintained its strategic allocation to national and provincial government securities throughout the period. This was a thoughtful step to ensure strong liquidity from a high quality short-dated portfolio in an environment punctuated by increasing

yields for the Canadian market. Fund positioning was managed around key BoC meeting dates with the interest rate exposure moving between 30 and 50 days. This enabled the constant reset of the Fund to higher yield levels.

Exposure to floating rate instruments was also held in order to provide some protection against rising yield levels as well as drive returns through exposure to credit spread product. We take a considered approach to our overall exposure to credit in the Canadian dollar market. But given its more limited level of issuance from non-domestic names and geographies when compared to some other developed markets. Relative value and risk attributes add to the portfolio in terms of diversification and incremental returns.

## Outlook

The Canadian economy continues to show signs that it is operating at nearly full capacity, despite some weak results shown in the first quarter of 2018 and low growth forecasts. Policy rates are below what would be considered a neutral level and we expect the BoC to continue its bias towards higher rates. However, we feel the delivery of this will likely be slower than current market pricing. From a domestic perspective, high household and business indebtedness remains a headwind and a potential downside risk to future economic out turns.

It is from an international view however, specifically a trade policy perspective, where larger risks reside. Efforts to reach an agreement on a renegotiation of NAFTA failed to materialise by the end 2017, and more recently Canada's exclusion from steel and aluminium tariffs imposed by the US have been removed. An escalation of protectionist trade policies, as is being discussed with further possible tariffs and retaliation measures, poses a significant risk to the economic outlook. This will have a direct impact on development of front end yields going forward.

## Money Markets Team

July 2018

**Statement of Net Assets**

As at 30 June 2018

	Notes	C\$'000
<b>Assets</b>		
Investments in securities at amortised cost	2.2	62,784
Cash at bank and cash equivalents		12,761
Interest receivable		110
Other assets		23
<b>Total assets</b>		<b>75,678</b>
<b>Liabilities</b>		
Taxes and expenses payable		(47)
Other liabilities		(8)
<b>Total liabilities</b>		<b>(55)</b>
<b>Net assets at the end of the period</b>		<b>75,623</b>

**Statement of Changes in Net Assets**

For the period from 1 April 2017 to 30 June 2018

	Notes	C\$'000
Net assets at the beginning of the period		83,813
Net gains from investment		524
Proceeds from shares issued		28,059
Payments for shares redeemed		(36,720)
Dividends paid	5	(53)
<b>Net assets at the end of the period</b>		<b>75,623</b>

**Share Transactions**

For the period from 1 April 2017 to 30 June 2018

	A-2	I-2	L-1
Shares outstanding at the beginning of the period	32,838	6,588	2,573,028
Shares issued during the period	7,337	845	10,577,006
Shares redeemed during the period	(13,164)	(1,236)	(5,696,184)
<b>Shares outstanding at the end of the period</b>	<b>27,011</b>	<b>6,197</b>	<b>7,453,850</b>
<b>Net asset value per share</b>	<b>2,260.3130</b>	<b>1,148.3164</b>	<b>1.0000</b>

The accompanying notes form an integral part of these financial statements.

**Statement of Operations**

For the period from 1 April 2017 to 30 June 2018

	Notes	C\$'000
<b>Income</b>		
Investment income	2.3	865
Bank interest		84
<b>Total income</b>		<b>949</b>
<b>Expenses</b>		
Management fees	4.1	(339)
Administration fees	4.2	(11)
Depository fees	4.3	(14)
Domiciliary agent, registrar, paying and transfer agent fees	4.4	(3)
Management Company fees	4.5	(2)
Operational expenses	4.6	(53)
Expense cap refunded by the Investment Manager	4.7	5
Annual tax	4.8	(8)
<b>Total expenses</b>		<b>(425)</b>
<b>Net gains from investments</b>		<b>524</b>
<b>Net increase in assets as a result of operations</b>		<b>524</b>

## Portfolio Statement

As at 30 June 2018

Security	Coupon (%)	Maturity	Nominal	Market Value C\$'000	Total Net Assets %
Transferable securities and money market instruments admitted to an official exchange listing or dealt in on another regulated market 83.02%					
<b>Bonds 70.49%</b>					
Bank of Montreal (DPNT)	3.2100	13/09/2018	3,250,000	3,259	4.31
Bank of Nova Scotia (DPNT)	FRN	12/10/2018	3,250,000	3,251	4.30
Canadian Treasury Bill	-	12/07/2018	10,000,000	9,998	13.22
Canadian Treasury Bill	-	26/07/2018	5,000,000	4,997	6.61
Honda Canada Finance	FRN	03/12/2018	1,070,000	1,073	1.42
HSBC Bank Canada	2.0780	26/11/2018	1,750,000	1,752	2.32
John Deere Canada Funding (MTN)	2.6500	16/07/2018	3,000,000	3,001	3.97
Ontario Treasury Bill	-	10/10/2018	1,500,000	1,494	1.98
Province of Alberta Treasury Bill	-	03/07/2018	3,000,000	3,000	3.97
Province of British Columbia Treasury Bill	-	24/08/2018	3,500,000	3,493	4.62
Province of Manitoba Canada Treasury Bill	-	19/09/2018	3,500,000	3,489	4.61
Province of Nova Scotia Treasury Bill	-	19/07/2018	3,500,000	3,498	4.62
Province of Saskatchewan Treasury Bill	-	14/08/2018	3,000,000	2,995	3.96
Quebec Treasury Bill	-	03/08/2018	3,500,000	3,496	4.62
Royal Bank of Canada (DPNT)	2.8200	12/07/2018	1,500,000	1,501	1.98
Royal Bank of Canada (DPNT)	2.7700	11/12/2018	2,000,000	2,008	2.65
Toyota Credit Canada (MTN)	FRN	25/02/2019	1,000,000	1,006	1.33
<b>Total Bonds</b>				<b>53,311</b>	<b>70.49</b>
<b>Money Market Instruments 12.53%</b>					
Banque Federative du Credit Mutuel	-	18/09/2018	3,000,000	2,990	3.95
BGL BNP Paribas	-	18/09/2018	3,000,000	2,990	3.96
OP Corporate Bank	-	22/08/2018	3,500,000	3,493	4.62
<b>Total Money Market Instruments</b>				<b>9,473</b>	<b>12.53</b>
<b>Total Transferable securities and money market instruments admitted to an official exchange listing or dealt in on another regulated market</b>				<b>62,784</b>	<b>83.02</b>
<b>Total investments</b>				<b>62,784</b>	<b>83.02</b>
<b>Other net assets</b>				<b>12,839</b>	<b>16.98</b>
<b>Total net assets</b>				<b>75,623</b>	<b>100.00</b>

## Euro Fund

For the period from 1 April 2017 to 30 June 2018

### Performance

For the period from 1 April 2017 to 30 June 2018, the value of Euro Fund - A Accumulation shares decreased by 0.54% compared to a decrease of 0.68% in the benchmark, 7 day EUR LIBID.

Source: Aberdeen Asset Management, Lipper, BNP Paribas.

Basis: Total Return, published NAV to NAV, net of annual charges, gross income reinvested, EUR.

Please remember that past performance is not a guide to future returns. The price of shares and the income from them may fall as well as rise. Investors may not get back the amount originally invested.

### Market review

Through the period under review, markets were roiled by political developments across various regions. In Italy, a deal was struck between anti-establishment parties Five Star and Northern League to form a government. Giuseppe Conte was picked as a compromise candidate for prime minister. Conte is a fairly unknown lawyer with no political experience, who is expected to act as executor of the deal agreed between the leaders of both parties, which include plans to scrap the 2011 pension reforms and increased deficit spending at odds with EU fiscal rules. The potential appointment of a Eurosceptic finance minister prompted an aggressive sell-off in Italian assets, with the Italian spread to Germany widening as much as 175 basis points (bps), in May. These moves somewhat retraced in June as a more moderate candidate was appointed as Finance Minister and following some softer rhetoric from the government. Italian 10y closed the period 109bps wider at 2.37%.

Germany formed a new government after its inconclusive elections in September 2017. Angela Merkel remains as chancellor after her centre-right CDU/CSU agreed another grand coalition with the centre-left SPD. Greece was back in the headlines at the beginning of the period under review as the country's shaky economic recovery continues. Creditors agreed a further EUR8bn in financing for the nation, removing a possible summer default on loan repayments, but there is some way to go.

The European Central Bank (ECB) announced a dovish final taper of its asset purchase program, reducing purchases to €15bn per month from September to December, at which point purchases will end. It was noted the taper was "subject to incoming data" – this conditionality helped give a dovish twist to the announcement, although realistically the bar to the ECB reneging on the taper is very high. Calendar forward guidance was also introduced, with the Governing Council expecting key rates "to remain at their present levels at least through the summer of 2019". This dovish guidance on rate policy, when previously the EONIA market was around 75% priced for a June 2019 hike, drove a notable rally in core European rates while the euro sold off sharply. In a further dovish twist, the ECB is considering reinvesting maturing assets into longer dated bonds in a move intended to maintain the flatness of the yield curve and maintain the duration of its bond holdings. German 10y bunds closed the quarter 20bps lower at 30bps.

### Portfolio review

More recently, we have seen issuance levels ticking up across the money market curve, along with spread widening in the short-end bond market. These moves can be attributed to the expectation that the ECB is likely to wind up quantitative easing (QE) by the end of the year. The Fund has taken advantage of the recent widening in floating spreads, picking up a number of positions where value has been seen. As the ECB announced their intention to taper the QE programme through the fourth quarter our preference moved towards floating instruments with a view to decreasing risk and volatility around interest rate moves.

Investment in the Fund has been focussed towards corporate issuers, taking advantage of superior issuance levels and strong credit quality. This has allowed us to diversify away from the financial sector, where our exposure is greatest. In terms of sectors, strong insurance and auto names are still showing positive relative value. Exposure to French companies from these issuers has been maintained over the period. The credit quality of the Fund has improved as we have seen more issuance from higher rated credits, including a number of government names. Therefore we have increased exposure to these issuers while maintaining top quartile performance.

### Outlook

The ECB has announced its intention to taper its net asset purchases over the course of the fourth quarter. The ECB anticipates that after September 2018, subject to incoming data confirming the medium-term inflation outlook, they will reduce the monthly pace of the net asset purchases to €15 billion until the end of December 2018 and then cease the QE programme. The dovish chaser to this hawkish announcement was "enhanced forward guidance" on policy rates, with the ECB stating its intention to keep rates on hold at least through the summer of 2019.

Activity data is now pointing to a stabilisation in GDP growth and headline inflation is set to peak in July. However, there is potential for a further delay to any rate hikes with downside risks to economic activity and the probability of inflation forecasts undershooting ECB staff projections, along with the prospective of increasing protectionism and a slowdown in China.

### Money Markets Team

July 2018

**Statement of Net Assets**

As at 30 June 2018

	Notes	€'000
<b>Assets</b>		
Investments in securities at amortised cost	2.2	540,331
Cash at bank and cash equivalents		259,526
Interest receivable		1,211
Other assets		154
<b>Total assets</b>		<b>801,222</b>
<b>Liabilities</b>		
Payable for investments purchased		(525)
Taxes and expenses payable		(90)
Other liabilities		(1)
<b>Total liabilities</b>		<b>(616)</b>
<b>Net assets at the end of the period</b>		<b>800,606</b>

**Statement of Changes in Net Assets**

For the period from 1 April 2017 to 30 June 2018

	Notes	€'000
Net assets at the beginning of the period		899,795
Net losses from investment		(4,003)
Proceeds from shares issued		1,846,800
Payments for shares redeemed		(1,943,784)
Dividends paid	5	1,798
<b>Net assets at the end of the period</b>		<b>800,606</b>

**Share Transactions**

For the period from 1 April 2017 to 30 June 2018

	A-2	I-2	J-2	J-3	K-2	Z-3
Shares outstanding at the beginning of the period	687,080	126,647	5,097	219,696,929	2,500	215,149
Shares issued during the period	565,184	93,042	37,187	519,500,011	-	925,904
Shares redeemed during the period	(665,455)	(123,667)	-	(600,523,401)	-	(900,110)
<b>Shares outstanding at the end of the period</b>	<b>586,809</b>	<b>96,022</b>	<b>42,284</b>	<b>138,673,539</b>	<b>2,500</b>	<b>240,943</b>
<b>Net asset value per share</b>	<b>441.9231</b>	<b>1,210.6940</b>	<b>1,073.3807</b>	<b>1.0000</b>	<b>9.9184</b>	<b>1,000.0000</b>

The accompanying notes form an integral part of these financial statements.

**Statement of Operations**

For the period from 1 April 2017 to 30 June 2018

	Notes	€'000
<b>Income</b>		
Investment income	2.3	(3,593)
<b>Total income</b>		<b>(3,593)</b>
<b>Expenses</b>		
Management fees	4.1	(177)
Administration fees	4.2	(63)
Depositary fees	4.3	(79)
Domiciliary agent, registrar, paying and transfer agent fees	4.4	(6)
Operational expenses	4.6	(116)
Expense cap refunded by the Investment Manager	4.7	67
Annual tax	4.8	(36)
<b>Total expenses</b>		<b>(410)</b>
<b>Net losses from investments</b>		<b>(4,003)</b>
<b>Net decrease in assets as a result of operations</b>		<b>(4,003)</b>

## Portfolio Statement

As at 30 June 2018

Security	Coupon (%)	Maturity	Nominal	Market Value €'000	Total Net Assets %
Transferable securities and money market instruments admitted to an official exchange listing or dealt in on another regulated market 67.49%					
Bonds 29.12%					
Agence Francaise de Developpement (EMTN)	FRN	19/09/2018	8,700,000	8,707	1.09
American Honda Finance (EMTN)	FRN	11/03/2019	6,316,000	6,332	0.79
Bank of Nova Scotia (EMTN)	FRN	10/09/2018	9,500,000	9,508	1.19
Barclays Bank (EMTN)	FRN	13/03/2019	2,562,000	2,569	0.32
BG Energy Capital (EMTN)	3.0000	16/11/2018	2,000,000	2,025	0.25
BMW Finance (EMTN)	5.0000	06/08/2018	6,381,000	6,414	0.80
BMW US Capital (EMTN)	FRN	18/03/2019	4,700,000	4,711	0.59
Colgate Palmolive	FRN	14/05/2019	7,000,000	7,018	0.88
Cooperatieve Rabobank (EMTN)	3.5000	17/10/2018	2,000,000	2,023	0.25
Cooperatieve Rabobank (NGN)	FRN	19/03/2019	7,000,000	7,027	0.88
Credit Suisse (EMTN)	0.6250	20/11/2018	7,600,000	7,628	0.95
Danske Bank (EMTN)	FRN	19/11/2018	8,531,000	8,543	1.07
Dexia Credit Local (EMTN)	0.2000	31/07/2018	10,000,000	10,005	1.25
Dexia Credit Local (REGS)	1.6250	29/10/2018	7,125,000	7,173	0.89
HSBC Bank (EMTN)	3.8750	24/10/2018	9,625,000	9,752	1.22
HSBC France (EMTN)	1.6250	03/12/2018	8,400,000	8,470	1.06
ING Bank (EMTN)	FRN	20/08/2018	8,000,000	8,006	1.00
John Deere Bank (EMTN)	1.5000	16/07/2018	600,000	600	0.07
John Deere Bank (EMTN)	FRN	19/03/2019	7,850,000	7,876	0.98
KBC IFIMA (EMTN)	2.1250	10/09/2018	3,655,000	3,672	0.46
Linde Finance (EMTN)	3.1250	12/12/2018	1,500,000	1,523	0.19
Lloyds Bank (EMTN)	FRN	09/10/2018	8,783,000	8,796	1.10
Lloyds Bank (EMTN)	1.8750	10/10/2018	4,243,000	4,269	0.53
LVMH Moet Hennessy Louis Vuitton (EMTN)	FRN	26/11/2018	6,000,000	6,008	0.75
National Australia Bank (GMTN)	FRN	25/03/2019	3,500,000	3,512	0.44
Nationwide Building Society (EMTN)	FRN	02/11/2018	8,600,000	8,615	1.08
Nordea Bank (EMTN)	FRN	22/02/2019	6,250,000	6,268	0.78
OP Corporate Bank (EMTN)	1.7500	29/08/2018	9,400,000	9,432	1.18
Pfizer	FRN	06/03/2019	7,976,000	7,993	1.00
Royal Bank of Canada (EMTN)	FRN	22/10/2018	10,802,000	10,818	1.35
Santander UK (EMTN)	2.0000	14/01/2019	5,353,000	5,417	0.68
SAP (EMTN)	FRN	20/11/2018	3,746,000	3,750	0.47
Schlumberger Finance France	0.6250	12/02/2019	1,050,000	1,056	0.13
Skandinaviska Enskilda Banken (EMTN)	2.0000	18/03/2019	7,000,000	7,115	0.89
Societe Generale	FRN	22/07/2018	8,600,000	8,602	1.07

Security	Coupon (%)	Maturity	Nominal	Market Value €'000	Total Net Assets %
Swedbank (GMTN)	FRN	11/03/2019	7,000,000	7,037	0.88
Toyota Motor Credit (EMTN)	FRN	20/07/2018	4,881,000	4,882	0.61
<b>Total Bonds</b>				<b>233,152</b>	<b>29.12</b>
<b>Money Market Instruments 38.37%</b>					
Alliander	-	19/07/2018	8,000,000	8,002	1.00
Banque Federative du Credit Mutuel	-	11/07/2018	1,500,000	1,500	0.19
Banque Federative du Credit Mutuel	-	13/08/2018	7,000,000	7,003	0.87
Barclays Bank UK	-	23/07/2018	8,000,000	8,002	1.00
Citibank	-	30/07/2018	8,000,000	8,002	1.00
Citibank	-	04/09/2018	7,000,000	7,004	0.87
Citibank	-	05/09/2018	7,000,000	7,005	0.87
Cooperatieve Rabobank	-	24/07/2018	8,000,000	8,002	1.00
Cooperatieve Rabobank	-	26/07/2018	7,000,000	7,002	0.87
Credit Agricole	-	11/07/2018	2,500,000	2,500	0.31
Credit Agricole	-	26/07/2018	4,000,000	4,001	0.50
Credit Agricole	-	11/09/2018	7,000,000	7,005	0.88
Credit Agricole	-	01/10/2018	7,000,000	7,006	0.88
Dexia Credit Local	-	05/10/2018	1,000,000	1,001	0.13
Dexia Credit Local	-	23/10/2018	7,000,000	7,000	0.87
DZ Bank Deutsche Zentral	-	06/07/2018	6,500,000	6,500	0.81
Goldman Sachs International Bank	-	28/06/2019	7,000,000	7,013	0.88
Honeywell International	-	08/08/2018	8,000,000	8,003	1.00
Honeywell International	-	21/09/2018	8,000,000	8,006	1.00
Honeywell International	-	27/09/2018	6,000,000	6,005	0.75
ING Bank	-	18/07/2018	8,000,000	8,001	1.00
ING Bank	-	04/09/2018	8,000,000	8,005	1.00
ING Bank	-	26/02/2019	5,000,000	5,009	0.63
La Banque Postale	-	16/08/2018	8,000,000	8,004	1.00
LVMH Finance Belgique	-	18/07/2018	7,500,000	7,501	0.94
LVMH Finance Belgique	-	10/08/2018	8,000,000	8,003	1.00
Mizuho Corporate Bank	-	03/07/2018	7,500,000	7,500	0.94
Mizuho Corporate Bank	-	23/07/2018	8,000,000	8,002	1.00
Mizuho Corporate Bank	-	04/09/2018	6,000,000	6,004	0.75
OP Corporate Bank	-	28/09/2018	2,000,000	2,002	0.25
OP Corporate Bank	-	03/10/2018	8,000,000	8,009	1.00
OP Corporate Bank	-	09/11/2018	1,500,000	1,502	0.19
Procter and Gamble	-	06/08/2018	8,000,000	8,003	1.00
Procter and Gamble	-	07/08/2018	6,000,000	6,002	0.75
Procter and Gamble	-	05/09/2018	7,000,000	7,005	0.88
Procter and Gamble	-	06/09/2018	2,000,000	2,002	0.25

Security	Coupon (%)	Maturity	Nominal	Market Value €'000	Total Net Assets %
Svenska Handelsbanken	-	02/08/2018	7,000,000	7,002	0.87
Svenska Handelsbanken	-	31/08/2018	8,000,000	8,005	1.00
Svenska Handelsbanken	-	11/03/2019	9,000,000	9,021	1.13
The Norinchukin Bank	-	05/07/2018	7,000,000	7,000	0.87
The Norinchukin Bank	-	13/08/2018	7,000,000	7,003	0.87
The Norinchukin Bank	-	10/09/2018	7,000,000	7,005	0.87
Toronto-Dominion Bank	-	24/09/2018	8,000,000	8,008	1.00
UBS	-	30/08/2018	14,000,000	14,009	1.75
UBS	-	16/10/2018	7,000,000	7,007	0.88
Unilever	-	03/08/2018	7,000,000	7,003	0.87
<b>Total Money Market Instruments</b>				<b>307,179</b>	<b>38.37</b>
<b>Total Transferable securities and money market instruments admitted to an official exchange listing or dealt in on another regulated market</b>				<b>540,331</b>	<b>67.49</b>
<b>Total investments</b>				<b>540,331</b>	<b>67.49</b>
<b>Other net assets</b>				<b>260,275</b>	<b>32.51</b>
<b>Total net assets</b>				<b>800,606</b>	<b>100.00</b>



# Sterling Fund

For the period from 1 April 2017 to 30 June 2018

## Performance

For the period from 1 April 2017 to 30 June 2018, the value of Sterling Fund - A Accumulation shares increased by 0.23% compared to an increase of 0.31% in the benchmark, 7 day GBP LIBID.

Source: Aberdeen Asset Management, Lipper, BNP Paribas.

Basis: Total Return, published NAV to NAV, net of annual charges, gross income reinvested, GBP.

Please remember that past performance is not a guide to future returns. The price of shares and the income from them may fall as well as rise. Investors may not get back the amount originally invested.

## Market review

This period under review saw UK Prime Minister Theresa May call for surprise snap election on 8 June 2017, far in advance of the fixed five-year cycle that would have seen the next election in 2020. The result saw May lose her Conservative Party parliamentary majority which was a serious setback for her previously hard Brexit stance. The party has managed to build a coalition government with the Democratic Unionist Party. But, it is unlikely that this was the vision that May had for the Conservative Party. At the beginning of the 2018, the Prime Minister reshuffled her cabinet, choosing to leave most of her highest profile ministers in their positions. Boris Johnson remains as Foreign Secretary despite fairly vocal criticism of Mrs May in recent months. Justine Greening chose to step down rather than accept her move from Educational Secretary to Work and Pensions Secretary, and this was jumped upon by the media as further indication of the May's weak leadership.

Prime Minister May's speech on 22 September failed to offer sufficient clarity on the UK's desired trading relationship with the European Union (EU). May said she wanted a transition period that would see the UK accepting EU rules for two years after Brexit. This is likely to deter further investment into the UK as uncertainty heightens. As a result of increasingly uncertainty from Brexit, Moody's downgraded the country's credit rating by a notch to Aa2 and changed the outlook from stable to negative, citing mounting policy challenges around the complexity of Brexit negotiations. It is now likely that the UK will exit the EU in March 2019, and a transitional period will apply until December 2020. This is to give time to prepare for the long-term post-Brexit arrangements between the UK and the EU, which have yet to be agreed, and to give businesses time to adapt.

Chancellor Phillip Hammond delivered his Spring Statement, promising "the light at the end of the tunnel". UK growth was forecast to be 1.5% in 2018, up from 1.4% previously forecast by the Office for Budget Responsibility. There was positive news on UK productivity growth. An expansion of 0.8% in the fourth quarter of 2017 followed a 0.9% pick-up in the previous quarter, the strongest six-month growth period since before the global financial crisis.

The Bank of England (BoE) voted to hike interest rates from 0.25% to 0.50% during the period under review. This was the first hike in over 10 years. At their latest meeting the Monetary Policy Committee (MPC) voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases at £10billion and also maintain the stock of UK government bond purchases at £435 billion. Experts are forecasting for the Committee to raise interest rates in their August meeting.

## Portfolio review

The BoE decision to hike rates was viewed as a correction of policy error after the MPC cut rates in August 2016 after the UK voted for Brexit. The lead up to the rate hike announcement saw the weighted average maturity of the Fund drop significantly as we kept cash in the overnight due to the refusal of issuers to price in a rate hike. We took advantage of longer yields where issuers are paying high prices for specific funding requirements.

During the first quarter of 2018 the BoE confirmed economic conditions were accommodating for a further interest rate hike in the coming months. Indications were that May was a live date and levels began to creep up across the curve – something we did not see heading into the previous November hike despite the futures market allocating an 85-90% chance of a hike. These improved levels resulted in an uptick in the overall yield of the Fund without seeing a significant increase in the overall risk or weighted average maturity of the portfolio. We also saw improved offers in bond space, with several floating securities added in high quality names at attractive levels. The market repriced the chance of a May rate hike to just under 20% coming into the end of April due to a lower inflation outlook, weaker GDP data and BoE governor Mark Carney commenting Brexit uncertainty could delay interest rate hikes contributed to this. Activity decreased slightly and the portfolio weighted average maturity ended the month at 28 days as we awaited the imminent MPC committee meeting and policy decision. Soft first quarter data for the UK kept base rates on hold at 0.5% at the May BoE MPC meeting.

In June yield levels moved higher in sterling money markets, however we have not returned to the highs seen earlier in 2018. The uptick in survey data, a marginal upward restatement of first quarter GDP data and robust employment data all lend support to the monetary policy committee's more hawkish stance regarding the removal of some of the current monetary policy accommodation. At the close of June the market is approximately 75% priced for a move higher in interest rates at the upcoming August MPC meeting. Fund activity during the month was concentrated in one-three month commercial paper and certificate of deposits as it was viewed the market had over-reacted to the MPC decision to leave rates on hold in May. Overall, pricing did not reflect the probability of an increase in interest rates during 2018.

## Outlook

The MPC reiterated at their latest policy meeting that rates need to rise gradually and to a limited extent. The recent slowdown in growth was acknowledged, and a bounce is expected as indicators from both manufacturing and services Purchasing Managers Index have improved. With the UK Parliament on summer recess and some evolution in the British government's Brexit strategy, the process of the UK leaving the EU may temporarily calm. An interest rate hike is looking increasingly likely for August.

## Money Markets Team

July 2018

**Statement of Net Assets**

As at 30 June 2018

	Notes	£'000
<b>Assets</b>		
Investments in securities at amortised cost	2.2	11,040,014
Cash at bank and cash equivalents		4,096,532
Interest receivable		6,804
Other assets		539
<b>Total assets</b>		<b>15,143,889</b>
<b>Liabilities</b>		
Bank overdrafts		(73)
Taxes and expenses payable		(2,586)
Redemptions payable		(855)
Other liabilities		(5,169)
<b>Total liabilities</b>		<b>(8,683)</b>
<b>Net assets at the end of the period</b>		<b>15,135,206</b>

**Statement of Changes in Net Assets**

For the period from 1 April 2017 to 30 June 2018

	Notes	£'000
Net assets at the beginning of the period		15,051,458
Net gains from investment		56,638
Proceeds from shares issued		103,527,326
Payments for shares redeemed		(103,443,728)
Net equalisation paid	10	(8)
Dividends paid	5	(56,480)
<b>Net assets at the end of the period</b>		<b>15,135,206</b>

**Share Transactions**

For the period from 1 April 2017 to 30 June 2018

	A-2	I-2	I-3 <sup>A</sup>	J-3	K-1
Shares outstanding at the beginning of the period	16,604	4,424	-	825,949,165	5,565,000
Shares issued during the period	6,064	698	11,980,927	3,697,781,608	27,717,917
Shares redeemed during the period	(9,377)	(3,216)	(7,450,948)	(3,396,437,682)	(26,865,954)
<b>Shares outstanding at the end of the period</b>	<b>13,291</b>	<b>1,906</b>	<b>4,529,979</b>	<b>1,127,293,091</b>	<b>6,416,963</b>
<b>Net asset value per share</b>	<b>4,791.8951</b>	<b>1,149.8678</b>	<b>1,000.0000</b>	<b>1.0000</b>	<b>1.0000</b>

<sup>A</sup> Share class launched 20 June 2017.**Statement of Operations**

For the period from 1 April 2017 to 30 June 2018

	Notes	£'000
<b>Income</b>		
Investment income	2.3	75,206
Bank interest		4,423
<b>Total income</b>		<b>79,629</b>
<b>Expenses</b>		
Management fees	4.1	(22,453)
Administration fees	4.2	(1,147)
Depository fees	4.3	(1,019)
Domiciliary agent, registrar, paying and transfer agent fees	4.4	(604)
Management Company fees	4.5	(486)
Operational expenses	4.6	(512)
Expense cap refunded by the Investment Manager	4.7	3,238
Annual tax	4.8	(8)
<b>Total expenses</b>		<b>(22,991)</b>
<b>Net gains from investments</b>		<b>56,638</b>
<b>Net increase in assets as a result of operations</b>		<b>56,638</b>

	K-3	L-1	L-3	Z-1	Z-3
Shares outstanding at the beginning of the period	6,106,627,775	148,895,722	5,378,868,374	701,710	1,799,380
Shares issued during the period	19,680,298,312	325,152,032	46,982,696,113	4,736,174	16,068,130
Shares redeemed during the period	(24,550,294,495)	(372,901,607)	(47,657,618,932)	(4,594,208)	(15,347,274)
<b>Shares outstanding at the end of the period</b>	<b>1,236,631,592</b>	<b>101,146,147</b>	<b>4,703,945,555</b>	<b>843,676</b>	<b>2,520,236</b>
<b>Net asset value per share</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1,000.0000</b>	<b>1,000.0000</b>

The accompanying notes form an integral part of these financial statements.

## Portfolio Statement

As at 30 June 2018

Security	Coupon (%)	Maturity	Nominal	Market Value £'000	Total Net Assets %
<b>Transferable securities and money market instruments admitted to an official exchange listing or dealt in on another regulated market 72.94%</b>					
<b>Bonds 3.55%</b>					
ABN AMRO Bank (EMTN)	FRN	30/11/2018	32,600,000	32,661	0.21
Australia & New Zealand Banking Group (EMTN)	FRN	15/06/2019	100,000,000	99,996	0.66
Banque Federative du Credit Mutuel (GMTN)	FRN	07/02/2019	24,000,000	24,034	0.16
BMW International Investment (EMTN)	FRN	15/02/2019	11,600,000	11,613	0.08
C.I.B.C. (EMTN)	FRN	12/12/2018	48,500,000	48,500	0.32
C.I.B.C. (EMTN)	FRN	14/12/2018	51,000,000	50,995	0.34
Commonwealth Bank of Australia (EMTN)	FRN	26/10/2018	1,500,000	1,504	0.01
DBS Bank (GMTN)	FRN	22/03/2019	50,000,000	50,000	0.33
HSBC Bank (GMTN)	FRN	15/03/2019	45,000,000	45,000	0.30
National Australia Bank (EMTN)	FRN	20/03/2019	21,500,000	21,499	0.14
Royal Bank of Canada (EMTN)	FRN	09/10/2018	1,000,000	1,002	0.01
Royal Bank of Canada (EMTN)	FRN	22/01/2019	50,000,000	50,000	0.33
Westpac Banking (EMTN)	FRN	18/06/2019	100,000,000	100,000	0.66
<b>Total Bonds</b>				<b>536,804</b>	<b>3.55</b>
<b>Money Market Instruments 69.39%</b>					
ABN AMRO Bank	0.6500	01/08/2018	50,000,000	50,004	0.33
ABN AMRO Bank	0.5300	06/08/2018	25,000,000	25,000	0.17
ABN AMRO Bank	-	10/09/2018	94,000,000	93,876	0.62
ABN AMRO Bank	-	24/09/2018	16,500,000	16,477	0.11
Agence Centrale des Organismes de Securite Sociale	-	02/08/2018	150,000,000	149,934	0.99
Agence Centrale des Organismes de Securite Sociale	-	07/08/2018	100,000,000	99,949	0.66
Australia & New Zealand Banking Group	-	10/07/2018	50,000,000	49,994	0.33
Bank of Nova Scotia	0.8000	08/08/2018	100,000,000	100,000	0.66
Bank of Nova Scotia	0.6080	23/10/2018	50,000,000	50,000	0.33
Banque Federative du Credit Mutuel	-	08/08/2018	100,000,000	99,931	0.66
Barclays Bank UK	-	16/08/2018	100,000,000	99,926	0.66
BGL BNP Paribas	-	23/07/2018	100,000,000	99,955	0.66
BMW International Investment	-	28/09/2018	100,000,000	99,836	0.66
BNP Paribas	0.7900	16/07/2018	100,000,000	100,000	0.66
BNP Paribas	0.6700	10/10/2018	100,000,000	100,000	0.66
BNP Paribas Fortis	-	13/08/2018	100,000,000	99,925	0.66
BRED Banque Populaire	-	16/07/2018	100,000,000	99,970	0.66
Citibank	0.6500	08/08/2018	75,000,000	75,000	0.50
Citibank	0.6100	03/09/2018	100,000,000	100,000	0.66
Citibank	0.6000	10/09/2018	100,000,000	100,000	0.66

Security	Coupon (%)	Maturity	Nominal	Market Value £'000	Total Net Assets %
Commonwealth Bank of Australia	0.5108	28/12/2018	100,000,000	100,000	0.66
Cooperatieve Rabobank	0.8959	16/04/2019	75,000,000	75,000	0.50
Credit Agricole	0.5700	02/08/2018	150,000,000	150,000	0.99
Credit Agricole	0.6200	06/08/2018	150,000,000	150,000	0.99
Credit Agricole	0.5900	17/08/2018	100,000,000	100,000	0.66
Credit Agricole	0.7000	10/09/2018	100,000,000	100,000	0.66
Credit Industriel et Commercial	0.7700	24/07/2018	50,000,000	50,000	0.33
Credit Suisse	0.8200	06/08/2018	100,000,000	100,000	0.66
Credit Suisse	0.7500	09/11/2018	50,000,000	50,000	0.33
Credit Suisse	0.8408	18/03/2019	50,000,000	50,000	0.33
Credit Suisse	0.7680	23/03/2019	50,000,000	50,000	0.33
DBS Bank	-	24/09/2018	117,500,000	117,331	0.78
DekaBank Deutsche Girozentrale	-	02/07/2018	100,000,000	100,000	0.66
DNB Bank	0.5450	11/07/2018	100,000,000	100,000	0.66
DNB Bank	-	17/09/2018	100,000,000	99,872	0.66
DNB Bank	0.6100	24/09/2018	100,000,000	100,000	0.66
DZ Bank Deutsche Zentral	0.5979	22/10/2018	75,000,000	75,000	0.50
Erste Abwicklungsanstalt	-	22/08/2018	90,000,000	89,933	0.59
Erste Abwicklungsanstalt	-	17/09/2018	40,000,000	39,954	0.26
First Abu Dhabi Bank	0.8000	09/07/2018	100,000,000	100,000	0.66
First Abu Dhabi Bank	0.6511	12/10/2018	100,000,000	100,000	0.66
First Abu Dhabi Bank	0.6540	13/10/2018	100,000,000	100,000	0.66
Goldman Sachs International Bank	0.9000	10/01/2019	50,000,000	50,000	0.33
ING Bank	0.8100	01/08/2018	50,000,000	50,000	0.33
ING Bank	0.5000	03/08/2018	48,000,000	48,000	0.32
ING Bank	0.6900	06/08/2018	93,500,000	93,500	0.62
ING Bank	0.6600	04/09/2018	100,000,000	100,007	0.66
KBC Bank	0.7200	09/07/2018	100,000,000	100,000	0.66
Legal & General Finance	-	06/09/2018	79,000,000	78,910	0.52
Mizuho Corporate Bank	0.7900	09/07/2018	100,000,000	100,000	0.66
Mizuho Corporate Bank	0.6100	04/09/2018	100,000,000	100,000	0.66
Mizuho Corporate Bank	0.6900	28/09/2018	40,000,000	40,000	0.26
MUFG Bank	-	02/07/2018	200,000,000	200,000	1.32
MUFG Bank	0.6200	13/08/2018	100,000,000	100,000	0.66
MUFG Bank	0.6350	06/09/2018	100,000,000	100,000	0.66
National Bank of Abu Dhabi	0.4900	09/08/2018	75,000,000	75,000	0.50
Nationwide Building Society	0.7500	02/07/2018	75,000,000	75,000	0.50
Nationwide Building Society	0.6000	28/08/2018	100,000,000	100,000	0.66
Natixis	0.7100	03/09/2018	100,000,000	100,000	0.66
Natixis	0.6900	12/09/2018	100,000,000	100,000	0.66
Natixis	-	18/09/2018	100,000,000	99,853	0.66

Security	Coupon (%)	Maturity	Nominal	Market Value £'000	Total Net Assets %
Nordea Bank	-	08/08/2018	100,000,000	99,944	0.66
Nordea Bank	0.5450	08/08/2018	50,000,000	50,000	0.33
Nordea Bank	0.6000	13/08/2018	100,000,000	100,000	0.66
Nordea Bank	0.5600	03/09/2018	100,000,000	100,000	0.66
Nordea Bank	0.6264	16/06/2019	100,000,000	100,000	0.66
OP Corporate Bank	-	23/07/2018	24,000,000	23,993	0.16
OP Corporate Bank	-	25/07/2018	21,000,000	20,993	0.14
OP Corporate Bank	-	31/07/2018	10,000,000	9,995	0.07
OP Corporate Bank	-	13/08/2018	20,000,000	19,984	0.13
OP Corporate Bank	-	23/08/2018	27,000,000	26,982	0.18
OP Corporate Bank	-	24/08/2018	22,500,000	22,481	0.15
OP Corporate Bank	-	29/08/2018	82,500,000	82,423	0.54
OP Corporate Bank	-	10/09/2018	29,000,000	28,962	0.19
Oversea Chinese Banking	-	09/07/2018	100,000,000	99,990	0.66
Oversea Chinese Banking	-	05/09/2018	100,000,000	99,904	0.66
Oversea Chinese Banking	0.5400	06/09/2018	150,000,000	150,000	0.99
Oversea Chinese Banking	-	21/09/2018	100,000,000	99,865	0.66
Oversea Chinese Banking	-	26/09/2018	100,000,000	99,853	0.66
Paccar Financial Europe	-	04/07/2018	9,000,000	9,000	0.06
Paccar Financial Europe	-	27/07/2018	20,000,000	19,993	0.13
Paccar Financial Europe	-	10/09/2018	26,500,000	26,469	0.17
Rabobank International	0.6180	23/07/2018	50,000,000	50,000	0.33
Rabobank International	0.5986	08/08/2018	100,000,000	100,000	0.66
Rabobank International	0.6039	12/09/2018	100,000,000	100,000	0.66
Rabobank International	0.5355	18/09/2018	50,000,000	50,000	0.33
Rabobank International	0.8600	04/10/2018	50,000,000	50,024	0.33
Santander UK	0.6100	31/08/2018	100,000,000	100,000	0.66
Santander UK	0.6000	24/09/2018	100,000,000	100,000	0.66
Santander UK	0.6100	01/10/2018	100,000,000	100,000	0.66
Santander UK	0.6019	08/10/2018	50,000,000	50,000	0.33
SBAB Bank	-	18/07/2018	50,000,000	49,983	0.33
Societe Generale	0.5900	31/08/2018	100,000,000	100,000	0.66
Standard Chartered Bank	0.6286	09/08/2018	75,000,000	75,000	0.50
Standard Chartered Bank	0.6030	19/09/2018	75,000,000	75,000	0.50
Standard Chartered Bank	0.7000	12/10/2018	97,000,000	97,000	0.64
Sumitomo Mitsui Banking	-	13/08/2018	100,000,000	99,928	0.66
Sumitomo Mitsui Banking	0.6000	20/08/2018	100,000,000	100,000	0.66
Sumitomo Mitsui Banking	-	10/09/2018	100,000,000	99,866	0.66
Sumitomo Mitsui Banking	0.6500	25/09/2018	100,000,000	100,000	0.66
Sumitomo Mitsui Trust & Banking	0.6300	13/08/2018	100,000,000	100,000	0.66
Sumitomo Mitsui Trust & Banking	0.7000	13/08/2018	100,000,000	100,000	0.66

Security	Coupon (%)	Maturity	Nominal	Market Value £'000	Total Net Assets %
Sumitomo Mitsui Trust & Banking	0.6000	14/08/2018	86,500,000	86,500	0.57
Sumitomo Mitsui Trust & Banking	0.6000	15/08/2018	44,000,000	44,000	0.29
Sumitomo Mitsui Trust & Banking	0.6000	29/08/2018	125,000,000	125,000	0.83
Svenska Handelsbanken	0.7500	09/07/2018	100,000,000	100,000	0.66
Svenska Handelsbanken	0.7500	11/07/2018	100,000,000	100,000	0.66
Svenska Handelsbanken	0.6500	06/08/2018	75,000,000	75,000	0.50
Svenska Handelsbanken	0.5700	14/08/2018	78,000,000	78,000	0.52
Swedbank	-	12/07/2018	65,000,000	64,990	0.43
The Norinchukin Bank	-	08/08/2018	111,500,000	111,441	0.74
The Norinchukin Bank	-	20/08/2018	66,500,000	66,445	0.44
The Norinchukin Bank	-	22/08/2018	84,000,000	83,929	0.55
Toronto-Dominion Bank	-	03/09/2018	100,000,000	99,887	0.66
Toronto-Dominion Bank	-	28/09/2018	20,500,000	20,470	0.14
Toronto-Dominion Bank	0.7100	14/11/2018	100,000,000	100,000	0.66
Toronto-Dominion Bank	0.5349	26/11/2018	100,000,000	100,000	0.66
Toronto-Dominion Bank	0.5377	07/12/2018	50,000,000	50,000	0.33
Toyota Finance Australia	-	15/10/2018	77,000,000	76,862	0.51
Toyota Finance Australia	-	15/11/2018	22,000,000	21,944	0.14
Toyota Kreditbank	-	23/07/2018	66,000,000	65,979	0.44
Toyota Kreditbank	-	21/11/2018	54,000,000	53,858	0.36
Toyota Motor Finance	-	17/09/2018	67,000,000	66,915	0.44
Toyota Motor Finance	-	19/11/2018	14,000,000	13,964	0.09
Transport for London	-	30/08/2018	25,000,000	24,977	0.16
UBS	0.6600	08/10/2018	100,000,000	100,016	0.66
UBS	0.7500	14/11/2018	50,000,000	50,000	0.33
Unilever	-	20/07/2018	97,000,000	96,976	0.64
Unilever	-	06/08/2018	55,000,000	54,968	0.36
Unilever	-	10/09/2018	41,500,000	41,451	0.27
Unilever	-	17/09/2018	100,000,000	99,870	0.66
United Oversea Bank	-	05/07/2018	25,000,000	24,999	0.17
<b>Total Money Market Instruments</b>				<b>10,503,210</b>	<b>69.39</b>
<b>Total Transferable securities and money market instruments admitted to an official exchange listing or dealt in on another regulated market</b>				<b>11,040,014</b>	<b>72.94</b>
<b>Total investments</b>				<b>11,040,014</b>	<b>72.94</b>
<b>Other net assets</b>				<b>4,095,192</b>	<b>27.06</b>
<b>Total net assets</b>				<b>15,135,206</b>	<b>100.00</b>



# Ultra Short Duration Sterling Fund

For the period from 1 April 2017 to 30 June 2018

## Performance

For the period from 1 April 2017 to 30 June 2018, the value of Ultra Short Duration Sterling Fund - J Accumulation shares increased by 0.55% compared to an increase of 0.33% in the benchmark, 1 month GBP LIBID.

Source: Aberdeen Asset Management, Lipper, BNP Paribas.

Basis: Total Return, published NAV to NAV, net of annual charges, gross income reinvested, GBP.

Please remember that past performance is not a guide to future returns. The price of shares and the income from them may fall as well as rise. Investors may not get back the amount originally invested.

## Market review

This period under review saw UK Prime Minister Theresa May call for a surprise snap election on 8 June 2017, far in advance of the fixed five-year cycle that would have seen the next election in 2020. The result saw May lose her Conservative Party parliamentary majority which was a serious setback for her previously hard Brexit stance. The party has managed to build a coalition government with the Democratic Unionist Party. But, it is unlikely that this was the vision that May had for the Conservative Party. At the beginning of the 2018, the Prime Minister reshuffled her cabinet, choosing to leave most of her highest profile ministers in their positions. Boris Johnson remains as Foreign Secretary despite fairly vocal criticism of Mrs May in recent months. Justine Greening chose to step down rather than accept her move from Educational Secretary to Work and Pensions Secretary, and this was jumped upon by the media as further indication of the May's weak leadership.

Prime Minister May's speech on 22 September failed to offer sufficient clarity on the UK's desired trading relationship with the European Union (EU). May said she wanted a transition period that would see the UK accepting EU rules for two years after Brexit. This is likely to deter further investment into the UK as uncertainty heightens. As a result of increasingly uncertainty from Brexit, Moody's downgraded the country's credit rating by a notch to Aa2 and changed the outlook from stable to negative, citing mounting policy challenges around the complexity of Brexit negotiations. It is now likely that the UK will exit the EU in March 2019, and a transitional period will apply until December 2020. This is to give time to prepare for the long-term post-Brexit arrangements between the UK and the EU, which have yet to be agreed, and to give businesses time to adapt.

Chancellor Phillip Hammond delivered his Spring Statement, promising "the light at the end of the tunnel". UK growth was forecast to be 1.5% in 2018, up from 1.4% previously forecast by the Office for Budget Responsibility. There was positive news on UK productivity growth. An expansion of 0.8% in the fourth quarter of 2017 followed a 0.9% pick-up in the previous quarter, the strongest six-month growth period since before the global financial crisis.

The Bank of England (BoE) voted to hike interest rates from 0.25% to 0.50% during the period under review. This was the first hike in over 10 years. At their latest meeting the Monetary Policy Committee

(MPC) voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases at £10billion and also maintain the stock of UK government bond purchases at £435 billion. Experts are forecasting for the Committee to raise interest rates in their August meeting.

## Portfolio review

The sterling money market curve has seen some volatility during the period under review. The majority of repricing being driven through adjustments to forecasts and forward guidance from the BoE. Initially flat, the sterling money market curve steepened into the third and fourth quarters of 2017 as rhetoric from the MPC and in particular BoE Governor Carney highlighted reduced growth potential for the UK as a source of potential inflationary pressures of concern. This risk coupled with a desire to begin to remove the emergency level of monetary policy accommodation saw UK base rates move to 0.5% in November 2017.

Libor levels, that had moved to fully price the increase in October, failed to move higher until the new year however as year-end balance sheet pressures for banks limited the demand for short-dated investment. Moving forward to February 2018, the BoE signalled an increase in policy rate and the yield curve moved upward. However this was reversed in late April when weak data from the first quarter of 2018, in part linked to poor weather, removed the pricing of a hike at the May MPC meeting.

At the end of June, markets priced the potential for a 0.25% hike at the August 2018 MPC at close to 75%. Throughout the period the Fund steadily reduced its interest rate exposure in the face of volatility and a steepening of the yield curve. The weighted average maturity (WAM) closed the end of June 2018 at around 60 days. The Fund's exposure to floating rate assets (floating rate notes (FRN), asset backed securities (ABS)) and money market instruments has remained key to driving returns over the period.

Senior unsecured FRN exposure has increased over the term. This is partly due to new issuance at attractive levels, but also due to an active decision to reduce direct exposure to the UK consumer who was facing pressure from rising inflation and little sign of pressures to increase wages. This lead to reduction overall in our allocation to asset backed securities specifically through lower or zero exposure to Auto and Credit Card securitisations. We remain positive on corporate and financial credit and maintained a weighted average life of, or above, 300 days throughout the period.

## Outlook

Rhetoric from MPC members remains hawkish and continues to point to data and trends that would suggest monetary policy will move towards a more neutral level. Governor Mark Carney has talked on several occasions about needing several, gradual and steady increases in UK base rates over their policy horizon (2-3 years). The market is now 75% priced for a 0.25% increase in rates at the next policy meeting and if surveys and data remain continuously supportive we would expect this probability to move higher.



The timing of a rate increase remains data dependent. A number of risks remain around this scenario, such as the ongoing UK/EU Brexit negotiations where domestic UK political tensions are rising as we enter a crucial stage. The progress over the coming months will provide an indication as to the type of deal both sides are able to broker and the level of access and cooperation that will result for international organisations.

There must be some compromise for common ground to be reached on a number of the key issues for things to progress ahead of the pre-defined deadlines. The Fund is cautiously positioned in light of the potential volatility that may result going forward.

**Money Markets Team**

July 2018

**Statement of Net Assets**

As at 30 June 2018

	Notes	£'000
<b>Assets</b>		
Investments in securities at market value	2.2	4,585,309
Cash at bank		2
Interest and dividends receivable		8,316
Subscriptions receivable		600
Other assets		188
<b>Total assets</b>		<b>4,594,415</b>
<b>Liabilities</b>		
Bank overdrafts		(51)
Taxes and expenses payable		(575)
Redemptions payable		(50)
<b>Total liabilities</b>		<b>(676)</b>
<b>Net assets at the end of the period</b>		<b>4,593,739</b>

**Statement of Changes in Net Assets**

For the period from 1 April 2017 to 30 June 2018

	Notes	£'000
Net assets at the beginning of the period		4,620,378
Net gains from investment		42,528
Net realised losses		(572)
Net unrealised losses		(5,903)
Proceeds from shares issued		1,372,128
Payments for shares redeemed		(1,433,797)
Net equalisation paid	10	(1,023)
<b>Net assets at the end of the period</b>		<b>4,593,739</b>

**Share Transactions**

For the period from 1 April 2017 to 30 June 2018

	J-2	K-2	Z-2
Shares outstanding at the beginning of the period	277,008	2,821,123	32,251,768
Shares issued during the period	263,468	5,191,248	5,235,057
Shares redeemed during the period	(237,619)	(1,995,363)	(8,814,672)
<b>Shares outstanding at the end of the period</b>	<b>302,857</b>	<b>6,017,008</b>	<b>28,672,153</b>
<b>Net asset value per share</b>	<b>103.7864</b>	<b>127.6616</b>	<b>132.3293</b>

The accompanying notes form an integral part of these financial statements.

**Statement of Operations**

For the period from 1 April 2017 to 30 June 2018

	Notes	£'000
<b>Income</b>		
Investment income	2.3	44,651
<b>Total income</b>		<b>44,651</b>
<b>Expenses</b>		
Management fees	4.1	(1,199)
Administration fees	4.2	(343)
Depositary fees	4.3	(532)
Domiciliary agent, registrar, paying and transfer agent fees	4.4	(181)
Management Company fees	4.5	(145)
Operational expenses	4.6	(177)
Expense cap refunded by the Investment Manager	4.7	1,041
Annual tax	4.8	(587)
<b>Total expenses</b>		<b>(2,123)</b>
<b>Net gains from investments</b>		<b>42,528</b>
Realised losses on investments		(572)
<b>Net realised losses</b>		<b>(572)</b>
Decrease in unrealised appreciation on investments		(5,903)
<b>Net unrealised losses</b>		<b>(5,903)</b>
<b>Net increase in assets as a result of operations</b>		<b>36,053</b>

## Portfolio Statement

As at 30 June 2018

Security	Coupon (%)	Maturity	Nominal	Market Value £'000	Total Net Assets %
Transferable securities and money market instruments admitted to an official exchange listing or dealt in on another regulated market 97.71%					
<b>Bonds 63.67%</b>					
ABN AMRO Bank (EMTN)	FRN	30/11/2018	174,400,000	174,694	3.80
ABN AMRO Bank (EMTN)	4.8750	16/01/2019	6,005,000	6,130	0.13
ABN AMRO Bank (EMTN)	FRN	29/05/2020	25,000,000	25,014	0.54
Albion (REGS)	FRN	18/11/2058	14,207,070	14,266	0.31
ASB Finance (EMTN)	FRN	22/05/2020	60,000,000	60,123	1.31
ASIF III Jersey (EMTN)	5.0000	18/12/2018	4,880,000	4,968	0.11
Australia & New Zealand Banking Group (EMTN)	FRN	11/02/2019	95,000,000	95,273	2.07
Australia & New Zealand Banking Group (EMTN)	FRN	22/03/2021	50,000,000	50,022	1.09
Bank of Montreal (EMTN)	FRN	20/06/2019	28,000,000	28,012	0.61
Bank of Montreal (EMTN)	FRN	20/07/2020	56,507,000	56,543	1.23
Bank of Nova Scotia (REGS)	FRN	07/08/2018	48,000,000	48,019	1.05
Bank of Nova Scotia	FRN	14/01/2019	77,700,000	77,876	1.70
Bank of Nova Scotia (EMTN)	FRN	14/06/2019	64,200,000	64,231	1.40
Banque Federative du Credit Mutuel (GMTN)	FRN	07/02/2019	33,800,000	33,852	0.74
Banque Federative du Credit Mutuel (EMTN)	FRN	31/07/2019	71,100,000	71,088	1.55
Banque Federative du Credit Mutuel (EMTN)	FRN	16/01/2020	30,000,000	29,991	0.65
Barclays Bank UK (EMTN)	FRN	22/05/2020	32,993,000	33,029	0.72
BMW International Investment (EMTN)	FRN	15/02/2019	49,800,000	49,800	1.08
BMW International Investment (EMTN)	FRN	17/07/2019	41,500,000	41,537	0.90
BMW International Investment (EMTN)	FRN	04/12/2019	45,500,000	45,490	0.99
BMW International Investment (EMTN)	FRN	12/02/2020	28,000,000	27,992	0.61
BNZ International Funding (GMTN)	FRN	11/09/2019	17,400,000	17,403	0.38
BNZ International Funding (GMTN)	FRN	12/01/2020	36,400,000	36,520	0.79
Brass (REGS)	FRN	16/04/2051	3,739,096	3,745	0.08
Bumper Finance (REGS)	FRN	20/11/2027	8,872,502	8,881	0.19
C.I.B.C. (EMTN)	FRN	29/06/2020	25,000,000	24,985	0.54
Charter Mortgage Funding (REGS)	FRN	12/06/2054	10,514,705	10,533	0.23
Commonwealth Bank of Australia (EMTN)	FRN	26/10/2018	160,000,000	160,353	3.49
Commonwealth Bank of Australia (EMTN)	2.2500	07/12/2018	13,269,000	13,349	0.29
Cooperatieve Rabobank (EMTN)	FRN	16/01/2020	70,000,000	70,018	1.52
Danske Bank (EMTN)	FRN	04/10/2018	95,500,000	95,605	2.08
Darrowby (REGS)	FRN	20/08/2048	13,959,957	14,077	0.31
Dexia Credit Local (EMTN)	1.1250	24/02/2019	23,100,000	23,148	0.50
Dexia Credit Local (EMTN)	FRN	04/04/2019	25,000,000	25,029	0.54
Driver UK Multi-Compartment	FRN	25/01/2024	3,173,234	3,175	0.07
Driver UK Multi-Compartment (REGS)	FRN	25/02/2026	13,600,874	13,593	0.30
Duncan Funding	FRN	17/04/2063	16,589,380	16,670	0.36

Security	Coupon (%)	Maturity	Nominal	Market Value £'000	Total Net Assets %
DZ Bank (EMTN)	FRN	02/02/2019	77,000,000	77,050	1.68
E-Carat (REGS)	FRN	18/03/2024	6,177,059	6,177	0.13
E-Carat (REGS)	FRN	20/01/2025	10,646,888	10,642	0.23
Erste Abwicklungsanstalt (EMTN)	1.0000	07/03/2019	25,000,000	25,048	0.55
GE Capital UK Funding Unlimited (EMTN)	6.7500	06/08/2018	17,830,000	17,924	0.39
GE Capital UK Funding Unlimited (EMTN)	2.3750	19/12/2018	4,605,000	4,631	0.10
Globaldrive Auto Receivables UK (REGS)	FRN	20/06/2025	19,000,000	18,997	0.41
Gosforth Funding (REGS)	FRN	19/10/2056	842,548	843	0.02
Gosforth Funding (REGS)	FRN	19/10/2056	28,200,000	28,293	0.62
Gosforth Funding (REGS)	FRN	16/06/2057	1,814,384	1,815	0.04
Gosforth Funding (REGS)	FRN	15/02/2058	6,590,901	6,606	0.14
Gosforth Funding	FRN	24/07/2058	5,787,788	5,814	0.13
Holmes Master Issuer (REGS)	FRN	15/10/2054	27,250,000	27,241	0.59
HSBC Bank	FRN	09/03/2020	37,500,000	37,502	0.82
HSBC Bank (EMTN)	FRN	09/03/2020	100,000,000	99,927	2.18
Kenrick (REGS)	FRN	18/04/2049	7,218,198	7,225	0.16
Lanark (REGS)	FRN	22/12/2054	35,340,000	35,493	0.77
Lanark (REGS)	FRN	23/12/2069	6,750,000	6,754	0.15
Lloyds Bank (REGS)	FRN	14/01/2019	25,000,000	25,042	0.55
Lloyds Bank (REGS)	FRN	16/01/2020	21,587,000	21,633	0.47
Lloyds Bank (EMTN)	FRN	10/01/2021	37,500,000	37,455	0.82
National Australia Bank (GMTN)	FRN	01/03/2019	84,000,000	84,353	1.84
National Australia Bank (GMTN)	FRN	17/07/2020	33,000,000	33,062	0.72
National Australia Bank (EMTN)	FRN	24/04/2021	40,000,000	39,972	0.87
Nationwide Building Society	FRN	25/04/2019	47,460,000	47,619	1.04
Nationwide Building Society (EMTN)	FRN	06/06/2019	40,000,000	40,067	0.87
OP Corporate Bank (EMTN)	FRN	30/05/2021	30,000,000	30,000	0.65
Orbita Funding	FRN	14/07/2023	4,851,938	4,866	0.11
Orbita Funding (REGS)	FRN	16/10/2024	15,000,000	15,010	0.33
Permanent Master Issuer (REGS)	FRN	15/07/2058	25,628,000	25,628	0.56
Royal Bank of Canada (REGS)	FRN	20/07/2018	20,000,000	20,005	0.44
Royal Bank of Canada (EMTN)	FRN	09/10/2018	10,100,000	10,118	0.22
Royal Bank of Canada (REGS)	FRN	11/03/2019	50,000,000	50,177	1.09
Royal Bank of Canada (EMTN)	FRN	08/06/2021	45,000,000	45,021	0.98
Santander UK (REGS)	FRN	08/07/2019	13,256,000	13,309	0.29
Santander UK (EMTN)	FRN	27/02/2020	25,000,000	25,007	0.54
Santander UK	FRN	05/05/2020	49,600,000	49,695	1.08
Santander UK	FRN	13/04/2021	40,000,000	39,979	0.87
Silver Arrow Compartment (REGS)	FRN	20/07/2023	4,416,744	4,417	0.10
Silverstone (REGS)	FRN	21/01/2070	12,129,992	12,140	0.26
Silverstone (REGS)	FRN	21/01/2070	5,446,800	5,462	0.12

Security	Coupon (%)	Maturity	Nominal	Market Value £'000	Total Net Assets %
Skandinaviska Enskilda Banken (EMTN)	FRN	22/03/2021	12,245,000	12,251	0.27
Swedbank (EMTN)	1.6250	15/04/2019	6,009,000	6,040	0.13
Swedbank (GMTN)	FRN	02/12/2019	90,500,000	90,790	1.98
Swedbank Hypotek (EMTN)	FRN	29/10/2018	30,000,000	30,059	0.65
Toronto-Dominion Bank (EMTN)	FRN	07/06/2021	45,614,000	45,614	0.99
Total Capital (EMTN)	3.8750	14/12/2018	3,077,000	3,118	0.07
Toyota Motor Finance (EMTN)	FRN	30/09/2019	28,500,000	28,501	0.62
Turbo Finance (REGS)	FRN	20/06/2023	10,444,255	10,458	0.23
Westpac Banking (EMTN)	FRN	03/04/2020	25,000,000	25,013	0.54
<b>Total Bonds</b>				<b>2,924,897</b>	<b>63.67</b>
<b>Money Market Instruments 34.04%</b>					
AMP Bank	-	08/08/2018	23,500,000	23,483	0.51
AMP Bank	-	24/08/2018	27,000,000	26,972	0.59
Bank of Tokyo – Mitsubishi UFJ	0.5200	05/07/2018	50,000,000	50,000	1.09
BGL BNP Paribas	-	27/07/2018	40,000,000	39,984	0.87
BRED Banque Populaire	-	08/08/2018	75,000,000	74,961	1.63
Credit Agricole	0.5300	03/07/2018	50,000,000	50,000	1.09
Credit Suisse	0.5200	09/08/2018	40,000,000	40,001	0.87
Credit Suisse	0.8200	10/08/2018	21,000,000	21,008	0.46
Credit Suisse	0.7500	09/11/2018	40,000,000	40,012	0.87
Credit Suisse	0.8408	18/03/2019	40,000,000	40,000	0.87
Credit Suisse	-	09/05/2019	40,000,000	39,709	0.86
DZ Privatbank	-	11/07/2018	50,000,000	49,993	1.09
First Abu Dhabi Bank	0.6311	12/07/2018	50,000,000	50,000	1.09
First Abu Dhabi Bank	0.8400	08/11/2018	45,000,000	45,012	0.98
Goldman Sachs International Bank	0.8800	24/09/2018	35,000,000	35,018	0.76
Goldman Sachs International Bank	0.9000	07/12/2018	32,500,000	32,515	0.71
Goldman Sachs International Bank	1.0100	13/05/2019	49,000,000	49,011	1.07
Goldman Sachs International Bank	0.9300	29/05/2019	54,500,000	54,470	1.19
ING Bank	0.8100	01/08/2018	30,000,000	30,011	0.65
ING Bank	0.6200	11/09/2018	60,000,000	60,001	1.31
ING Bank	0.7300	15/11/2018	100,000,000	100,011	2.18
Korea Development Bank	-	03/07/2018	30,000,000	29,999	0.65
Korea Development Bank	-	05/07/2018	18,000,000	17,999	0.39
Legal & General Finance	-	03/12/2018	30,000,000	29,891	0.65
Natixis	0.6900	12/09/2018	40,000,000	40,000	0.87
OP Corporate Bank	-	21/09/2018	3,700,000	3,695	0.08
Societe Generale	0.8000	24/01/2019	50,000,000	49,995	1.09
Sumitomo Mitsui Banking	-	13/08/2018	40,000,000	39,972	0.87
Svenska Handelsbanken	0.7500	09/07/2018	100,000,000	100,009	2.18

Security	Coupon (%)	Maturity	Nominal	Market Value £'000	Total Net Assets %
Svenska Handelsbanken	0.5700	14/08/2018	75,000,000	75,007	1.63
The Norinchukin Bank	-	21/08/2018	75,000,000	74,941	1.63
Toyota Motor Finance	-	17/09/2018	40,000,000	39,946	0.87
UBS	0.5100	28/08/2018	35,000,000	34,996	0.76
Unilever	-	17/09/2018	40,000,000	39,946	0.87
Wells Fargo Bank	0.8000	05/11/2018	35,000,000	35,009	0.76
<b>Total Money Market Instruments</b>				<b>1,563,577</b>	<b>34.04</b>
<b>Total Transferable securities and money market instruments admitted to an official exchange listing or dealt in on another regulated market</b>				<b>4,488,474</b>	<b>97.71</b>
<b>Collective Investment Schemes 2.11%</b>					
Aberdeen Liquidity Fund Lux - Sterling Fund Z-3 <sup>†</sup>			96,835	96,835	2.11
<b>Total investments</b>				<b>4,585,309</b>	<b>99.82</b>
<b>Other net assets</b>				<b>8,430</b>	<b>0.18</b>
<b>Total net assets</b>				<b>4,593,739</b>	<b>100.00</b>

<sup>†</sup> Managed by subsidiaries of Aberdeen Asset Management PLC.

# US Dollar Fund

For the period from 1 April 2017 to 30 June 2018

## Performance

For the period from 1 April 2017 to 30 June 2018, the value of US Dollar Fund - A Accumulation shares increased by 1.75% compared to an increase of 1.57% in the benchmark, 7 day USD LIBID.

Source: Aberdeen Asset Management, Lipper, BNP Paribas.

Basis: Total Return, published NAV to NAV, net of annual charges, gross income reinvested, USD.

Please remember that past performance is not a guide to future returns. The price of shares and the income from them may fall as well as rise. Investors may not get back the amount originally invested.

## Market review

The Federal Reserve (Fed) raised the target range for the Federal Funds rate four times throughout the period under review. The latest raise was in June where it was brought to a range of between 1.75% and 2%, saying that the labour market has continued to strengthen and that economic activity has been rising at a solid rate. Policymakers projected two additional hikes by the end of 2018.

Jerome Powell took over as Chairman of the Fed from Janet Yellen in February. US congress passed a tax reform bill which features \$1.5 trillion worth of cuts over the next decade. The administration of President Donald Trump announced that it would impose tariffs on imported steel and aluminium from Canada, Mexico, and member nations of the European Union, which were effective from 1 June.

Towards the end of the period, the US and China have threatened one another with tariffs which could escalate into a trade war between the world's two largest economies. The Trump administration imposed \$34 billion worth of tariffs on Chinese goods. China responded by imposing 25% tariffs on \$34 billion worth of US goods.

## Portfolio review

The Fund's interest rate risk, measured through weighted average maturity (WAM), was strategically managed throughout the period under review. Fed guidance and our internal forecasts surveyed for quarterly moves higher in the Fed Funds rate and the portfolio was positioned to have a shortened WAM as specific federal open market committee (FOMC) policy meetings approached. In between these key dates the WAM was lengthened to take advantage as the money market curve reset to the new higher level and during periods of steepness in the yield curve.

Investment in instruments with floating rate coupons have made up an increasing percentage allocation of the Fund during this year. These instruments provide protection against a move higher in yield levels while providing a pick-up through their exposure to credit. From a credit exposure perspective, the Fund's weighted average life (WAL) has remained in the 60-75 day range reflecting our positive view on highly rated credit. We maintain a strong position in leading bank and financial groups from across Europe, Canada, Australia and the US as part of the geographically diversified portfolio.

## Outlook

We expect the Fed to continue to gradually tighten monetary policy. The market is priced for two further 0.25% interest rate hikes in 2018, followed by two more hikes in 2019. Risks to this scenario come from the US administration's stance regarding international trade policy. In particular, the protectionist agenda including newly imposed and potential tariffs against key global economies appear likely to lead to retaliatory measures being placed against US exporters. A trade dispute of this type has a negative impact through inflationary pressures and a slowing of growth ahead of current expectations.

## Money Markets Team

July 2018

**Statement of Net Assets**

As at 30 June 2018

	Notes	US\$'000
<b>Assets</b>		
Investments in securities at amortised cost	2.2	996,414
Cash at bank and cash equivalents		283,989
Interest receivable		463
Other assets		56
<b>Total assets</b>		<b>1,280,922</b>
<b>Liabilities</b>		
Payable for investments purchased		(79,776)
Taxes and expenses payable		(548)
Other liabilities		(1,195)
<b>Total liabilities</b>		<b>(81,519)</b>
<b>Net assets at the end of the period</b>		<b>1,199,403</b>

**Statement of Changes in Net Assets**

For the period from 1 April 2017 to 30 June 2018

	Notes	US\$'000
Net assets at the beginning of the period		1,475,978
Net gains from investment		25,341
Proceeds from shares issued		6,959,965
Payments for shares redeemed		(7,248,533)
Dividends paid	5	(13,348)
<b>Net assets at the end of the period</b>		<b>1,199,403</b>

**Share Transactions**

For the period from 1 April 2017 to 30 June 2018

	A-2	I-2	J-2	K-1	K-2	L-1	Z-1	Z-2
Shares outstanding at the beginning of the period	224,839	43,811	13,639	71,036	1,708,059	564,742,989	129,044	467
Shares issued during the period	108,245	146,574	23,332	1,174	4,448,925	2,288,744,114	4,079,876	1,303
Shares redeemed during the period	(155,536)	(173,161)	(23,548)	-	(5,753,487)	(2,478,561,686)	(3,984,424)	(1,288)
<b>Shares outstanding at the end of the period</b>	<b>177,548</b>	<b>17,224</b>	<b>13,423</b>	<b>72,210</b>	<b>403,497</b>	<b>374,925,417</b>	<b>224,496</b>	<b>482</b>
<b>Net asset value per share</b>	<b>3,146.1355</b>	<b>1,258.9034</b>	<b>1,111.7104</b>	<b>1.0000</b>	<b>10.2867</b>	<b>1.0000</b>	<b>1,000.0000</b>	<b>1,170.1373</b>

The accompanying notes form an integral part of these financial statements.

**Statement of Operations**

For the period from 1 April 2017 to 30 June 2018

	Notes	US\$'000
<b>Income</b>		
Investment income	2.3	25,951
Bank interest		1,286
<b>Total income</b>		<b>27,237</b>
<b>Expenses</b>		
Management fees	4.1	(1,439)
Administration fees	4.2	(123)
Depository fees	4.3	(186)
Domiciliary agent, registrar, paying and transfer agent fees	4.4	(56)
Management Company fees	4.5	(45)
Operational expenses	4.6	(150)
Expense cap refunded by the Investment Manager	4.7	180
Annual tax	4.8	(77)
<b>Total expenses</b>		<b>(1,896)</b>
<b>Net gains from investments</b>		<b>25,341</b>
<b>Net increase in assets as a result of operations</b>		<b>25,341</b>



## Portfolio Statement

As at 30 June 2018

Security	Coupon (%)	Maturity	Nominal	Market Value US\$'000	Total Net Assets %
Transferable securities and money market instruments admitted to an official exchange listing or dealt in on another regulated market 83.07%					
<b>Bonds 5.16%</b>					
Citibank	FRN	20/03/2019	1,400,000	1,402	0.12
Council of Europe Development	-	09/07/2018	19,500,000	19,492	1.62
ING Bank (REGS)	FRN	17/08/2018	6,938,000	6,943	0.58
Land Nordrhein Westfalen (EMTN)	FRN	17/09/2018	600,000	600	0.05
Land Nordrhein Westfalen	FRN	23/11/2018	5,000,000	5,003	0.42
Nordea Bank	FRN	17/09/2018	1,700,000	1,703	0.14
Royal Bank of Canada (GMTN)	FRN	30/07/2018	5,000,000	5,002	0.42
Santander UK (GMTN)	FRN	24/08/2018	3,450,000	3,453	0.29
Societe Generale	FRN	05/10/2018	10,000,000	10,000	0.83
Toyota Motor Credit (GMTN)	FRN	13/07/2018	1,475,000	1,475	0.12
UBS (REGS)	FRN	07/12/2018	4,900,000	4,904	0.41
Westpac Banking (REGS)	FRN	16/07/2018	1,950,000	1,950	0.16
<b>Total Bonds</b>				<b>61,927</b>	<b>5.16</b>
<b>Money Market Instruments 77.91%</b>					
Agence Centrale des Organismes de Securite Sociale	-	09/07/2018	18,500,000	18,492	1.54
Agence Centrale des Organismes de Securite Sociale	-	02/08/2018	14,000,000	13,973	1.17
AMP Bank	-	19/07/2018	12,000,000	11,988	1.00
Bank of Montreal	2.2462	12/07/2018	10,000,000	10,000	0.83
Bank of Nova Scotia	2.3150	17/09/2018	15,000,000	15,000	1.25
Banque Federative du Credit Mutuel	-	24/07/2018	15,000,000	14,978	1.25
Barclays Bank UK	-	30/08/2018	13,500,000	13,449	1.12
Barclays Bank UK	-	02/10/2018	10,000,000	9,940	0.83
BGL BNP Paribas	-	10/07/2018	10,000,000	9,995	0.83
C.I.B.C.	2.2611	24/08/2018	15,000,000	15,000	1.25
C.I.B.C.	2.3051	16/10/2018	15,000,000	15,000	1.25
Caisse des Depots et Consignations	1.0000	13/07/2018	20,500,000	20,488	1.71
Clifford Capital	-	13/08/2018	11,500,000	11,472	0.96
Commonwealth Bank of Australia	2.2433	15/08/2018	10,000,000	10,000	0.83
Commonwealth Bank of Australia	2.1947	05/10/2018	15,000,000	15,000	1.25
Commonwealth Bank of Australia	2.3035	29/11/2018	25,000,000	25,000	2.09
Council of Europe Development	-	27/07/2018	10,000,000	9,985	0.83
DekaBank Deutsche Girozentrale	-	18/07/2018	20,000,000	19,980	1.67
DekaBank Deutsche Girozentrale	-	23/07/2018	10,000,000	9,987	0.83
DekaBank Deutsche Girozentrale	-	06/08/2018	20,500,000	20,453	1.71
DekaBank Deutsche Girozentrale	-	04/09/2018	10,000,000	9,959	0.83

Security	Coupon (%)	Maturity	Nominal	Market Value US\$'000	Total Net Assets %
Deutsche Bahn	-	25/07/2018	20,000,000	19,973	1.67
Deutsche Bahn	-	02/08/2018	25,000,000	24,955	2.08
Dexia Credit Local	2.3851	16/01/2019	10,000,000	10,000	0.83
Erste Abwicklungsanstalt	-	17/07/2018	20,000,000	19,981	1.67
ING Bank	2.3200	20/09/2018	15,000,000	15,000	1.25
KBC Bank	-	30/07/2018	15,000,000	14,974	1.25
KBC Bank	-	28/08/2018	15,000,000	14,948	1.25
KDB Asia	-	19/09/2018	15,000,000	14,919	1.24
KFW	-	02/07/2018	10,000,000	10,000	0.83
Kingdom of Belgium	-	09/07/2018	15,000,000	14,994	1.25
La Banque Postale	1.0000	17/08/2018	20,000,000	19,942	1.66
La Banque Postale	1.0000	24/08/2018	15,000,000	14,951	1.25
La Banque Postale	-	31/08/2018	15,000,000	14,940	1.25
Landeskreditbank Baden-Wuerttemberg Foerderbank	1.0000	06/07/2018	10,000,000	9,998	0.83
Mitsubishi UFJ Trust & Banking	-	06/07/2018	15,000,000	14,996	1.25
Mitsubishi UFJ Trust & Banking	2.3300	26/09/2018	10,000,000	10,000	0.83
Mizuho Bank	-	26/09/2018	15,000,000	14,915	1.24
MUFG Bank	-	25/07/2018	15,000,000	14,978	1.25
National Australia Bank	2.1435	01/08/2018	15,000,000	15,000	1.25
National Bank of Abu Dhabi	-	26/07/2018	12,000,000	11,981	1.00
OP Corporate Bank	1.0000	03/07/2018	9,500,000	9,499	0.79
OP Corporate Bank	-	16/07/2018	5,500,000	5,495	0.46
OP Corporate Bank	-	21/08/2018	19,500,000	19,439	1.62
OP Corporate Bank	-	31/08/2018	15,000,000	14,944	1.25
OP Corporate Bank	-	19/09/2018	10,000,000	9,951	0.83
Oversea Chinese Banking	2.2511	24/07/2018	15,000,000	15,000	1.25
Oversea Chinese Banking	-	09/10/2018	20,000,000	19,881	1.66
Oversea Chinese Banking	2.2396	07/12/2018	10,000,000	10,000	0.83
Paccar Financial Europe	-	18/07/2018	19,000,000	18,982	1.58
Skandinaviska Enskilda Banken	2.2921	28/12/2018	25,000,000	25,000	2.09
State of Netherlands	-	03/07/2018	15,000,000	14,999	1.25
State of Netherlands	-	30/07/2018	10,000,000	9,983	0.83
Sumitomo Mitsui Banking	2.2951	17/07/2018	10,000,000	10,000	0.83
Sumitomo Mitsui Trust & Banking	-	06/07/2018	15,000,000	14,996	1.25
Svenska Handelsbanken	2.1607	02/07/2018	10,000,000	10,000	0.83
Swedbank	-	28/09/2018	20,000,000	19,891	1.66
Toronto-Dominion Bank	2.2611	25/07/2018	10,000,000	10,000	0.83
Toronto-Dominion Bank	2.2811	24/10/2018	20,000,000	20,000	1.67
Unilever	-	16/07/2018	15,000,000	14,987	1.25
Unilever	-	21/09/2018	15,000,000	14,919	1.25

Security	Coupon (%)	Maturity	Nominal	Market Value US\$'000	Total Net Assets %
Zurich Holding Company of America	-	06/07/2018	25,000,000	24,993	2.08
Zurich Holding Company of America	1.0000	14/08/2018	20,000,000	19,944	1.66
<b>Total Money Market Instruments</b>				<b>934,487</b>	<b>77.91</b>
<b>Total Transferable securities and money market instruments admitted to an official exchange listing or dealt in on another regulated market</b>				<b>996,414</b>	<b>83.07</b>
<b>Total investments</b>				<b>996,414</b>	<b>83.07</b>
<b>Other net assets</b>				<b>202,989</b>	<b>16.93</b>
<b>Total net assets</b>				<b>1,199,403</b>	<b>100.00</b>

# Notes to the Financial Statements

## 1 Presentation of the Financial Statements

### 1.1 General

Aberdeen Liquidity Fund (Lux) (the Company) was incorporated under the laws of the Grand Duchy of Luxembourg on 19 March 2012 as a société anonyme and qualifies as an open-ended société d'investissement à capital variable (a SICAV) with UCITS status (an Undertaking for Collective Investment in Transferable Securities as defined in the European Union Directive 2009/65/EC of 13 July 2009, as amended) with effect from 1 April 2012. Prior to 1 April 2012 the Company was established as a mutual investment fund (a fonds commun de placement) on 15 May 1991. The Company comprises various classes of shares, each relating to a separate portfolio (a Fund) consisting of securities, money market instruments, mutual funds, cash and other sundry assets and liabilities.

The Company is authorised as a UCITS under part I of the law dated 17 December 2010 on undertakings for collective investment, as amended.

Following the Extraordinary General Meeting of Shareholders held on 12 September 2017, the Company's financial year end changed from 31 March to 30 June. The current accounting year covers the period from 1 April 2017 to 30 June 2018.

At 30 June 2018, the Company comprises five separate active funds, which are, except for the Ultra Short Duration Sterling Fund, intended to be managed as Short Term Money Market Funds as defined by the ESMA guidelines (CESR/10-049), as amended.

The Company aims to provide investors with a broad range of diversified actively-managed funds which, through their specific investment objectives and individual portfolios, offer investors the opportunity of exposure to selected short-term investment and/ or money market strategies.

### 1.2 Presentation of financial statements

The accompanying financial statements present the assets and liabilities of the individual Funds and of the Company taken as a whole.

The financial statements of each individual Fund are expressed in the currency designated in the prospectus for that particular Fund and the combined statements of the Company are expressed in US dollars (USD).

The financial statements have been prepared in accordance with the format prescribed by the Luxembourg authorities for Luxembourg investment companies.

As the financial statements include certain accounting entries relating to the period from 1 April 2017 to 30 June 2018, the Net Asset Values shown throughout the report may differ from those advertised on 29 June 2018 for dealing in these Funds.

The combined statements were calculated on the basis of aggregation of individual Fund statements with no elimination of cross-investments, if any. As at 30 June 2018, the value of cross-investments was USD 127,846,460 representing 0.45% of the combined net assets.

## 2 Accounting Policies

### 2.1 Accounting convention

The financial statements have been prepared under the historical cost convention modified by the revaluation of investments.

### 2.2 Assets and portfolio securities valuation

The valuation price of an investment is progressively adjusted to the redemption price, based on the net acquisition price and keeping the resultant yield to maturity constant (linear amortised cost basis).

Comparisons between the linear amortised cost and market prices are reviewed weekly. In the event of a significant change in market conditions, the basis for the valuation of different investments is adjusted based on the new market yields.

If a valuation in accordance with the above rules is rendered impossible or incorrect due to special or changed circumstances, the Board of Directors is entitled to use other generally recognised valuation principles in order to value the Fund's assets.

In respect of the Ultra Short Duration Sterling Fund, liquid assets and money market instruments may be valued at market value plus any accrued interest or on an amortised cost basis as determined by the Board of Directors. The method of valuation on a linear amortised cost basis may only be used for liquid assets and money market instruments that have a residual maturity date until the legal redemption date of less or equal to 397 days. All other assets, where practice allows, may be valued in the same manner.

Shares or units of underlying open-ended Undertakings for Collective Investment (UCIs) are valued at their last determined and available Net Asset Value.

#### Security Acronyms:

DPNT Deposit Note	GMTN Global Medium Term Note
EMTN Euro Medium Term Note	MTN Medium Term Note
FRN Floating Rate Note	REGS not registered under the US Securities Act

### 2.3 Investment income

Interest is accrued on a day-to-day basis. In the case of debt securities issued at discount or premium to maturity value, the total income arising on such securities, taking into account the amortisation of such discount or premium, is spread over the life of the security.

Dividends are recognised on the date on which the shares concerned are quoted ex-dividend.

Dividend and interest income are stated net of irrecoverable withholding taxes, if any.

Due to the negative interest rate environment in Europe, the net yield on the Euro Fund may be negative.

### 2.4 Foreign exchange

The cost of investments, income and expenses in currencies other than the Fund's relevant reporting currency have been recorded at the rate of exchange ruling at the time of the transaction. The value of the investments and other assets and liabilities in currencies other than the relevant reporting currency has been converted at the rates of exchange ruling at 29 June 2018.

Realised and unrealised exchange differences on the revaluation of foreign currencies are taken to the Statement of Operations.

### 2.5 Realised gains and losses on investments

A realised investment gain or loss is the difference between the historical average cost of the investment and the sale proceeds.

Realised gains and losses for investments valued at amortised costs are recorded under "Investment income" in the Statement of Operations.

In respect of the Ultra Short Duration Sterling Fund, due to the differing valuation method, realised and unrealised gains and losses are recorded separately.

## 3 Share Class Information

### 3.1 General

Within each Fund, the Company is entitled to create different share classes. These are distinguished by their distribution policy or by any other criteria stipulated by the Directors. Classes suffixed with a '1' or '3' are Distribution shares and Classes suffixed with a '2' are Accumulation shares. Please refer to the prospectus for further details. For a list of current live share classes please visit [aberdeen-asset.com](http://aberdeen-asset.com).

### 3.2 UK Reporting Fund Regime

UK Reporting Fund Regime Status is granted prospectively by the UK taxation authorities. It is the intention of the Board of Directors to continue to comply with the requirements of the Reporting Fund Regime for all shares classes.

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of a Group 2 share.

Annually and within six months of the year end, the Manager will publish the UK Reporting Regime Report to investors for all share classes granted reporting fund status on its website ([aberdeen-asset.co.uk](http://aberdeen-asset.co.uk)).

The UK Reporting Regime Report to investors for each share class can also be requested in writing by contacting Aberdeen Global Services SA. at the Shareholder Service Centre as detailed on the back cover of this report.

### 3.3 Switches

Shares in one Fund may be exchanged or switched into shares of a different class in the same Fund, subject to the qualifications for investment being met, on any dealing day for the relevant Fund. Shares in the same class may not be switched between accumulation and income shares or between accumulation and flexible income shares. Shares in income share classes may be switched to flexible income shares within the same class, but flexible income shares may not be switched to income share classes. Investors may switch either a specific number of shares or shares of a specified value.

Investors in any Fund of the Company may not exchange their shares for shares of the same or another class in any other Fund of the Company.

Any exchange of shares is subject to meeting the relevant share class qualifications and to the limitations and charges described in the prospectus.

For full details on switching contact the Global Distributor, UK Distributor, Transfer Agent or [aberdeen.global@aberdeen-asset.com](mailto:aberdeen.global@aberdeen-asset.com)

### 3.4 Dilution adjustment

Frequent subscriptions and redemptions can potentially have a dilutive effect on the Fund's NAV per share and be detrimental to the long term investors as a result of the transaction costs that are incurred by the Fund in relation to the trades undertaken by the Investment Manager.

The Board of Directors' current policy through delegation to the Investment Managers' Investor Protection Committee ("IPC") is normally to impose a dilution adjustment to the NAV of each Class of Shares. A dilution rate is applied whenever net subscriptions or redemptions exceed a certain threshold determined by the Board of Directors (having considered prevailing market conditions).

The dilution adjustment will be recorded in the relevant Fund's NAV and becomes part of the Fund's relevant dealing NAV.

The dilution adjustment is a percentage adjustment applied to each share class in a Fund on a dealing day determined on the basis of estimates of any dealing charges (including commission and/or other costs) and/or any bid/offer spread that the Board of Directors believes are appropriate to take into account in respect of that Fund. Such dealing charges will reflect costs and liabilities not included in the calculation of the NAV of the relevant class.

The net asset values as at 30 June 2018 disclosed in this report do not include any dilution adjustments and hence may differ from those published on 29 June 2018 for dealing into the Funds.

## 4 Expenses

Expenses which do not relate to a particular Fund are allocated between Funds in proportion to the NAV's of the individual Funds.

### 4.1 Management fees

The Investment Manager is entitled to receive management fees calculated on the Net Asset Value of the Funds, accrued daily.

Where a Fund invests in an open ended collective investment scheme which is operated or managed by the Investment Manager or an associate of the Investment Manager, no additional annual management charge will be incurred by the Fund on such an investment.

The following management fee rates are applicable according to the prospectus.

Classes of shares (%)	A-2	I-2	I-3	J-2	J-3	K-1	K-2	K-3	L-1	L-3
Canadian Dollar Fund	0.50	0.30	0.30	0.20	0.20	0.15	0.15	0.15	0.10	0.10
Euro Fund	0.50	0.30	0.30	0.20	0.20	0.15	0.15	0.15	0.10	0.10
Sterling Fund	0.50	0.30	0.30	0.20	0.20	0.15	0.15	0.15	0.10	0.10
Ultra Short Duration Sterling Fund	0.50	0.30	0.30	0.20	0.20	0.15	0.15	0.15	0.10	0.10
US Dollar Fund	0.50	0.30	0.30	0.20	0.20	0.15	0.15	0.15	0.10	0.10

The following management fee rates are applicable as at 30 June 2018. Where the fee rate is different to the prospectus rate this is as a result of management fee waivers:

Classes of shares (%)	A-2	I-2	I-3	J-2	J-3	K-1	K-2	K-3	L-1	L-3
Canadian Dollar Fund	0.40	0.20	N/A	N/A	N/A	N/A	N/A	N/A	0.10	N/A
Euro Fund	0.02	0.02	N/A	0.02	0.05	N/A	0.02	N/A	N/A	N/A
Sterling Fund	0.20	0.20	0.20	N/A	0.20	0.15	N/A	0.15	0.10	0.10
Ultra Short Duration Sterling Fund	N/A	N/A	N/A	0.20	N/A	N/A	0.15	N/A	N/A	N/A
US Dollar Fund	0.10	0.10	N/A	0.10	N/A	0.15	0.05	N/A	0.10	N/A

Class Z shares are not subject to a management fee charge.

### 4.2 Administration fees

The Administrative agent is entitled to a fee not exceeding 0.05% per annum (plus VAT, if any) of the net assets of the Company as determined on the last dealing day of the month.

The Administrator is also entitled to be reimbursed for any reasonable out-of-pocket expenses.

### 4.3 Depositary fees

The Depositary bank is entitled to a fee not exceeding 2% per annum (plus VAT, if any) of the net assets of the Company as determined on the last dealing day of the month.

The Depositary bank is also entitled to be reimbursed for any reasonable out-of-pocket expenses and for the transaction charges of any correspondent banks.

#### 4.4 Domiciliary agent, registrar, paying and transfer agent fees

The Company paid Domiciliary, Registrar, Paying, and Transfer Agency fees which did not exceed 0.1% per annum (plus VAT, if any) of the net assets of the Company as determined on the last dealing day of the month.

The Company paid Paying Agent fees which did not exceed 0.01% per annum of the net assets of the Company as determined on the last dealing day of the month.

The following amounts were incurred during the period:

Currency	Canadian Dollar Fund CAD	Euro Fund EUR	Sterling Fund GBP	Ultra Short Duration Sterling Fund GBP	US Dollar Fund USD
Domiciliary	239	2,444	49,524	14,793	4,562
Paying Agent	326	3,335	68,104	20,407	6,285
Registrar & Transfer Agent	2,338	-	486,475	145,335	44,833
<b>Total</b>	<b>2,903</b>	<b>5,779</b>	<b>604,103</b>	<b>180,535</b>	<b>55,680</b>

The Transfer Agent, Aberdeen Global Services S.A., has elected to waive the Transfer Agency Fees on the Euro Fund from 16 March 2015 until further notice.

#### 4.5 Management Company fees

The Management Company fees did not exceed 0.01% per annum of the net assets of the Company at each month end.

The Management Company, Aberdeen Global Services S.A., has elected to waive the Management Company fees on the Euro Fund from 16 March 2015 until further notice.

#### 4.6 Operational expenses

Operational expenses represent other amounts paid by the Company relating to the operation of the Funds. They include legal fees, audit fees, Directors' fees, cost of printing and distributing the prospectuses and annual and half yearly reports, fees in connection with obtaining or maintaining any registration or authorisation of the Company with any governmental agency or stock exchange as well as the cost of publication of share prices.

#### 4.7 Expense caps

Expense caps are determined on the basis of ongoing charges of the respective share classes as at 30 June 2018.

The expense caps are applicable until such time as the Board changes the caps, any changes resulting in an increase in expenses will be communicated to the shareholders as required by applicable legislation.

Amounts receivable resulting from the application of expense caps for the period will be paid monthly.

Classes of shares (%)		
Sub-Fund	Share Class	Expense Cap (%)
Canadian Dollar Fund	L-1	0.1000
Euro Fund	J-3	0.0500
Euro Fund	Z-3	0.0188
Sterling Fund	I-3	0.2019
Sterling Fund	J-3	0.2019
Sterling Fund	K-1	0.1500
Sterling Fund	K-3	0.1519
Sterling Fund	L-1	0.1000
Sterling Fund	L-3	0.1019
Sterling Fund	Z-3	0.0019
Ultra Short Duration Sterling Fund	J-2	0.2159
Ultra Short Duration Sterling Fund	K-2	0.1659
Ultra Short Duration Sterling Fund	Z-2	0.0159
US Dollar Fund	K-1	0.1500
US Dollar Fund	L-1	0.1000

#### 4.8 Annual taxation

All funds that are managed as Short Term Money Market Funds are liable in Luxembourg to a Taxe d'Abonnement of a rate of 0.01% per annum for each Class of Share. The Ultra Short Duration Sterling Fund is liable in Luxembourg to a Taxe d'Abonnement of a rate of 0.05% per annum for each retail Class of Share and a reduced rate of 0.01% per annum for specific Classes of Shares which are restricted to institutional investors, Class J, Class K and Class Z Shares are currently entitled to this reduced rate. The charge is accrued daily and payable quarterly on the basis of the net assets of the Fund at the end of the relevant quarter.

During the period from 1 April 2017 to 30 June 2018 Class I, Class J, Class K, Class L and Class Z Shares for all Funds, except the Ultra Short Duration Sterling Fund, benefited from an exemption to pay Taxe d'Abonnement.

#### 5 Dividends

Class K-1, Class L-1, Class Z-1, Class I-3, Class J-3, Class K-3, Class L-3 and Class Z-3 shares declared dividends on a daily basis and distributed on or about the second Business Day of the following month. These shares of each Fund begin earning dividends on the Dealing Day on which they were issued. If an investor redeems its entire holding of these shares within a Fund during a month, accrued but unpaid dividends are payable with the redemption proceeds. For partial redemptions of a holding, accrued but unpaid dividends are payable on the next pay date. Shares do not earn dividends on the Dealing Day on which their redemption is accepted.

Class A-2, Class I-2, Class J-2, Class K-2 and Class Z-2 shares accumulated investment income within the Share Price of this Class of Share on a daily basis.

Where the net investment income is negative, a specific mechanism was applied to Class A-3, Class I-3, Class J-3, Class K-3, Class L-3 and Class Z-3 shares in order to maintain a stable Net Asset Value per Share. An amount representing any shortfall due to a negative yield affecting a Fund's portfolio, together with usual applicable charges, is calculated and accrued daily as an amount due to the Fund and deducted by the second business day of the next following month from the holdings of each investor in the Class concerned by compulsory redeeming an appropriate (proportional portion) number of their Shares held.

#### 6 Directors' Interests

None of the Directors had a material interest in any contracts of significance subsisting with the Company either during the period to or as at 30 June 2018.

None of the Directors have service contracts with the Company.

#### 7 Changes in Investment Portfolio

The schedule of changes in the investment portfolio is available on request from the Registered Office in Luxembourg and from the local agents listed under Management and Administration and in the prospectus.

#### 8 Transactions with Connected Persons

##### 8.1 Cross trades

During the period the Investment Manager/Adviser undertook certain sale and purchase transactions between:

- i) the Funds' portfolios; and
- ii) a) the Investment Manager; or
- b) the Investment Adviser; or
- c) a Standard Life Aberdeen PLC group company; or
- d) other funds or portfolios managed by the Investment Manager/Adviser or any Standard Life Aberdeen plc group company.

Such transaction were carried out on an arm's length basis and were consistent with the best interests of the Company.

##### 8.2 Other transactions

Transactions with connected persons outlined in notes 4.1, 4.4, 4.5 and 4.6 have been entered into in the ordinary course of business and on normal commercial terms.

As at 30 June 2018 other Funds/Trusts and mandates managed by Standard Life Aberdeen plc held investments in the Company valued at USD 16,898,071,931.

#### 9 Soft Commission/Commission Sharing

There are no soft commission arrangements for the Company.



## 10 Equalisation

Equalisation is operated in connection with the issue and redemption of shares. It represents the income element included in the price for the issue and redemption of shares.

## 11 Transaction Costs

For the period from 1 April 2017 to 30 June 2018 the Company incurred no transaction costs, which have been defined as commissions and taxes relating to purchase or sale of transferable securities, money market instruments, derivatives or other eligible assets.

## 12 Corporate Governance

The Board has adopted the Principles of the ALFI Code of Conduct dated June 2013 (the Code), which sets out a framework of high level principles and best practice recommendations for the governance of Luxembourg investment funds.

The Board considers that it has been in compliance with the Principles of the Code in all material respects for the period from 1 April 2017 to 30 June 2018.

The Board meets regularly to consider the activities of the Company and receives reports on various activities, including compliance controls and risk management.

The Board of Directors has established an Audit Committee which is charged with reviewing the financial statements and the external audit process (including the appointment and remuneration of the external Auditor, subject to Shareholders approval), and reviewing and monitoring internal audit matters.

The Board of Directors has also established a Risk Committee which has oversight of the Risk Management Framework of the Company and specifically the effectiveness of risk management, governance and compliance activity.

The collective remuneration of the Board of Directors charged to the Company amounts to USD 24,290 for the period from 1 April 2017 to 30 June 2018.

## 13 Subsequent Events

As notified in the Shareholder Notice sent out on 29 March 2018, effective 1 July 2018, Aberdeen Global Services S.A. will carry out the Company's investment management and the marketing and distribution functions which were previously delegated to Aberdeen International Fund Managers Limited ("AIFML").

On the 31 August 2018, a Notice was sent to the relevant shareholders of Aberdeen Liquidity Fund (Lux) – Euro Fund, Aberdeen Liquidity Fund (Lux) – Sterling Fund and Aberdeen Liquidity Fund (Lux) – Ultra Short Duration Sterling Fund to inform them of the decision of the board of directors of Aberdeen Liquidity Fund (Lux) (the Company) to accept the mergers of Euro Liquidity Fund, Sterling Liquidity Fund and Sterling Short Duration Managed Liquidity Fund, sub funds of Standard Life Investments Liquidity Fund plc, an umbrella UCITS fund domiciled in Ireland with authorisation granted by the Central Bank of Ireland, by way of the transfer of the net assets on 5 October 2018 (the Effective Date).

Effective Date	Merging Fund	Receiving Fund	New / Existing
5 October 2018	Standard Life Investments Liquidity Fund plc - Euro Liquidity Fund	Aberdeen Liquidity Fund (Lux) – Euro Fund	Existing
5 October 2018	Standard Life Investments Liquidity Fund plc - Sterling Liquidity Fund	Aberdeen Liquidity Fund (Lux) – Sterling Fund	Existing
5 October 2018	Standard Life Investments Liquidity Fund plc - Sterling Short Duration Managed Liquidity Fund	Aberdeen Liquidity Fund (Lux) – Ultra Short Duration Sterling Fund	Existing

# Report of the Réviseur d'Entreprises agréé

*To the Shareholders of Aberdeen Liquidity Fund (Lux)*  
*Société d'Investissement à Capital Variable*  
*35a, avenue John F. Kennedy*  
*L-1855 Luxembourg*  
*Grand Duchy of Luxembourg*

## Report on the audit of the financial statements

### Opinion

We have audited the accompanying financial statements of Aberdeen Liquidity Fund (Lux) and each of its sub-funds ("the Fund"), which comprise the Statement of Net Assets and the Portfolio Statement as at 30 June 2018 and the Statement of Operations and Statement of Changes in Net Assets for the period from 1 April 2017 to 30 June 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Aberdeen Liquidity Fund (Lux) and each of its sub-funds as at 30 June 2018, and of the results of their operations and changes in their net assets for the period from 1 April 2017 to 30 June 2018 in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

### Basis for opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing "ISAs" as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier "CSSF". Our responsibilities under the EU Regulation No 537/2014, the law of 23 July 2016 and ISAs are further described in the « Responsibilities of "Réviseur d'Entreprises agréé" for the audit of the Financial Statements » section of our report. We are also independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Valuation of investments in securities (Refer to note 2)

*Why the matter was considered to be one of most significance in the audit?*

Investments in securities are valued at market value or at amortised cost and represent up to 99.82% of total net assets as at 30 June 2018 depending on sub-funds, and they are considered to be the key driver of the Fund's performance. The value of the investments are either based on quoted prices in active markets or with respect to investment in liquid assets and money market instruments on an amortised cost basis.

Accordingly, the valuation of investment in securities is considered to be a key audit matter due to the significance of the balance to the financial statements as a whole.

*How the matter was addressed in our audit*

Our procedures over the valuation of investments in securities included, but were not limited to:

- With respect to investments valued at market value, comparing the valuation of investments in securities in the portfolio as at the 30 June 2018 to the valuation recalculated using externally quoted prices;
- With respect to investments valued at amortised cost, reviewing the amortised cost calculation method and where necessary, re-performing such calculation or where possible, verifying subsequent settlement of matured money market instruments;
- Agreeing holdings in the portfolio of investments as at 30 June 2018 to independently received depositary confirmations.

### Other information

The Board of Directors of the Fund is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our report of the "Réviseur d'Entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

#### **Responsibilities of Board of Directors of the Fund for the financial statements**

The Board of Directors of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors of the Fund is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the Fund either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

#### **Responsibilities of the "Réviseur d'Entreprises agréé" for the audit of the financial statements**

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of "Réviseur d'Entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Fund.
- Conclude on the appropriateness of the Board of Directors of the Fund's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of "Réviseur d'Entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of "Réviseur d'Entreprises agréé". However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

#### **Report on other legal and regulatory requirements**

We have been appointed as "Réviseur d'Entreprises agréé" by the General Meeting of the shareholders on 21 August 2017 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 27 years.

We confirm that the prohibited non-audit services referred to in the EU Regulation No 537/2014, on the audit profession were not provided and that we remain independent of the Fund in conducting the audit.



L. Aktan

KPMG Luxembourg Société coopérative  
Cabinet de révision agréé  
39, avenue John F. Kennedy  
L-1855, Luxembourg  
Grand Duchy of Luxembourg

Luxembourg, 24 September 2018

## Risk Management and Securities Financing Transactions (unaudited)

The Management Company uses a risk management process that allows monitoring of the risk of the portfolio positions and their share of the overall risk profile of the portfolios on the managed funds at any time. In accordance with the Law of 17 December 2010 on undertakings for collective investment as amended, and the applicable regulatory requirements of the Commission de Surveillance du Secteur Financier (CSSF) the Management Company reports to the CSSF on a regular basis on the risk management process. The Management Company ensures, on the basis of appropriate and reasonable methods, that the overall risk, associated with derivatives, does not exceed the net asset value of the portfolio.

The Management Company uses the following method:

### Commitment Approach

The Commitment Approach is based on the positions of derivative financial instruments, converted into their corresponding underlying equivalents using the delta approach. Netting and Hedging might be considered for derivative financial instruments and their underlying assets. The sum of these underlying equivalents must not exceed the net asset value of each of the Funds. The global risk on derivatives has been determined according to the commitment approach during the reporting period from 1 April 2017 until 30 June 2018.

### Securities Financing Transactions

The Securities Financing Transactions Regulation (EU) 2015/2365 (SFTR) came into force on 12 January 2016. Its aim is to improve the transparency of securities financing transactions. The Management has considered the SFTR disclosure requirements and concluded that no disclosures are required in the Notes to the financial statements as none of the Funds held any securities financing transactions, as defined in the SFTR, as at 30 June 2018.

## Remuneration (unaudited)

### Remuneration Policy

Aberdeen Asset Management PLC and Standard Life plc merged on 14 August 2017. Existing remuneration policies remain in place for the remainder of the reporting period.

The UCITS Management Company, Aberdeen Global Services S.A. is authorised and regulated in Luxembourg by the Commission de Surveillance du Secteur Financier (CSSF) and is a wholly owned subsidiary of Aberdeen Asset Management PLC (Aberdeen).

The Remuneration Committee of Aberdeen Asset Management PLC (the Group) adopted a UCITS V Remuneration Policy to ensure that the requirements of the Undertakings for Collective Investment Transferrable Securities V Directive (UCITS V) are fully adhered to by the Group. This policy applies to Aberdeen Global Services S.A. and the UCITS Funds it manages.

Aberdeen believes that rewarding staff for their contribution is key to recruiting and retaining a talented workforce.

The full Aberdeen UCITS V Remuneration Policy is available on request.

### Remuneration Philosophy

Aberdeen's Group Remuneration Policy reflects the Group's remuneration philosophy and has been designed to:

- Align the interests of staff with the sustained long-term interests of the UCITS Management Company, the UCITS Funds, the business, shareholders, and other stakeholders;
- Focus on performance-related pay, at both a corporate and an individual level, tempered by an emphasis on ensuring that performance is not achieved by taking risks which fall outside Aberdeen's and the UCITS Management Company's and its UCITS Fund's risk appetite;
- Promote sound risk management and discourage risk taking that exceeds Aberdeen's level of tolerated risk, having regard to the investment profiles of the UCITS Management Company and its UCITS Funds;
- Incorporate measures to avoid conflicts of interest; and
- Offer fixed remuneration and award incentives which are reasonable and competitive within the asset management sector.

### Application

Remuneration covered by the UCITS V Directive shall apply to all fixed and variable components of remuneration, including salaries and discretionary payments.

The UCITS V remuneration principles apply to:

- any benefit of any type paid by the UCITS Management Company;
- any amount paid directly by the UCITS Fund itself, including carried interest, for the benefit of UCITS V Identified Staff; and
- any transfer of units or shares of the UCITS Fund made for the benefit of UCITS V Identified Staff.

### Remuneration Governance

The Aberdeen Asset Management PLC Board of Directors established a Remuneration Committee that operate on a Group-wide basis and now continues under Standard Life Aberdeen plc Board of Directors

The Remuneration Committee is responsible for:

- Approving the Remuneration Policy;
- Approving the remuneration packages of Senior executives;
- Determining the size of any annual variable pay pool;
- Approving the design of Incentive plans;
- Considering the recruitment and redundancy of certain employees.

The Remuneration Committee consists of five individuals, all of whom are independent non-executive directors of both Standard Life Aberdeen plc's and Aberdeen Asset Management PLC's Boards. The Remuneration Committee receives independent external advice from specialist remuneration consultants and operates under formal terms of reference, which are reviewed annually. The current composition of the Remuneration Committee and its terms of reference are available on request.

The Remuneration Committee meets on a regular basis to consider remuneration matters across the Group, (including at the UCITS Management Company). It receives appropriate input from the Chief Risk Officer (and group-wide PLC Board Risk and Capital Committee) to enable it to take into account the risk profile of Aberdeen, the UCITS Management Company and its UCITS Funds when making decisions on remuneration.

The Group Remuneration Policy and its implementation is reviewed independently by the Chief Risk Officer on at least an annual basis to ensure that it is aligned with sound risk management.

The UCITS Management Company, in its supervisory function, adopts and periodically reviews the general principles of the UCITS V Remuneration Policy Statement and is responsible for its implementation, ensures that this statement is in line with local regulatory requirements, and does not promote excessive risk taking in light of the risk profiles of the UCITS Funds under management.

The implementation of the UCITS V Remuneration Policy Statement is, at least annually, subject to central and independent internal review for compliance with policies and procedures for remuneration adopted by the UCITS Management Company in its supervisory function.

#### Financial and non-financial criteria

Variable remuneration is based on a rounded assessment of Group, Divisional and individual performance. When assessing individual performance, financial as well as non-financial criteria are taken into account.

Individual performance is based on the individual's appraisal, which includes an employee's compliance with controls and applicable company standards including the Group's Code of Ethics, including Treating Customers Fairly and Conduct Risk.

#### Conflicts of interest

The Group's remuneration policies and processes contain a number of measures to avoid conflicts of interest.

- Compensation proposals are made by "Compensation Managers" who are usually Department Heads. No employee may determine their own remuneration. The Compensation Managers make proposals in accordance with guidelines which are set out in annual Compensation Manager Guidance approved by the Remuneration Committee.
- Employees engaged in control functions (e.g. Risk and Internal Audit) have functional line management structures outside of the business units they oversee, thus ensuring independence. Variable remuneration for control function employees is determined on the achievement of meeting their own functional objectives as set in their appraisal. The Group Remuneration Committee signs off the remuneration of senior staff, including those in the risk in control functions.
- Personal hedging strategies which may undermine the risk alignment of variable remuneration are not permissible (e.g. entering into an arrangement with a third party under which payments will be linked to the person's remuneration or deferred consideration). The Group has very strict Personal Account dealing policies which prohibit dealing on a personal basis or by any connected party without prior consent from Compliance.

#### Determination of Remuneration and Benefits

As described above, the Company, acting through the Remuneration Committee determines remuneration under the Group Remuneration Policy and governance structure. Under this group-wide policy, remuneration and benefits are determined on the following basis:

<i>Base salary</i>	Base salaries are reviewed annually, taking account of market salary levels, Group performance, individual performance, changes in responsibility and levels of increase for the broader employee population.
<i>Benefits</i>	The Group currently provides a range of fringe benefits to its employees, as appropriate in local markets, such as: medical insurance; disability insurance; life insurance; paid holiday; and international medical benefits assistance where appropriate.
<i>Pension</i>	Employer contributions are made to defined contribution pension arrangements or equivalent cash allowances are paid, subject to normal practice in the relevant country. (Legacy defined benefit plans from corporate acquisitions are closed to all future accrual at the earliest reasonable opportunity.) No discretionary pension benefits are paid.
<i>Variable Pay</i>	<p>Aberdeen's aggregate variable pay pool, in which all staff participate, is approved by the Remuneration Committee each year. The aggregate pool is normally capped at no more than 25% of pre-bonus operating profit, unless exceptional circumstances justify a higher cap.</p> <p>The pool is based on a range of key performance indicators (KPIs) linked to Aberdeen's strategy, which provides a rounded assessment of Aberdeen's performance. The Remuneration Committee reviews the KPIs each year, to ensure that they continue to reflect the priorities of the business.</p>

*Variable Pay (continued)*

Aberdeen does not pay individual awards calculated on the basis of annual revenues. Instead proposals are discretionary and based on a number of factors including multi-year performance and non-financial metrics, such as teamwork along with compliance and risk awareness.

A significant proportion of an individual's annual variable pay may be deferred into shares or other similar instruments which are correctly aligned with the nature of the risks of the AIFs in question.

*Carried interest or similar arrangements*

In a small number of instances, Aberdeen may agree limited carried interest or similar arrangements which effectively link a proportion of staff pay to performance of a particular Fund. This is almost always done at the request of clients invested in the fund, to ensure alignment of interests, and is subject to specific review to ensure that any such arrangement does not encourage inappropriate risk taking.

**Clawback/Malus**

A clawback/malus principle applies to the variable pay plan. This enables the Remuneration Committee to seek to recoup the deferred amount of any unvested variable pay, in the exceptional event of misstatement or misleading representation of performance; a significant failure of risk management and control; or serious misconduct by an individual.

**Guaranteed Variable Remuneration**

Guaranteed variable remuneration is exceptional, occurs only in the context of hiring new staff and is limited to the first year of engagement.

**UCITS V Identified Staff**

Staff considered UCITS V Identified Staff are those categories of staff whose professional activities have a material impact on the decision making profiles of the UCITS Management Company or the UCITS Funds that the UCITS Management Company manages.

UCITS V Identified Staff will include:-

- Senior Management;
- Decision makers;
- Staff engaged in control functions; and
- Any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and decision makers, and whose professional activities have a material impact on the decision making of the Company or the Funds that the Company manages.

**Control Functions**

Employees engaged in control functions, (e.g. Risk, Compliance and Internal Audit) have functional line management structures outside of the business units they oversee, thus ensuring independence. The Internal Audit function evaluates the finance risk, control framework, business strategy and operating models independently and therefore the Global Head of Asset Management Audit reports to the Group Internal Audit Director, who reports directly to the Audit Committee Chairman. The Audit Committee Chairman approves the Group Internal Audit Director's remuneration and appraisal. The Group Internal Audit Director, in turn, approves the Global Head of Internal Audit's remuneration and appraisal. The Chief Risk Officer has a reporting line to the Risk Committee. The Group Remuneration Committee signs-off on entire review including senior staff, risk management and compliance functions (i.e. those in control functions). UCITS V Identified Staff (which includes control staff) are subject to the Group Remuneration Policy, elements of which may be revised, to be compliant with UCITS V. Control functions' variable compensation is determined on the achievement of meeting their own functional objectives as set in their appraisal.

**Personal Hedging**

UCITS V Identified Staff are not permitted to undermine the risk alignment effects of the UCITS V Remuneration Code. Personal hedging strategies; or remuneration-related insurance; or liability-related insurance is not permissible on remuneration

**Employee remuneration disclosure**

The table below provides an overview of the following:

- Aggregate total remuneration paid by Aberdeen Global Services S.A. to its entire staff; and
- Aggregate total remuneration paid by Aberdeen Global Services S.A. to its 'Identified Staff'

The 'Identified Staff' of Aberdeen Global Services S.A. are those employees who are considered could have a material impact on the risk profile of Aberdeen Global Services S.A. or the UCITS it manages, including the following UCITS:

Aberdeen Liquidity Fund (Lux) Canadian Dollar Fund

Aberdeen Liquidity Fund (Lux) Euro Fund



Aberdeen Liquidity Fund (Lux) Sterling Fund

Aberdeen Liquidity Fund (Lux) Ultra Short Duration Sterling Fund

Aberdeen Liquidity Fund (Lux) US Dollar Fund

This broadly includes senior management, decision makers and control functions. For the purposes of this disclosure, 'Identified Staff' includes employees of entities to which activities have been delegated.

Amounts shown reflect payments made during the financial reporting period in question.

The reporting period runs from 1 January 2017 to 31 December 2017 inclusive.

Aberdeen Liquidity Fund (Lux) - Canadian Dollar Fund Reporting period: 01/01/2017 – 31/12/2017	Headcount	Total Remuneration C\$'000	UCITS proportion C\$'000 <sup>4</sup>
<b>Aberdeen Global Services S.A. staff <sup>1</sup></b>	<b>262</b>	<b>89,634</b>	<b>145</b>
of which			
Fixed remuneration		60,112	97
Variable remuneration		29,522	48
Carried Interest		NIL	
<b>Aberdeen Global Services S.A. 'Identified Staff' <sup>2</sup></b>	<b>83</b>	<b>13,434</b>	<b>22</b>
of which			
Senior Management <sup>3</sup>	9	3,075	5
Other 'Identified Staff'	74	10,359	17

Aberdeen Liquidity Fund (Lux) - Euro Fund Reporting period: 01/01/2017 – 31/12/2017	Headcount	Total Remuneration €'000	UCITS proportion €'000 <sup>4</sup>
<b>Aberdeen Global Services S.A. staff <sup>1</sup></b>	<b>262</b>	<b>59,601</b>	<b>1,092</b>
of which			
Fixed remuneration		39,791	732
Variable remuneration		19,630	360
Carried Interest		NIL	
<b>Aberdeen Global Services S.A. 'Identified Staff' <sup>2</sup></b>	<b>83</b>	<b>8,933</b>	<b>164</b>
of which			
Senior Management <sup>3</sup>	9	2,045	38
Other 'Identified Staff'	74	6,888	126

Aberdeen Liquidity Fund (Lux) - Sterling Fund Reporting period: 01/01/2017 – 31/12/2017	Headcount	Total Remuneration £'000	UCITS proportion £'000 <sup>4</sup>
<b>Aberdeen Global Services S.A. staff <sup>1</sup></b>	<b>262</b>	<b>52,880</b>	<b>12,321</b>
of which			
Fixed remuneration		35,463	8,263
Variable remuneration		17,417	4,058
Carried Interest		NIL	
<b>Aberdeen Global Services S.A. 'Identified Staff' <sup>2</sup></b>	<b>83</b>	<b>7,925</b>	<b>1,487</b>
of which			
Senior Management <sup>3</sup>	9	1,814	423
Other 'Identified Staff'	74	6,111	1,424

Aberdeen Liquidity Fund (Lux) - Ultra Short Duration Sterling Fund Reporting period: 01/01/2017 – 31/12/2017	Headcount	Total Remuneration £'000	UCITS proportion £'000 <sup>4</sup>
<b>Aberdeen Global Services S.A. staff <sup>1</sup></b>	<b>262</b>	<b>52,880</b>	<b>1,061</b>
of which			
Fixed remuneration		35,463	712
Variable remuneration		17,417	349
Carried Interest		NIL	
<b>Aberdeen Global Services S.A. 'Identified Staff' <sup>2</sup></b>	<b>83</b>	<b>7,925</b>	<b>159</b>
of which			
Senior Management <sup>3</sup>	9	1,814	36
Other 'Identified Staff'	74	6,111	123

Aberdeen Liquidity Fund (Lux) - US Dollar Fund Reporting period: 01/01/2017 – 31/12/2017	Headcount	Total Remuneration \$'000	UCITS proportion \$'000 <sup>4</sup>
<b>Aberdeen Global Services S.A. staff <sup>1</sup></b>	<b>262</b>	<b>71,480</b>	<b>2,818</b>
of which			
Fixed remuneration		47,937	1,890
Variable remuneration		23,543	928
Carried Interest		NIL	
<b>Aberdeen Global Services S.A. 'Identified Staff' <sup>2</sup></b>	<b>83</b>	<b>10,713</b>	<b>422</b>
of which			
Senior Management <sup>3</sup>	9	2,452	97
Other 'Identified Staff'	74	8,261	325

<sup>1</sup> As there are a number of individuals indirectly and directly employed by Aberdeen Global Services S.A. this figure represents an apportioned amount of the Group's total remuneration costs for fixed and variable pay, apportioned to the relevant UCITS Fund on an AUM basis, plus any carried interest paid by the UCITS Fund. The Headcount figure provided reflects the number of beneficiaries calculated on a Full Time Equivalent basis.

<sup>2</sup> The Identified Staff disclosure represents total compensation of those staff of the UCITS Management Company who are fully or partly involved in the activities of the UCITS Management Company, apportioned to the estimated time relevant to the UCITS Management Company based on their time in role during the reporting period and the UCITS Management Company's proportion of the Group's total AUM. Across the 'Identified Staff', the average percentage of AUM allocation per individual based on work undertaken for Aberdeen Global Services S.A. as a UCITS Management Company was 14.08%.

<sup>3</sup> Senior management are defined in this table as UCITS Management Company Directors and members of the Aberdeen Asset Management PLC Board, together with its Executive Committee, Asset Management Committee, Investment Management Committee and Group Product Development Committee.

<sup>4</sup> This figure represents an apportioned amount of the total remuneration of the 'Identified staff' attributable to the UCITS allocated on an AUM basis.

## Management and Administration

### Investment Advisers

#### **Aberdeen Asset Managers Limited**

10 Queen's Terrace  
Aberdeen  
AB10 1XL  
United Kingdom

Authorised and regulated by the Financial Conduct Authority in the United Kingdom.

#### **Aberdeen Asset Management Inc.**

32nd Floor  
1735 Market Street  
Philadelphia  
PA 19103  
United States

Authorised by the Securities and Exchange Commission of the United States of America.

**Directors****Lynn Birdsong**

Aberdeen Liquidity Fund (Lux)  
35a, avenue John F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

**Martin J Gilbert**

Standard Life Aberdeen plc  
6 St Andrews Square  
Edinburgh, EH2 2AH  
United Kingdom

**Soraya Hashimzai**

Aberdeen Global Services S.A.  
35a, avenue John F. Kennedy  
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**Bob Hutcheson**

Aberdeen Liquidity Fund (Lux)  
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**Christopher Little**

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Grand Duchy of Luxembourg

**Ian Macdonald**

Aberdeen Asset Management Asia Limited  
21 Church Street, #01-01 Capital Square Two  
Singapore 049480

**Gary Marshall**

Aberdeen Standard Investments  
6 St Andrews Square  
Edinburgh, EH2 2AH  
United Kingdom

**Hugh Young**

Aberdeen Asset Management Asia Limited  
21 Church Street, #01-01 Capital Square Two  
Singapore 049480

**Roger Barker**

Aberdeen Liquidity Fund (Lux)  
35a, avenue John F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

**Andrey Berzins (appointed 4 December 2017)**

Aberdeen Liquidity Fund (Lux)  
35a, avenue John F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

**Wendy Mayall (appointed 4 December 2017 and resigned effective 30 June 2018)**

Aberdeen Liquidity Fund (Lux)  
35a, avenue John F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

**Registered Office**

Aberdeen Liquidity Fund (Lux)  
35a, avenue John F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg.

**Management Company also acting as Domiciliary, Registrar, Transfer Agent and Listing Agent**

Aberdeen Global Services S.A., 35a, avenue John F. Kennedy,  
L-1855 Luxembourg, Grand Duchy of Luxembourg.

**Administrator, Depositary and Paying Agent**

State Street Bank Luxembourg S.C.A., 49 avenue John F. Kennedy,  
L-1855 Luxembourg, Grand Duchy of Luxembourg.

**Investment Manager & Global Distributor**

Aberdeen Standard Investments (Hong Kong) Limited, 30th Floor  
LHT Tower, 31 Queen's Road Central, Hong Kong.

**Sub-Distributor and Data Processing Agent**

Aberdeen Asset Managers Limited, 10 Queen's Terrace, Aberdeen,  
AB10 1XL, United Kingdom.

**Auditor**

KPMG Luxembourg, Société coopérative, 39 avenue John F. Kennedy,  
L-1855 Luxembourg, Grand Duchy of Luxembourg.

**Legal Advisors to the Company**

Elvinger, Hoss & Prussen, 2, Place Winston Churchill,  
L-1340 Luxembourg, Grand Duchy of Luxembourg.

**Paying and Information Agent in Austria**

Raiffeisen Bank International AG, Am Stadtpark 9, A-1030 Vienna,  
Austria.

**Financial and Centralising Correspondent Agent in France**

BNP Paribas Securities Services, 3 rue d'Antin, 75002 Paris, France.

**Paying and Information Agent in Germany**

Marcard, Stein & Co AG, Ballindamm 36, D-20095 Hamburg,  
Germany.

**Paying Agent in Italy**

BNP Paribas Security Services, Paizza Lina Bo Bardi, 3, 20124 Milano,  
Italy;

State Street Bank GmbH, Italy Branch, Via Nizza 262/57,  
10126 Torino, Via Ferranti Aporti 10 20125 Milano, Italy;  
and Banca Sella Holding S.P.A, Paizza Gaudenzio Sella, 1,  
13900 Biella, Italy.

**Paying and Information Agent in Sweden**

Skandinaviska Enskilda Banken, Rissneleden 110,  
SE-106 40 Stockholm, Sweden.

**Paying Agent and Representative in Switzerland**

BNP Paribas Securities Services, Paris, Succursale de Zurich  
Selnaustrasse 16, 8002 Zurich, Switzerland.

**Paying Agent in the Principality of Liechtenstein**

LGT Bank, Liechtenstein AG, Herrengasse 12, FL-9490 Vaduz,  
Liechtenstein.

**Facilities agent in Ireland**

Maples Secretaries Limited, 40 Upper Mount Street, Dublin 2,  
Ireland.

## General Information

### Additional information for investors in Germany

Marcard Stein & Co AG, Ballindamm 36, D-20095 Hamburg, has undertaken the function of Paying and Information Agent for the Company in the Federal Republic of Germany (the German Paying and Information Agent).

Applications for the subscriptions, redemptions, and conversion of shares may be sent to the German Paying and Information Agent.

All payments to investors, including redemption proceeds and potential distributions, may, upon request, be paid through the German Paying and Information Agent.

The full prospectus, Key Investor Information Documents (KIIDs) the Articles of Incorporation of the Company and the annual and semi-annual reports may be obtained, free of charge, at the office of the German Paying and Information Agent during normal opening hours. The statement of changes in the composition of the investment portfolio is also free of charge upon request at the office of the German Paying and Information Agent available.

Issue, redemption and conversion prices of the shares, and any other information to the shareholders, are also available from the German Paying and Information Agent.

Subscription, redemption and conversion prices of the shares will also be available at [aberdeen-asset.com](http://aberdeen-asset.com) and at the offices of the Transfer Agent. Any notices to the shareholders will be published on [aberdeen-asset.de](http://aberdeen-asset.de).

With effect from 1 January 2018 the German Investment Tax Act 2018 (GITA) significantly overhauled the existing taxation regime for certain German taxpayers. As of 1 January the Company will be treated as opaque for German tax purposes as opposed to being transparent, as it was the case under the former regime. From this date certain investors / shareholders in the Company will generally be subject to tax on actually distributions as opposed to deemed distributions. There will no longer be a requirement to publish a daily German tax rate for each share class. Alternatively, the GITA regulations requires the upload of a daily equity ratio to WM Daten.

### Supplementary information for investors in Switzerland

Conditions for shares marketed in Switzerland or from a base in Switzerland.

For shares marketed in Switzerland or from a base in Switzerland, the following is applicable in addition to the prospectus and Key Investor Information Documents (KIIDs) conditions:

#### Representative in Switzerland and Paying Agent:

BNP Paribas Securities Services, Paris  
Succursale de Zurich Selnaustrasse 16  
8002 Zurich  
Switzerland

#### Place of distribution for relevant documents

The constitution documents, prospectus, KIID's articles of association, the annual and half-yearly reports and a schedule of purchases and sales for the Fund can be obtained free of charge from the representative's Zurich branch.

#### Publications

- a) Required publications concerning foreign collective investments are published by the Swiss representative on the electronic platform of fundinfo AG Zurich ([www.fundinfo.com](http://www.fundinfo.com)).
- b) The Share issue price together with the redemption price and the Net Asset Value with indication of "commissions not included" are published when subscriptions and redemptions occur. Prices are published every working day on the electronic platform of fundinfo AG Zurich ([www.fundinfo.com](http://www.fundinfo.com)).
- c) All Shareholder notices will be published on the electronic platform of fundinfo AG Zurich ([www.fundinfo.com](http://www.fundinfo.com)).

## Further Information

### Aberdeen Liquidity Fund (Lux)

Aberdeen Liquidity Fund (Lux) is an open-ended investment company incorporated with limited liability under the laws of the Grand Duchy of Luxembourg and organised as a société d'investissement à capital variable (a SICAV) with UCITS status (an Undertaking for Collective Investment in Transferable Securities as defined in the European Union Directive 2009/65/EC of 13 July 2009).

Aberdeen Liquidity Fund (Lux) aims to preserve capital and stable value whilst maintaining high liquidity and achieving returns within individual Funds.

**Aberdeen Asset Managers Limited (UK Distributor)**

10 Queen's Terrace, Aberdeen, AB10 1XL

Authorised and regulated by The Financial Conduct Authority in the United Kingdom

Member of the Standard Life Aberdeen Group of Companies

**Aberdeen Standard Investments (Hong Kong) Limited (Global Distributor and Investment Manager)**

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Tel +852 2103 4700

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Regulated by The Securities and Futures Commission of Hong Kong

Member of the Standard Life Aberdeen Group of Companies

**Shareholder Service Centre**

Aberdeen Global Services S.A.

C/O State Street Bank Luxembourg S.C.A.

49, avenue John F. Kennedy

L-1855 Luxembourg

Grand Duchy of Luxembourg

For more information on Aberdeen Liquidity Fund (Lux), Please contact:

Tel +44 (0)1224 425255 (UK Shareholders)

Tel +352 46 4010 7425 (Outside UK)

Fax +352 245 29 058

**Important Information**

Aberdeen Standard Investments is a brand of the investment businesses of Aberdeen Asset Management and Standard Life Investments. Unless otherwise indicated, this document refers only to the investment products, teams, processes and opinions of Aberdeen Asset Management /Standard Life Investments as at the date of publication.



