

# Ignis Absolute Return Government Bond

## Fund aim

The Absolute Return Government Bond Fund aims to provide positive investment returns on a rolling twelve months basis, independent of bond and equity market conditions.

The fund aims to achieve its objective within a target volatility of between four to six percent. It is actively managed using a combination of assets (such as government bonds, foreign currency markets and money market instruments) and 'derivatives'. In particular the Fund will utilise strategies to actively manage interest rate exposure.

Derivatives are sophisticated investment instruments linked to the rise and fall of the price of other assets. The fund uses derivatives to meet its investment objectives, for example, for short selling techniques (which are designed to make a profit from falling prices). Derivatives can create leverage, magnifying the effect of a change in the price of fund assets, and in extremely adverse markets, when significant events such as the failure of market participants or certain financial instruments become difficult to trade, the leverage from using derivatives can magnify losses. Derivatives are monitored and controlled to ensure the fund is not exposed to excessive or unintended risks.

Investors should be aware that their capital is at risk and that there is no guarantee that the positive total returns will be achieved over the rolling twelve months or any time period.

## Fund overview

<b>Sector</b>	Absolute Return
<b>Launch date</b>	31 March 2011
<b>Fund size</b>	€ 395.5m
<b>Benchmark</b>	Cash (EONIA)
<b>Share classes available in</b>	EUR, CHF, SEK, GBP, USD
<b>ISIN</b>	
Class A EUR	LU0612891514
Class C EUR	LU0973440604
Class I EUR	LU0866993628
Class A CHF	LU0807701460
Class I CHF	LU0866993974
Class A GBP	LU0579398933
Class A USD	LU0912087680
Class I USD	LU0866994196
Class I SEK	LU0866994279
Class A EUR Dist	LU0980278237
Class I EUR Dist	LU1061566979
<b>Initial charge</b>	Up to 5%
<b>Annual charge euro class</b>	A: 1% / I: 0.5%
<b>Ongoing charges figure</b> (at 31 December 2015)	A: 1.30% / I: 0.80%
<b>Performance fee</b>	10% of performance generated above cash rate <sup>^</sup>
<b>Minimum investment</b>	
<b>Euro class</b>	A: €1,000 / I: €1,000,000
<b>Base currency</b>	Sterling
<b>Dealing time</b>	12 noon Luxembourg time
<b>Registered for sale in</b>	Luxembourg, UK, Spain, Germany, Austria, France, Netherlands, Belgium, Sweden, Switzerland, Finland, Italy, Denmark, Ireland and Norway

## Risk analysis

<b>Information ratio*</b>	0.58
<b>Standard deviation*</b>	3.50
<b>Normal VaR-99% confidence**</b>	-0.50

All information as at 29/01/16 unless otherwise stated.

<sup>^</sup> The cash rate is based on the overnight rate. This is the rate that large banks use to borrow from, and lend to, one another on the overnight market. In Europe this is EONIA (the European Over Night Index Average).

\*Source: Ignis, Lipper, since inception to 29/01/16. Based on euro Hdgd A Acc share class. Standard deviation annualised.

\*\*Source: Lipper, annualised, realised 1 day VaR since inception to 29/01/16.

## Fund commentary

The year started with a sharp knock to global confidence, as worries about China's economic strength and a renewed drop in the oil price continued. China accounts for 18% of the world's economic activity, and with an expected drop in its growth, from 10% in 2010 to 6.3% in 2016, this could reduce global growth by 0.75%. European stocks sank to the lowest levels of 13 months, fuelling a rush into safe-haven assets. However, volatile conditions present opportunities for the Fund to capitalise on market moves in either direction. Our cross-market trades performed well in these conditions, with the yield-spread between treasuries and bunds moving to a fifteen-year high. The rationale for this trade is to exploit the policy divergence between Europe and the US, which is too aggressively priced. Furthermore, weaker US data led to a reduction in the interest rate increases priced into markets. The Federal Reserve forecasts currently have four quarter point increases for this year but investors are pricing in much fewer. GDP in the US has slowed sharply during the fourth quarter to an annualised rate of 0.7%, with tumbling oil prices and a reduction in exports holding back the recovery.

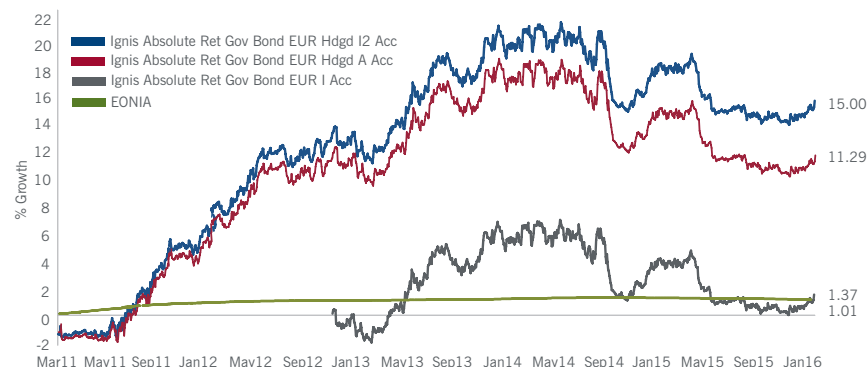
The Bank of Japan (BoJ) surprised markets when they cut their interest rates to -0.10%, bringing them, for the first time, into negative territory. The BoJ, we expect, is not finished and the tiered system they have implemented allows them to ease further. This meant strong returns for our long position in short-dated Japanese swaps and also for our short yen versus euro position. We took profits on our swap trade following the announcement and moved it into a position long of medium-dated rates.

Chinese weakness continues to feed through into the Australian economy, where we are long of short-dated swaps. We maintain the view that Australia will be forced into more stimulus this year, by cutting interest rates further. This view performed well for us in January. We also entered into a new foreign exchange trade, short Australian dollar versus Canadian dollar, which has benefited performance. We believe that further slowing of the Chinese economy and commodity weakness will likely put downward pressure on the Australian dollar this year. Overall, the fund returned 0.78% over the month.

\*Source: Lipper, NAV to NAV, gross income reinvested at 29/01/16 based on euro Hdgd A Acc share class.

## Fund performance %

(€)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2016 A Class</b>	0.78												0.78
<b>I Class</b>	0.82												0.82
<b>I2 class</b>	0.83												0.83
<b>2015 A Class</b>	1.69	-0.16	-0.25	-0.25	-1.40	-1.14	0.16	-0.43	-0.55	0.46	-0.65	0.51	-2.03
<b>I Class</b>	1.73	-0.12	-0.21	-0.21	-1.36	-1.10	0.21	-0.40	-0.50	0.50	-0.61	0.55	-1.54
<b>I2 class</b>	1.75	-0.10	-0.19	-0.20	-1.35	-1.07	0.22	-0.38	-0.48	0.53	-0.60	0.57	-1.32
<b>2014 A Class</b>	0.42	-0.56	0.69	0.10	-1.31	0.21	0.76	-2.29	1.14	-3.53	0.30	0.47	-3.64
<b>I Class</b>	0.46	-0.53	0.73	0.14	-1.25	0.26	0.78	-2.24	1.20	-3.49	0.35	0.51	-3.14
<b>I2 class</b>	0.48	-0.50	0.74	0.15	-1.22	0.28	0.77	-2.20	1.21	-3.46	0.36	0.53	-2.93



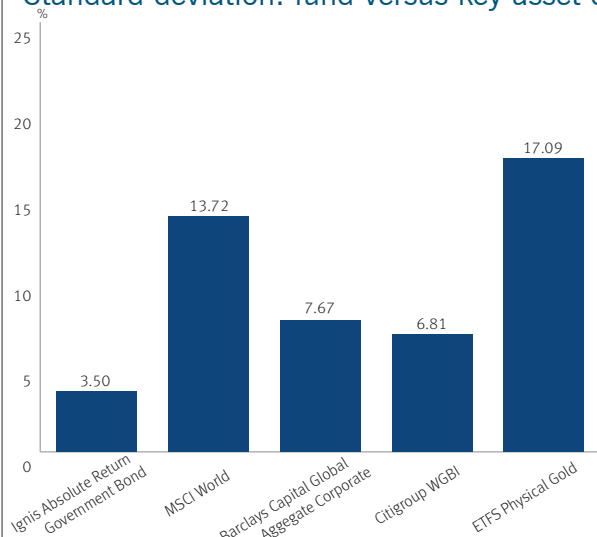
Source: Lipper, NAV to NAV, gross income reinvested as at 29/01/16. The A and I2 share classes launched on the 31/03/11, the I class launched on 02/01/13. The euro Hdgd I2 Acc share class (ISIN:LU0579399311) is closed to new investors and is shown for illustrative purposes only, for existing investors. The variance between the A, I and I2 share class performance is a result of the different charging structures of each share class.

Benchmark: EONIA is the European Over Night Index Average. Past performance is no guide to the future. The performance data does not take account of the commissions and costs incurred on the issue and redemption of shares (including the initial charge). The value of units and any income from them can fall as well as rise and is not guaranteed. Exchange rate movements may cause the value of overseas investments to fluctuate.

**This information is intended for professional clients and investment professionals only and should not be relied upon by retail investors.**

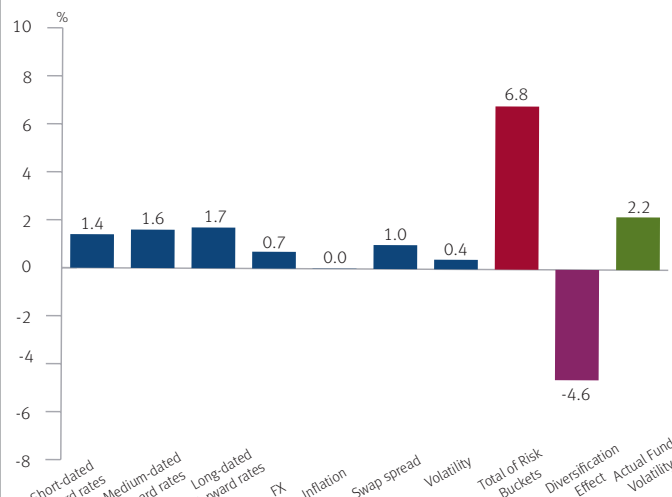
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Standard deviation: fund versus key asset classes



Source: Lipper from 31/03/11 to 29/01/2016. Annualised standard deviation in euros based on euro Hdgd A Acc share class.

Volatility: contribution of risk buckets



Source: Ignis / Barclays POINT, data as at 29/01/2016. The fund takes risk by implementing different strategies. If each strategy was well correlated, the total risk of the fund would be a sum of the parts. In fact, the strategies are lowly correlated. This creates a diversification benefit, reducing the fund's total volatility.

## Correlation

Since launch on 31/03/11 the fund has exhibited low/negative correlation with other asset classes:

	Ignis Absolute Return Government Bond	MSCI World	Citigroup WGBI	Barclays Capital Global Aggregate Corporate	ETFS Physical Gold
Ignis Absolute Return Government Bond	1.00				
MSCI World	-0.02	1.00			
Citigroup WGBI	-0.02	-0.32	1.00		
Barclays Capital Global Aggregate Corporate	-0.23	0.03	0.53	1.00	
ETFS Physical Gold	-0.17	0.01	0.19	0.46	1.00

Source: Morningstar Direct, correlation of weekly returns in local currency based on euro Hdgd A Acc share class since fund launch on 03/04/2011 to 30/01/2016.

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Subscriptions in the Fund are only valid if made on the basis of the current Prospectus, the Supplement to the Prospectus, the most recent financial reports and the Key Investor Information Document (KIID) which are available on our website [www.standardlifeinvestments.com](http://www.standardlifeinvestments.com). UK based investors should read the KIID in conjunction with the Supplementary Information Document (SID) before investing with us.

Tax assumptions and reliefs depend upon an investor's particular circumstances and may change if those circumstances or the law change. Potential investors must consult their financial & tax advisers before purchasing or selling shares in the Fund.

**Past performance is not a guide to future performance. The absolute return nature of the Fund means it is targeting positive returns, but this is not a guarantee and investors may not get back the original capital invested.**

The fund takes long and short positions based on the fund manager's views of the market direction. This means the fund's performance is unlikely to track the performance of broader bond and equity markets. While this creates the opportunity for a fund to deliver positive returns in falling markets, it also means that a fund could deliver negative returns in rising markets. The value of investments and any income from them can fall as well as rise and is not guaranteed. Exchange rate movements may cause the value of investments to fluctuate.

The fund is a sub fund of Ignis Global Funds SICAV, an investment company organised under the laws of the Grand Duchy of Luxembourg as a Self Managed SICAV. The investment company has its registered office at Vertigo-Polaris, 2-4 Eugene Ruppert, L-2453 Luxembourg, and is authorised and regulated by the Commission de Surveillance du Secteur Financier (CSSF) in Luxembourg.

The sub fund is currently registered for public distribution in the following countries: Luxembourg, UK, Spain, Germany, Austria, France, Netherlands, Belgium, Sweden, Switzerland, Finland, Italy, Denmark, Ireland & Norway. Copies of all relevant scheme documentation can be obtained free of charge from the

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