

Investment

M A T T E R S

ABERDEEN FUNDS QUARTERLY NEWSLETTER

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Manage Your Risk with Asset Allocation

Despite the recent global stock market rally, many investors remain reluctant to invest, as they still feel the after-effects of one of the worst bear markets in history. Many portfolios took a significant hit as stock prices plummeted. Nonetheless, with the new year upon us, it may be a good time to review your investments in an effort to prepare for the future.

All your eggs

A properly designed investment portfolio should contain a mix of asset classes whose returns are likely to move up or down at different times. In today's volatile financial markets, it is more important than ever for investors to employ a systematic and rigorous asset allocation strategy when developing their portfolios. Here at Aberdeen, we offer investors the opportunity to diversify their traditional investment portfolios with non-traditional asset allocations with the Aberdeen Optimal Allocations Funds. Our investment process for the Optimal Allocations Series of funds seeks diversification through a process of portfolio optimization process. We analyze long-term historical trends in performance and correlations among various asset classes and combine them with forward-looking capital markets forecasts for each asset class.

A balancing act

Analysis of historical returns over time indicates that no single asset class is capable of performing well in all markets. Therefore, our approach to constructing the Optimal Allocations portfolios blends a broad mix of asset categories, with the objective of providing consistent and less volatile returns over time. This strategic approach is based on long-term expected and historical performance, volatility and correlations across various types of investments. Since short-term market shifts are unpredictable, we focus on asset classes and allocation percentages that we believe will provide competitive long-term returns, rather than attempting to time the market.

Maintain exposure

With the emergence of non-traditional investments such as long-short funds, commodities, emerging-market equities and inflation-protected securities, individual investors now have opportunities to expand traditional diversification within their portfolios. When implemented properly and in concert with a conventional core investment portfolio, non-traditional asset classes may provide greater diversification and portfolio efficiency, or risk-adjusted returns, than would be possible with a core portfolio alone. Selecting and allocating proper complementary exposures are keys to constructing a portfolio designed to achieve long-term investment goals.

The **Aberdeen Optimal Allocations Series** of funds are designed to provide diversification using professionally managed asset allocation models. The series consists of five actively managed asset allocation portfolios distinguished by risk preference:

- Aberdeen Optimal Allocations Fund: Defensive
- Aberdeen Optimal Allocations Fund: Moderate
- Aberdeen Optimal Allocations Fund: Moderate Growth
- Aberdeen Optimal Allocations Fund: Growth
- Aberdeen Optimal Allocations Fund: Specialty

Please visit www.aberdeen-asset.us to learn more about these funds, and the risks associated with each fund.

The Optimal Allocations Funds are subject to different levels and combinations of risk, based on its actual allocation among the various asset classes and underlying funds. The Funds will be affected by stock and bond market risks, among other risks. The Funds invest a significant proportion of its assets in specialty asset classes, which may involve riskier types of securities or investments than those offered by other asset classes.

There is no guarantee that the strategies discussed within this article will be successful.

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

Investing in mutual funds involves risk, including possible loss of principal.

Aberdeen Funds are distributed by **Aberdeen Fund Distributors LLC**, Member FINRA, 1735 Market Street, 32nd Floor, Philadelphia, PA 19103.

