Quarterly investment report

Aberdeen U.S. Small Cap Equity Fund

To June 30, 2019

Aberdeen Standard Investments is a brand of the investment businesses of Aberdeen Asset Management and Standard Life Investments.

Aberdeen Standard Investments

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June 30, 2019

Aberdeen Standard Investments

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Important Information

Commentary contained within this document is for informational purposes only, and is not intended as an offer or recommendation with respect to the purchase or sale of any security, option, future or other derivatives in such securities.

Investing in mutual funds involves risk, including possible loss of principal. There is no assurance that the investment objective of any fund will be achieved.

Equity stocks of small-cap companies generally carry greater risk and more volatility, and may be more illiquid, than equity stocks of larger, more established companies.

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

Indexes are unmanaged and have been provided for comparison purposes only. No fees or expenses are reflected. You cannot invest directly in an index.

Summary

June 30, 2019

AberdeenStandard Investments

Objective

The Fund seeks long-term capital appreciation.

Benchmark

Russell 2000

Value of Portfolio

$1,168.77 million at June 30, 2019
($1,213.84 million at March 31, 2019)

Main changes and influences for Q2 2019

- Despite numerous periods of volatility, U.S. small-cap stocks finished in positive territory for the second quarter of 2019.
- The Fund modestly underperformed its benchmark, the Russell 2000 Index,[1] over the period due mainly to stock selection in the industrials and real estate sectors.

[1] The Russell 2000 Index is an unmanaged index considered representative of U.S. small-cap stocks. Indexes are unmanaged and have been provided for comparison purposes only. No fees or expenses are reflected. You cannot invest directly in an index.

Performance:

	Q2 19 %	1 year %	3 Years p.a.%	5 Years p.a.%	10 Years p.a.%	Since Inception p.a.*
Class A w/o sales charges	1.13	0.93	7.90	9.16	14.93	9.86
Class A with sales charges	-4.69	-4.87	5.79	7.88	14.25	9.55
Institutional Class	1.21	1.21	8.21	9.50	15.28	10.16
Russell 2000® Index	2.10	-3.31	12.30	7.06	13.45	8.44

*31 Dec 03.

Summary Attribution Q2:

	Asset Allocation %	Stock Selection %	Total %
Portfolio	0.48	-1.07	-0.59

Gross/net annual fund operating expenses: Class A: 1.35%/1.35%; Institutional Class: 1.07%/1.07%

Expenses states as of the Fund's most recent prospectus. All classes of the Fund have contractual waivers in place and may not be terminated before 2/28/20 without approval of the Independent Trustees.

PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS. The performance data quoted represents past performance and current returns may be lower or higher. Class A shares have up to a 5.75% front-end sales charge and a 0.25% 12b-1 fee. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. To obtain performance information current to the most recent month-end, which may be higher or lower than the performance shown above, please call 866-667-9231 or go to aberdeen-asset.us.

Returns prior to 6/23/08 reflect the performance of a predecessor fund. Please consult the Fund's prospectus for more detail. Total returns assume the reinvestment of all distributions. Total returns may reflect a waiver of part of the Fund's fees for certain periods since inception, without which returns would have been lower.

All Fund performance is based on the Fund Administrator's records. All commentary and portfolio data including performance attribution is based on Aberdeen's internal record systems. Our records can and do differ from the unit price performance from Boston Financial Data Services, the Administrator of the fund. These differences may be due to cash flow accounting, securities valuation sources and valuation timing, among other factors.

Economic and market review

June 30, 2019

Aberdeen Standard Investments

Market review

Despite numerous periods of volatility, the Russell 2000 Index, the U.S. small-cap equity market benchmark, finished the second quarter of 2019 with a gain of 2.10%, and is up 16.98% for the year to date. The early-2019 rally continued into April as the U.S. market appeared to be relatively pleased with first-quarter earnings (at least relative to generally lowered expectations) and macroeconomic indicators were broadly supportive of continued fundamental strength from U.S. companies. The market's fortunes reversed in May, as U.S. economic data weakened and escalating trade wars driving the threat of tariffs (in both China and Mexico) cast a pall over equities. Though the market sell-off in May was steep, it ultimately proved to be short-lived as investors turned bullish late in the quarter, given the potential for interest-rate cuts from the U.S. Federal Reserve (Fed) to provide a "shot in the arm" for stock prices. The performance of small-cap growth companies continued to outpace that of their value counterparts (even as the performance of the information technology and healthcare sectors was relatively benign during the quarter). Perhaps this was not surprising, given lowered global economic growth expectations, as investors historically "reach" for growth in more modest growth environments.

After significantly underperforming relative to large-cap companies for much of the past year, small-cap company shares began to make up some ground late in the second quarter, perhaps due to the "risk-on" investor sentiment driven by the likelihood of interest-rate cuts. Nevertheless, returns for small-cap stocks were roughly half of those of large caps for the overall quarter. In terms of sectors within the Russell 2000 Index for the period, industrials, utilities and financials led the way. In contrast, energy (particularly the oil services subsector) lagged the market by a wide margin, followed by communication services and consumer staples. For the first half of 2019, both information technology (led by software) and industrials (especially capital equipment) were the strongest performers; no sector posted a negative return for the six-month period.

Outlook

Our market outlook is much more cautious than it was just three months ago. The confluence of weaker economic data, softer-than-expected inflation, U.S. Treasury yield-curve inversion,[2] and heightened political uncertainty has led to lowered expectations for gross domestic product (GDP) growth for the balance of 2019 and into 2020. The Aberdeen Standard Investments "house" view now is for relatively flat global GDP growth (roughly 3% annually) through 2021, versus our prior expectations of acceleration in the growth rate in the second half of 2019. Importantly, these expectations are contingent upon easing of monetary policy across much of the globe and no further escalation in the U.S.-China trade war, which we think could be a tall task. As always, there remain risks to the downside from a policy perspective, though the investment team still believes that global economic activity can stabilize after the recent slowdown and that recession risks remain relatively low.

Within the U.S., while "headline" GDP growth in the first quarter of 2019 was strong at 3.1%, most prognosticators were less enamored when digging into the details of the data, as consumer spending decelerated and fell to multi-year lows. This issue may be exacerbated by the escalating U.S.-China trade war as many see the burden of tariffs falling on U.S. companies and consumers rather than exporters. Tariffs on Mexican imports also may be a headwind, at least in the short term. The Purchasing Managers Index (PMI) and the Institute for Supply Management (ISM) survey of U.S. manufacturing activity also registered weak readings during the quarter, further dampening the economic outlook and driving more subdued growth expectations for the balance of 2019 and into 2020. With this as the backdrop, the Fed has signaled increased caution. The North American Equity team thinks that the Fed's patience is wearing thin; Aberdeen Standard Investments is officially calling for two 25-basis point interest-rate cuts this year, with the potential for more and/or accelerated cuts going forward if economic conditions deteriorate.[3]

The U.S. equity market seemingly shrugged off the burgeoning economic/political/trade turmoil with the broader-market S&P 500 Index[4] hitting new highs in June and the Russell 2000 Index showing signs of life following a mid-quarter swoon (though the Russell 2000 remains about 10% below its peak in the summer of 2018). We feel that investors are looking through the noise and pricing in the expected benefits of near-certain interest-rate cuts later this year. We fear that trade tensions between the U.S. and China potentially could provide a meaningful drag to corporate activity in the U.S. The impact of the trade dispute should become clearer as companies begin to report second-quarter earnings in late July. In our view, the market segments that appear to be most at risk are semiconductors (which saw softening demand in the second quarter), as well as certain consumer-related businesses (autos, retailers, apparel producers) and industrials (particularly machinery manufacturers). We also continue to monitor various potential sources of margin pressure. Wage inflation is evident across the corporate landscape and consequently, companies without pricing power are finding it difficult to maintain margins. Conversely, higher wages provide a boost to consumer confidence, which would benefit many retailers. Additionally, software spending remains robust as companies across industries invest in digital initiatives as a means not only to cut costs, but also to drive revenue. We believe that this will continue and we are also seeing more pockets of value.

As we noted previously, investors became increasingly bearish as the second quarter progressed and, despite the late- quarter bounce, market valuations have priced in a major slowdown in corporate earnings growth across most asset classes, including small caps. We firmly believe that the consensus viewpoint remains behind in revising numbers downward but, indeed, valuations for Russell 2000 Index member companies now trade at 15 times 2020 current consensus estimates for profitable constituents and 20 times estimates for the small-cap market overall. For context, large-cap stocks, as measured by the S&P 500 Index, trade at 16 times 2020 estimates. Therefore, small caps are trading at a discount to both their historical levels and relative to large caps. In our view, this suggests that the market has already discounted the likelihood that profitability could be impacted negatively to a measurable extent. Whether or not the market has over- or undershot small-cap companies' profitability levels remains to be seen, in our opinion. Nonetheless, as ever, we are attempting to remain contrarian in its hunt for alpha for the Fund's clients.

As the bull market is now more than 10 years old and U.S. stock returns may be more modest going forward, we believe that our investment strategy, which is centered on protecting investors in down markets, will become even more relevant in the years to come. As the U.S. equity market has moved up and to the right seemingly without end since early 2009, the concepts of "downside protection" and "preservation of capital" have not been at the top of most investor's minds. However, we continue to believe that portfolios constructed with consideration of these outcomes at the forefront are best positioned to outperform the overall market over the longer term.

[2] An inverted yield curve occurs in an interest-rate environment in which long-term debt instruments have a lower yield than short-term debt instruments of the same credit quality.

[3] Forecasts and estimates are offered as opinion and are not reflective of potential performance, are not guaranteed and actual events or results may differ materially.

[4] The S&P 500 Index is an unmanaged index considered representative of the U.S. stock market.

Corporate engagement activity

- We had a call with the corporate secretary of security systems and services provider Alarm.com for an initial discussion regarding the company's corporate governance structure. Alarm.com had its IPO in 2015, with backing from private equity (PE) with quite a poor governance structure designed to benefit the PE owners. As the ownership by PE has declined over time, we encouraged the company to improve its governance structure by declassifying the board, adopting majority voting for the board, removing supermajority provisions, adopting proxy access and allowing shareholders to call special meetings. Alarm.com has performed very well both financially and in terms of share price appreciation, but we feel that more needs to be done to improve its corporate governance structures.
- We had a conversation with Kaiser Aluminum Corp. during the quarter. The management team effectively articulated the challenges that they are having with trying to work with the company's very lean structure while navigating the various surveys and reporting standards and determining which metrics are appropriate for the company to use as benchmarks. Management shared its frustration on a lack of industry standards and outlined its progress in currently trying to work out what kind of disclosure the company feels comfortable in disclosing. However, we believe that Kaiser Aluminum has made progress over the past year in increasing its environmental- and sustainability-related disclosure. The company's approach to environmental and sustainability disclosures is still managed at its executive level with oversight from the boards. Despite recently publishing its first sustainability report, Kaiser remains in the early stages of its ESG journey and, in our view, still has a lot of work to do, including conducting a materiality review to better understand its key impacts, setting quantitative environmental targets, and formulating and disclosing formal policies.
- We spoke to ExlService Holdings, a provider of operations management and analytics services, in an effort to determine if the company has made any progress to increase its disclosure around its ESG impacts. In our opinion, the company continues to lack transparency and does not adequately articulate its understanding of ESG or its related exposures or risks. Nonetheless, ExlService Holdings' investor relations (IR) team was interested to hear our advice on how the company can make progress, and we will continue to encourage the company to take action. ExlService Holdings has made progress with cyber security; training is now mandatory for all 29,000 employees. We have encouraged the company to disclose its efforts on cyber security and privacy governance, related training and data breach mitigation efforts, as well as the establishment of baseline performance data for its energy use.
- We met with the CEO and CFO of workers' compensation insurer Amerisafe in an effort to understand how the company is addressing some of its key risks such as climate change and cyber security, given its lack of disclosure on ESG risk management. Amerisafe's exposure to climate change risk is lower than that of a typical insurance provider. The company does not write property coverage, but deals solely with workers compensation insurance, where it has found that, during extreme weather events, workers do not travel or go to work. Consequently, its exposure to the physical impacts of climate change on its book is actually minimal. However, Amerisafe is aware of climate risk on its own physical operations, especially given the location of its head office in Louisiana. Therefore, the insurer includes potential for tornadoes within its business continuity planning and conducts quarterly testing at backup sites. We also learned about the groups' cyber governance structure; Amerisafe has a chief risk officer (CRO) who has responsibility for the company's risk information services, including data protection, as well as its IT directors. The CRO reports quarterly to the board on related matters. We have encouraged Amerisafe to increase its disclosure regarding the topics that we discussed to better demonstrate to investors that the company has considered and is addressing such risks.
- After we spoke to diversified materials company Neenah Inc., we were heartened by the progress that the company has made in embarking on its ESG report journey. Since our last conversation, Neenah has appointed an Environmental, Health and Safety Coordinator who reports to the Senior Vice President of Human Resources, and the company is taking a broader leadership effort to address the group's ESG impacts and ultimately report on progress. Neenah is still in the exploratory stages, although the company was eager to obtain our input.

Fund review

June 30, 2019

Aberdeen Standard Investments

Top Ten Holdings as of June 30, 2019

	% of Fund
Neenah	3.1
BJ's Wholesale Club Holdings	2.7
Quaker Chemical Corp	2.6
Casella Waste Systems	2.6
Pegasystems Inc.	2.5
Globus Medical	2.5
Insight Enterprises	2.5
Meredith Corp.	2.5
Fox Factory Holdings Corp.	2.4
Echo Global Logistics	2.4
Percent of Portfolio in Top Ten	**25.3**

Figures may not sum due to rounding.

Holdings are subject to change and are provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities shown.

Portfolio characteristics

	Fund	Benchmark
Number of Holdings (not including cash)	55	1,977
Weighted Average Market Cap (bn USD)	2.4	2.5
Beta[5]	1.0	1.0
Alpha[6]	-2.3	0.0
Standard Deviation[7]	17.0	16.9
R-Squared[8]	93.0	100.0
Sharpe Ratio[9]	0.5	0.6

The Beta, Alpha, Standard Deviation and R-Squared are based on a 36-month rolling period.

PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS.

[5] Beta is a measure of the volatility of a portfolio in comparison to a benchmark index.

[6] Alpha is a measure of performance that takes the volatility of a mutual fund and compares its riskadjusted performance to a benchmark index.

[7] Standard deviation measures historical volatility.

[8] R-squared is a statistical measurement that determines the proportion of a fund's return that can be explained by variations in the market, as measured by a benchmark index.

[9] Sharpe ratio measures risk-adjusted performance.

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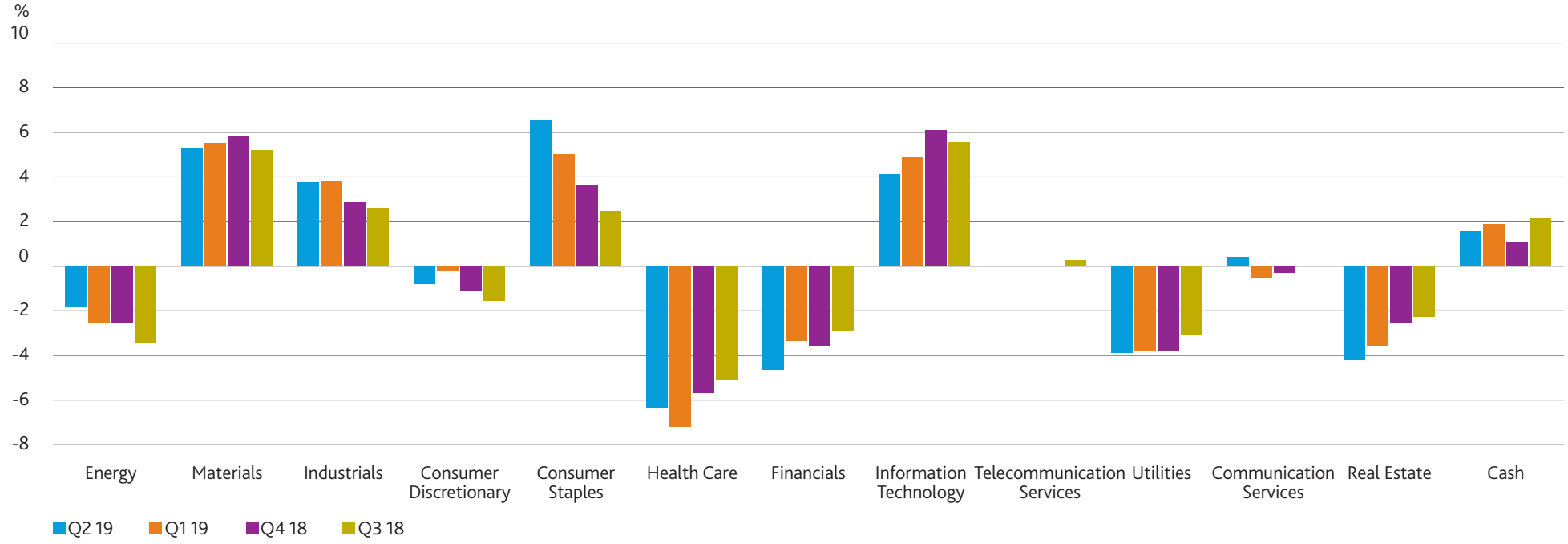
Positions versus the benchmark over the past four quarters (% of net assets)

	Q2 19	Benchmark	Diff	Q1 19	Q4 18	Q3 18
Total	**100.0**	**100.0**	**0.0**	**100.0**	**100.0**	**100.0**
Equities	**98.4**	**100.0**	**-1.6**	**98.1**	**98.9**	**97.9**
Energy	1.5	3.3	-1.8	1.1	1.0	1.4
Materials	9.1	3.8	5.3	9.4	9.6	9.4
Industrials	19.1	15.3	3.8	18.3	17.7	17.7
Consumer Discretionary	10.9	11.7	-0.8	11.8	11.1	11.9
Consumer Staples	9.2	2.7	6.5	7.8	6.5	5.1
Health Care	9.5	15.9	-6.4	8.8	9.9	11.4
Financials	13.0	17.6	-4.6	13.8	14.7	14.6
Information Technology	19.4	15.3	4.1	20.5	20.9	20.8
Telecommunication Services	-	-	-	-	-	1.0
Utilities	0.0	3.9	-3.9	0.0	0.0	-
Communication Services	3.4	3.0	0.4	2.7	2.9	-
Real Estate	3.3	7.5	-4.2	4.0	4.8	4.6
Cash	**1.6**	**0.0**	**1.6**	**1.9**	**1.1**	**2.1**

NB: Figures may appear not to add up due to rounding.
Source: Aberdeen Asset Management.
Benchmark: Russell 2000.
Sector allocations are subject to change.
Percentages may not total 100 due to rounding.

Asset allocation trend

Position versus benchmark over the last four quarters (% of net assets)



Source: Aberdeen Asset Management.
Benchmark: Russell 2000.
Sector allocations are subject to change.

Largest sector positions versus benchmark

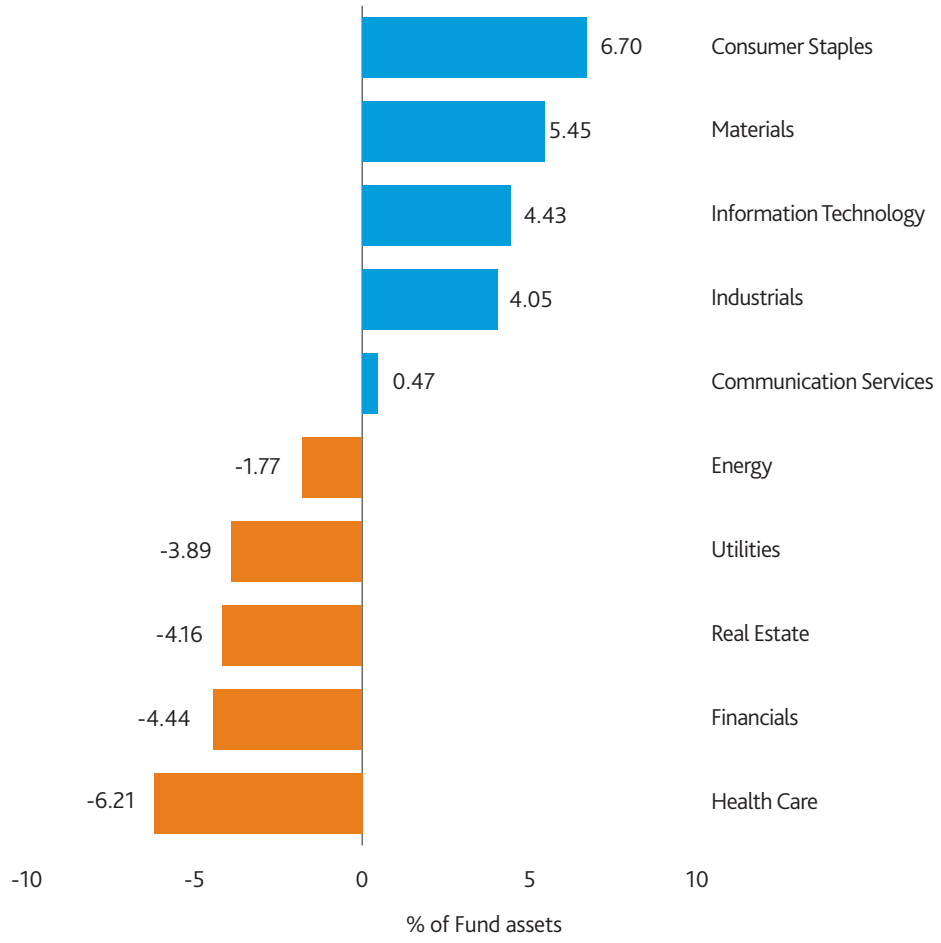
Overweight

- **Consumer staples** – The Fund holds a collection of companies with relatively resilient revenue profiles but with opportunities for organic expansion in new markets, with a focus on return of capital via dividends and share repurchases.
- **Materials** – The Fund's holdings in the sector focus on high-value-added companies with significant and consistent returns on capital and little commodity-like exposure, which trade at reasonable valuations.
- **Information technology** – The Fund holds a diverse collection of software, hardware, and services companies that we feel have the potential opportunity for long-term growth and/or margin expansion, as well as increasing market share.

Underweight

- **Health care** – The Fund does not have significant exposure to the biotechnology area, which comprises nearly 60% of the healthcare sector, given that most businesses do not meet the Fund's "quality" threshold. However, we are still finding opportunities for investment within the sector, but we are cautious of potential regulatory risks related to industry pricing.
- **Financials** – We are concerned that accelerating funding costs are at risk of eroding net interest margins while many bank management teams are sounding caution on the ability to grow loans at the same cadence while maintaining credit quality.
- **Real estate** – We maintain the Fund's low weight in the sector given our concerns regarding the relatively higher balance sheet leverage that many real estate investment trusts carry. We also feel that valuations in the sectors are somewhat elevated.

Largest sector positions versus the benchmark (% of Fund assets)



NB Cash is excluded from the analysis.
Source: Aberdeen Asset Management
Benchmark: Russell 2000
Sector allocations are subject to change.

Largest stock positions versus benchmark

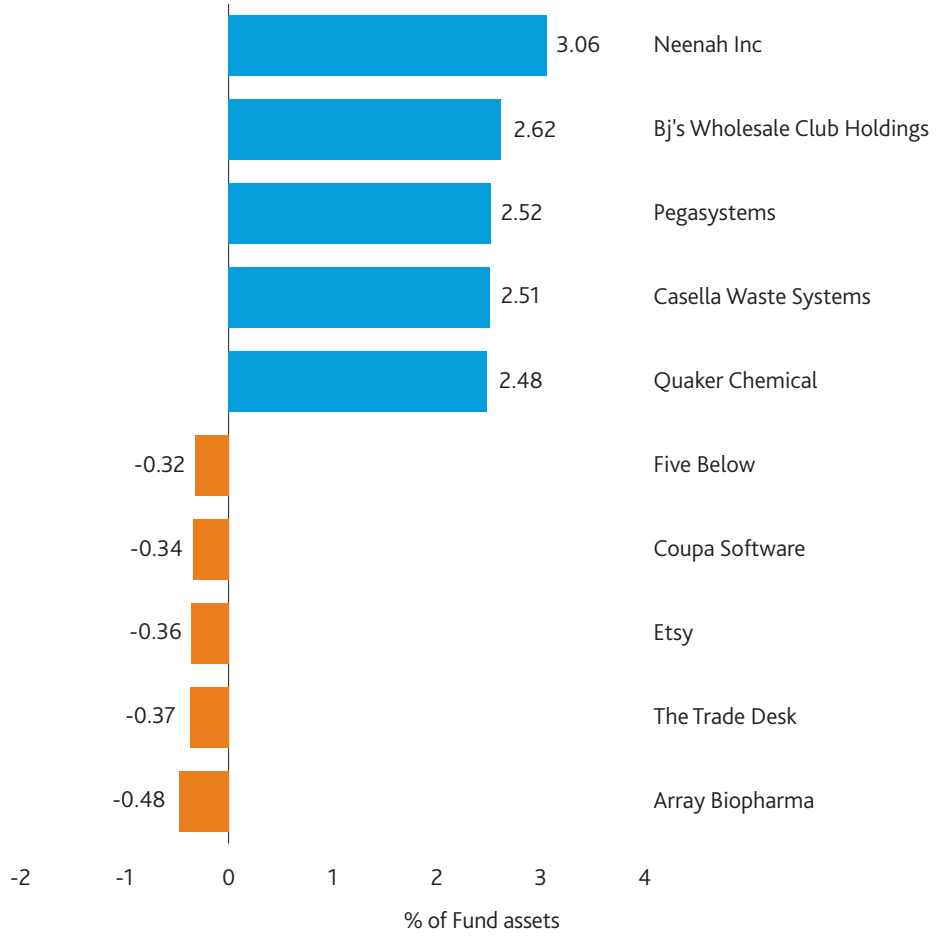
Overweight

- **Neenah** – In our view, the diversified materials company is poised to drive accelerating growth at higher margins as it enters the U.S. filtration market, while it maintains a strong return on invested capital and an attractive free cash-flow profile.
- **BJ's Wholesale Club Holdings** – We think that the retailer may benefit from several initiatives to drive higher sales growth at increasing margins, which could result in enhanced earnings visibility and a potentially higher valuation multiple.[10]
- **Pegasystems** – The developer of decision management and customer relationship management software is shifting from an on-premises to a cloud model, which we believe should lead to a more stable business and higher margins over time.

Underweight

- **Array Biopharma, The Trade Desk, Etsy (non-holdings)** – The Fund does not have a position in these three Russell 2000 Index constituent companies due to our strict adherence to our investment process. We employ fundamental, bottom-up equity analysis, which is characterized by intensive, first-hand research and disciplined company evaluation. We do not believe that a company's inclusion in the benchmark Russell 2000 Index is an indication of its business quality or attractiveness as an investment, so while these companies have relatively large weights within the Russell 2000, we have chosen not to invest in them at this time.

Largest stock positions versus the benchmark (% of Fund assets)



NB Cash is excluded from the analysis.
Source: Aberdeen Asset Management
Benchmark: Russell 2000
Stock allocations are subject to change.

[10] The price/earnings multiple comprises the current market price of a stock divided by the earnings per share.

Fund performance commentary

Aberdeen U.S. Small Cap Equity Fund (Institutional Class shares net of fees)[11] returned 1.21% for the second quarter of 2019, but modestly underperformed its benchmark, the Russell 2000 Index, due mainly to stock selection in the industrials and real estate sectors.

The weakness in the industrials sector within the Fund over the quarter was somewhat broad-based, though the majority was driven by the position in Echo Global Logistics, a provider of technology-enabled transportation and supply chain management services. The company continues to experience weakening truckload pricing which is causing revenue and revenue expectations to decrease. The transportation industry has seen more revenue weakness over the past two quarters as volumes remain soft and supply is outpacing demand in truckload transportation, leading to lower spot prices. However, Echo Global Logistics has consistently outpaced the overall market in both profitability and cash flow, so the company enhanced its share repurchase authorization in the second quarter. While the impact of year-over-year revenue comparisons will begin to ease in the fall of 2019, which should provide a tailwind, investors' perception of rising competition in the freight-matching space have caused price/earnings multiples[5] in the industry to decline. We expect the company to continue showing strong profitability and cash flow improvements which will ultimately allow the company's valuation to move higher. Clothing manufacturer and retailer G-III Apparel went from a top contributor to Fund performance in the first quarter of 2019 to a top detractor in the second quarter; such is the nature of small-cap companies. While G-III Apparel's wholesale business remains relatively strong, the stock sold off on investors' concerns that additional Tier 4 tariffs could be imposed on goods that it imports from China, and continued losses in the company's retail segment, which has experienced weakness for several years. While these issues are frustrating, we believe that, at the company's sub-10 times price/earnings multiple, tariff fears are more than priced in to the stock. We also feel that the company's core wholesale outlook remains bright, both from strength in legacy brands and the recently acquired DKNY business. Marcus & Millichap encountered a slowdown in sales volumes within its real estate brokerage business due both to higher volumes pulled into the fourth quarter of 2018 and tough year-over-year revenue comparisons. There was a general softening of the U.S. real estate market due to low inventory levels and market volatility in the fourth quarter of 2018, which hindered activity levels, but shares of the company outperformed those of their peers and indicated strong cost discipline. We believe that Marcus & Millichap may continue to increase its market share and find accretive acquisitions given its cash balance.

On the positive side, stock selection within the consumer discretionary sector was quite strong overall (despite the fact that the strategy's largest detractor for the quarter–G-III Apparel Group–is a constituent of the sector) due to positive performance from several individual holdings. Information technology also remains a solid area for the Fund attributable to both stock selection and the overweight allocation to the sector. The largest individual stock contributors to Fund performance for the quarter were RBC Bearings, a manufacturer of high-performance ball bearings and industrial products; Manhattan Associates, a developer of supply chain and logistics software; and Fox Factory Holding Corp., a manufacturer of shocks/suspension systems for bicycles and a variety of motorized vehicles.

RBC Bearings reported strong fiscal fourth-quarter 2019 results, highlighted by multi-year highs in gross operating margin. The company's revenue outlook was also above consensus expectations as it is benefiting from competitive dislocation in order to grow market share, a trend that we believe may continue despite problems with delays in the return to operation of Boeing's 737 Max aircraft. We feel that RBC Bearings' balance sheet is strong and we anticipate that management will employ it for accretive acquisitions over the next several years. Manhattan Associates reported strong fiscal first-quarter 2019 results and increased guidance for the full fiscal year. The company has been shifting its business model from a traditional license/maintenance structure to a software-as-a-service (SaaS) structure, which has pressured revenue growth and margins while being greeted with skepticism by the market. Manhattan Associates' results for the past two quarters have validated the strategy, in our view, as the company has seen significant traction with its cloud product while protecting its substantial professional services revenue stream. It appears that investors have begun to notice, as illustrated by the strong share-price performance for the year to date. Finally, Fox Factory Holding Corp.'s first-quarter 2019 results significantly exceeded the market's expectations. In recent years the company has benefited from broad-based end-market strength as well as new program wins in several powered-vehicle markets. The resulting revenue strength has led to significant margin expansion, which in turn has driven the company's valuation multiple higher. We like the prospects for the business and maintain a positive view of the management team. Nevertheless, following continued share-price strength, we took some profits in the holding during the second quarter, though the Fund's weight in the stock remains above its historical average.

We initiated holdings in eight companies over the quarter. MGP Ingredients is a supplier of distillates to various spirits-makers with some owned brands and some tangential food

[11] ***The performance quoted represents past performance, which does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. Performance data current to the most recent month-end may be obtained by calling 800-387-6977 or visiting aberdeenstandard.us.***

ingredients. The company has a leading position with scale, a strong balance sheet, and is now at the beginning of an upswing in its business of sales of aged whiskey, which sells for a large premium to the company's current inventory. Consequently, we believe that the expansion of revenues and margins should exceed the market's expectations, driving strong results. TMX Group is the largest exchange group in Canada, operating cash and derivative markets for multiple asset classes. The company also owns Trayport, a world-leading provider of technology solutions for energy traders, brokers and exchanges that has achieved strong pricing power and high recurrent revenues. We think that TMX is in position to reinvest its internally generated cash flows into its highest-growth business segments. This should improve the company's organic growth and expand its recurrent revenues, which could help drive its price/earnings multiple higher over time. The stock's attractive dividend yield also enhances its total return. Mercury Systems produces electronic components for the defense industry that are optimised for size, weight and power consumption. The components are used in radar, electronic warfare and other systems that require sourcing from a trusted domestic supplier that can assure the highest level of security. We feel that the trend towards defense electronics outsourcing, as well as exposure to the faster-growing segments within the defense budget supports an above-average organic growth outlook. We believe that this factor, combined with the continuation of the company's mergers-and-acquisitions strategy, should drive a 20% compound annual growth rate in Mercury's revenues through its 2023 fiscal year.

We also established a new position in Envestnet, which provides software and solutions to the wealth management market. We believe that the stock will be a strong performer over the long term., given the company's open-architecture model and breadth of offerings and view its shift towards a subscription model as lending additional stability to revenue and cash flow. We feel that Core Laboratories has a strong competitive position within energy services and, importantly, its capital-light and technology-focused model. EVO Payments is a processor of credit/debit card payments for merchants. In our view, EVO Payments exhibits many of the strong qualities that we like about the payment-processing services industry: it is a beneficiary of the structural shift from cash to electronic payments; it has high levels of recurring revenue; and high incremental margins given the scalable nature of the business model. Altra Industrial Motion Corp. (AIMC) manufactures highly engineered products (motors, clutches, brakes, etc.) that create, control and transmit motion and power for a variety of end markets. The business is leveraged to a number of markets with structural tailwinds, which we think should support revenue growth. Furthermore, AIMC recently completed a large acquisition, which we believe will deliver significant cost synergies, thereby allowing for attractive margin expansion over the next several years. Finally, Bandwidth Inc. provides communication platform-as-a-service (CPaaS) to large global enterprises, which enables functionalities such as click-to-call, machine/application-to-person calls and "911" emergency calling services as the usage of voice and text proliferates outside of the typical person-to-person calls. The company had an initial public offering in 2017, and it has quadrupled its salesforce to go after the expanding CPaaS market, including new overseas markets, which has produced strong revenue growth as well as fixed cost leverage. We think that the secular shift from traditional telecom services to CPaaS will continue and that Bandwidth will participate accordingly. The company is expected to return to net cash-generation in 2020 following a year of investment in 2019.

Conversely, we exited the Fund's positions in six companies over the quarter. While the commercially focused Canadian Western Bank has been able to deliver strong loan growth and has diversified outside of its core legacy geography in the province of Alberta, we decided to exit the position given our concerns around funding- cost escalation, along with the broader macroeconomic environment in Canada, which has shown signs of deceleration. With our recently initiated holding in First Interstate BancSystem and the Fund's long-tenured holding in Glacier Bancorp, we have developed a preference late in the economic cycle towards banks that we feel have very strong core deposit franchises, high fee income contribution, and a strong history of credit performance. We sold the Fund's shares in auto retailer Lithia Motors due to our more cautious view on auto sales and as a means to manage the Fund's overall auto exposure. While the company performed reasonably well during the Fund's period of ownership, we viewed its growth prospects over the next few years as more limited, given cyclical pressures and we ultimately felt that we had better uses for our clients' capital. Finally, FICO, a credit scoring and financial software company, has "outgrown" the Fund's small-capitalisation parameters. We initiated a position in FICO in November 2013 with the view that the company would deliver strong and consistent revenue growth as it expanded use cases for its "scores" product while benefiting from taking its software business to the cloud. In our view, this would enable operating leverage, thereby driving margins higher. The company far exceeded our expectations and the market took notice, which allowed the company's P/E multiple to double during the Fund's ownership. The stock performed extremely well throughout the Fund's holding period and has been a top contributor to performance over the previous one-, three- and five-year periods and since our initiation. We had been reducing the Fund's holding in asset management company WisdomTree Investments with the view that the company's price/earnings multiple implied a sharp acceleration in growth of assets under management and, consequently, improvement in incremental margins and overall profitability levels. While we think that the company still has the option to sell itself to a partner with

wider distribution, we are not encouraged by the pace of its recent progress, and we found what we believed were better investment opportunities across the portfolio.

We had initiated a holding in roofing products distributor Beacon Roofing Supply in May 2009, with the thesis that the company could use its market-leading position to achieve organic growth as the U.S. housing stock aged and the company saw demand for roof replacements. We concurrently expected the company to use its strong balance sheet to consolidate the fragmented industry and, in the process, drive cost/revenue synergies which would accrue to shareholders. Our investment thesis played out for several years and Beacon Roofing Supply was a strong performer for the Fund through the end of 2017. However, cracks in the thesis began to emerge in early 2018. Increasing input costs drove margin pressure, roofing demand was volatile due to weather issues, and leverage from a recent acquisition weighed on the stock price. More recently, the company announced that its long-tenured CEO, Paul Isabella, was retiring. We ultimately decided to deploy our clients' capital in investment opportunities elsewhere.

Over the Fund's holding period, Littelfuse, a manufacturer of circuit protection products, was a strong contributor to relative performance. Specifically, the business exhibited strong organic revenue growth attributable to the strength of its research-and-development (R&D) efforts which expanded the product portfolio. Littelfuse supplemented this effort with what we believed were smart acquisitions, which moved the company into new markets. Along the way, its margins rose significantly, leading to higher returns on invested capital, which in turn drove the company's valuation multiples. We were pleased with the performance of the company's business over the past 10 years; more recently, however, several headwinds emerged, including tariff-related pressure from its China/Mexico supply chain and end-market-related issues. Consequently, we believed that the stock's upside was more limited and found what we thought were better uses for our clients' capital.

Performance attribution by sector

	Portfolio		Benchmark		Net Management Effect[12]		
	Weight	Return	Weight	Return	Allocation[13]	Selection[14]	Total
Total	**100.0**	**1.51**	**100.0**	**2.10**	**0.48**	**-1.07**	**-0.59**
Energy	1.5	-20.00	3.3	-9.04	0.22	-0.25	-0.03
Materials	9.1	2.41	3.8	-0.69	-0.11	0.26	0.15
Industrials	19.1	3.34	15.3	8.78	0.07	-0.77	-0.70
Consumer Discretionary	10.9	3.15	11.7	-0.67	0.58	-0.10	0.48
Consumer Staples	9.2	-6.36	2.7	-3.20	-0.39	-0.25	-0.65
Health Care	9.5	2.28	15.9	-0.19	0.32	0.07	0.39
Financials	13.0	4.53	17.6	5.16	-0.10	-0.09	-0.19
Information Technology	19.4	5.07	15.3	2.57	-0.03	0.57	0.54
Utilities	0.0	-	3.9	5.24	-0.12	0.00	-0.12
Communication Services	3.4	-0.32	3.0	-5.94	-0.01	0.19	0.19
Real Estate	3.3	-15.01	7.5	1.18	0.04	-0.70	-0.66
Cash	**1.6**	**1.38**	**-**	**-**	**0.00**	**0.00**	**0.00**

Benchmark: Russell 2000.
Benchmark is constructed from sector level and as such the top line figure may differ slightly from the official benchmark return.

Sector allocations are subject to change.

PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS. The performance data quoted represents past performance and current returns may be lower or higher. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. To obtain performance information current to the most recent month-end, which may be higher or lower than the performance shown above, please call 866-667-9231 or go to aberdeen-asset.us.

Attribution returns are shown gross of fees and assumes the reinvestment of all distributions. Return information does not include fund expenses or the sales charges for the Fund (Class A). If these charges were included, the returns shown would have been lower.

[12] The net management effect is each sector's proportional contribution to the Fund's return relative to the benchmark index. The sum of the allocation plus selection effect equals the total net management effect.

[13] The contribution of sector allocation to the Fund's relative return.

[14] The contribution of stock selection to the Fund's relative return.

Performance attribution by stock – largest positive and negative quarterly contributions

Top contributors to relative performance

Stock	Portfolio Weight %	Return in Portfolio %	Benchmark Weight %	Return in Benchmark %	Relative Contribution %
RBC Bearings	2.11	31.71	0.19	31.17	0.47
Manhattan Associates	2.30	25.78	-	-	0.43
Fox Factory	2.35	18.61	0.15	18.06	0.34
LCI Industries	2.18	18.90	0.11	18.04	0.32
AMN Healthcare	1.89	15.84	0.12	15.20	0.24
US Physical Therapy	1.73	17.25	0.07	16.97	0.24
Casella Waste Systems	2.55	11.48	0.08	11.45	0.23
Pegasystems	2.48	9.41	-	-	0.19
Boston Private	2.05	11.33	0.05	11.27	0.17
Helen of Troy	1.69	12.54	0.16	12.62	0.15

Top detractors from relative performance

Stock	Portfolio Weight %	Return in Portfolio %	Benchmark Weight %	Return in Benchmark %	Relative Contribution %
G-III Apparel	2.16	-26.66	0.06	-26.38	-0.63
Marcus & Millichap	1.86	-24.37	0.03	-24.26	-0.57
Echo Global Logistics	2.35	-15.90	0.03	-15.78	-0.47
Globus Med	2.48	-14.43	0.15	-14.39	-0.37
Alarm Com	1.50	-17.17	0.08	-17.57	-0.32
MGP Ingredients	1.72	-	0.04	-13.92	-0.31
Forum Energy Tech	0.59	-31.71	0.01	-33.07	-0.31
Array Biopharma	-	-	0.48	90.03	-0.23
Cal-Maine Foods	1.26	-6.04	0.06	-5.90	-0.19
Kaiser Aluminum	1.89	-6.06	0.08	-6.23	-0.16

Holdings are subject to change.

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Historical performance summary (Institutional Class)

	Portfolio (Net I) %	Benchmark %	Difference %
2004	**26.12**	**18.33**	**7.79**
2005	**22.99**	**4.55**	**18.43**
2006	**29.54**	**18.37**	**11.18**
2007	**-5.78**	**-1.57**	**-4.22**
2008	**-44.72**	**-33.79**	**-10.94**
2009	**37.95**	**27.17**	**10.77**
2010	**28.07**	**26.85**	**1.21**
2011	**-6.02**	**-4.18**	**-1.84**
2012	**14.49**	**16.35**	**-1.86**
2013	**42.52**	**38.82**	**3.70**
2014	**7.10**	**4.89**	**2.20**
2015	**8.64**	**-4.41**	**13.05**
2016	**23.68**	**21.31**	**2.37**
2017	**11.36**	**14.65**	**-3.29**
2018	**-13.13**	**-11.01**	**-2.12**
2019			
Quarter 1	14.91	14.58	0.33
April	4.77	3.40	1.37
May	-9.83	-7.78	-2.05
June	7.13	7.07	0.07
Quarter 2	1.21	2.10	-0.89
Since inception pa.*	**10.33**	**8.34**	**2.00**

*31 Dec 2003.

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Returns prior to 6/23/08 reflect the performance of a predecessor fund. Please consult the Fund's prospectus for more detail. Total returns assume the reinvestment of all distributions. Total returns may reflect a waiver of part of the Fund's fees for certain periods since inception, without which returns would have been lower.

Contact

June 30, 2019

Aberdeen Standard Investments

Financial Institutions Group – North America

Business Development

The Business Development team interacts with the portfolio management and advisory teams of Financial Institutions. This includes fee-based investment programs and products, such as discretionary and non-discretionary investment programs, annuity products, and subadvisory mandates.

For additional information, please contact us at:

Tel #: 215-405-5700

Fax #: 215-405-2385

Shareholder Services

If you have any questions, please contact your financial advisor or contact us at: 866-667-9231

Fund Facts

	Class A	Class C	Inst. class
Net Asset Value (NAV) as of 06/30/19	$32.28	$27.08	$34.39
Ticker	GSXAX	GSXCX	GSCIX
CUSIP	003020716	003020682	003020666
Minimum Initial Investment	$1,000	$1,000	$1,000,000
Gross/Net Expense Ratio	1.35%/1.35%	2.06%/2.06%	1.07%/1.07%
Distributions	Annual Distributions/Annual Capital Gains		

Expenses stated as of the Fund's most recent prospectus. All classes of the Fund have contractual waivers in place and may not be terminated before 2/28/20 without approval of the Independent Trustees.

Disclaimer

June 30, 2019

Aberdeen Standard Investments

Notes to our clients

References to securities should not be considered a recommendation to purchase or sell a particular security and there is no assurance, as of the date of publication, that the securities purchased remain in a portfolio or that securities sold have not been repurchased. Additionally, it is noted that securities referenced do not represent all of the securities purchased, sold, or recommended during the period referenced, and there is no guarantee as to the future profitability of any of the securities identified and discussed herein.

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