

Oct
2019

Global Focused Strategies Fund

AberdeenStandard
Investments

31 October 2019

The fund aims to provide positive investment returns in all market conditions over the medium to long term through a discretionary multi-asset approach that integrates macro insights with fundamental security research. It invests actively within and between all major asset classes and across the capital structure of firms, exploiting medium term investment views drawn from a broad expert research platform. The fund targets a level of return over rolling three-year periods equivalent to cash plus seven and a half per-cent per year, gross of fees. Operating distinct idea generation, strategy selection and portfolio construction steps, the fund uses well established processes to target a particular level of positive return with a strong emphasis on risk awareness whatever the economic environment. The fund uses a combination of traditional securities and derivatives and can take long and short positions.

Past performance is not a guide to future returns and future returns are not guaranteed. The price of assets and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment. The fund will use derivatives extensively to reduce risk or cost, or to generate additional capital or income at low risk, or to meet its investment objective. Usage of derivatives is monitored to ensure that the fund is not exposed to excessive or unintended risks. The value of assets held within the fund may rise and fall as a result of exchange rate fluctuations.

SICAV Fund

Absolute Return Fund

Monthly

Fund Manager Multi Asset Investing Team

Shareclass Launch Date 25 Aug 2015

Current Fund Size* \$108.3m

Shareclass USD (hedged)

Base Currency EUR

Benchmark** 6 Month EURIBOR

*Fund size calculated using the base currency in Euros converted into US Dollar using the FX rate of 1:1.12 on 31/10/2019. The Fund was initially launched on 11 December 2013.

**This is the Fund benchmark. Where shareclasses are available in a different currency to the Fund's base currency, an alternative benchmark will be referenced for performance comparison purposes. For example, for a USD-hedged shareclass, performance will be referenced against a USD-hedged version of the Fund benchmark or a local currency (equivalent) index.

This document is intended for use by individuals who are familiar with investment terminology. To help you understand this fund and for a full explanation of specific risks and the overall risk profile of this fund and the shareclasses within it, please refer to the Key Investor Information Documents and Prospectus which are available on our website – www.aberdeenstandard.com. Please note that the Portfolio Risk and Return Analysis table is only updated on a quarterly basis. (31 March, 30 June, 30 September and 31 December).

Aberdeen Standard Investments has not considered the suitability of investment against your individual needs and risk tolerance. If you are in any doubt as to whether this fund is suitable for you, you should seek advice. An adviser is likely to charge for advice. We are unable to provide investment advice.

Fund Information *

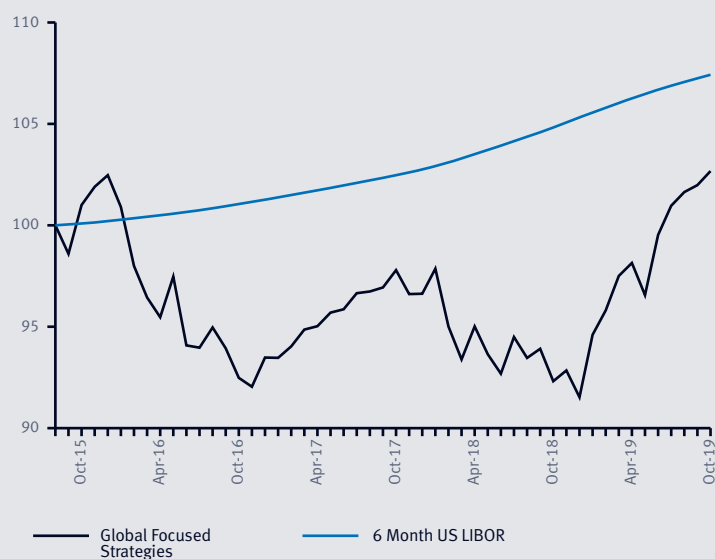
Quarterly Portfolio Risk and Return Analysis

	Strategy	Stand-alone Risk Exposure %	Weighting (risk based %)	Contribution to Returns %		
				Q3	1 Yr	
Equity	US equity	1.0	11.7	0.4	-0.4	
	European equity infrastructure	0.9	10.4	0.2	0.2	
	Global REITS	0.8	9.6	0.2	0.2	
	UK equity v retail	0.5	5.3	0.0	0.4	
	Short Hong Kong equity	0.2	2.5	0.0	0.0	
	Emerging markets equity	Closed		0.0	-0.1	
	European equity	Closed		0.0	-0.2	
	Indian private banks equity	Closed		0.0	0.3	
	Short US small cap equity	Closed		-0.1	-0.1	
Credit	High yield credit	1.0	11.3	0.4	1.5	
	Emerging markets income	0.6	7.2	0.3	2.2	
	Mexican government bonds	0.4	5.2	0.0	0.1	
	Fallen Angels credit	0.3	3.4	0.3	0.8	
	Short-dated EM corporate credit	0.2	2.6	0.3	1.1	
	Contingent capital bonds	0.2	2.2	0.1	0.2	
Duration	US duration	0.9	10.2	0.0	0.0	
	Short UK inflation	0.4	4.7	-0.5	-0.6	
	European flattener	0.4	4.1	0.4	0.8	
	European forward-start interest rates	Closed		1.3	2.7	
	Interest rate carry	Closed		0.1	0.3	
Volatility	Long GBP volatility	Closed		0.0	-0.1	
FX	Long USD v TWD	0.4	4.3	-0.1	-0.2	
	Long INR v KRW	0.3	3.7	0.1	0.2	
	FX hedging	0.0	0.2	0.0	-0.4	
	Long JPY v CAD	Closed	0.0	-0.1	-0.1	
Cash	Cash			0.1	0.3	
	Residual	0.0	0.0	-0.3	-0.3	
	Total			2.1		
	Diversification	4.4				
	Expected Volatility	4.1				

Individual strategy contributions are based on gross returns. The attribution of returns to individual strategies is performed on a best endeavours basis and uses market data at the close of business at the end of each period. This data is typically unavailable at the time unit prices are struck resulting in minor differences between unit price performance and this attribution. Such differences do not accumulate so cancel out over time.

Fund Performance *

Price Indexed



Performance has been calculated over the stated period on the share price performance basis, based on the institutional shareclass and net of fees. For your relevant charges please contact your Aberdeen Standard Investments Sales Representative.

Source: Aberdeen Standard Investments (Fund) and Thomson Reuters Datastream (Benchmark)

Cumulative Performance

Source: Aberdeen Standard Investments (Fund) and Thomson Reuters Datastream (Benchmark)

	YTD (%)	1 month (%)	3 months (%)	6 months (%)	1 year (%)
Institutional Fund Performance	12.2	0.7	1.7	4.6	11.2
6 Month US LIBOR	2.0	0.2	0.5	1.1	2.5

	3year (%)	Since launch (%)
Institutional Fund Performance	11.0	4.7
6 Month US LIBOR	6.3	7.4

Year on Year Performance

Source: Aberdeen Standard Investments (Fund) and Thomson Reuters DataStream (Benchmark)

	Year to 31/10/2019 (%)	Year to 31/10/2018 (%)	Year to 31/10/2017 (%)	Year to 31/10/2016 (%)	Year to 31/10/2015 (%)
Institutional Fund Performance	11.2	-5.6	5.7	-8.4	n/a
6 Month US LIBOR	2.5	2.3	1.4	1.0	n/a

Note: Performance has been calculated over the stated period on the share price performance basis, based on the given shareclass and net of fees.

Past Performance is not a guide to future performance. The price of shares and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

For full details of the fund's objective, policy, investment and borrowing powers and details of the risks investors need to be aware of, please refer to the prospectus.

The fund does not have an index-tracking objective.

Market review

Equity markets in most regions rose in October, with the strongest gains in Japan and emerging markets (EM). This reflected improving investor confidence, as the US and China edged closer to a trade deal. Supportive central bank rhetoric and a third US interest rate cut contributed to the positive tone. However, UK equities ended lower. The likelihood of a no-deal Brexit receded, boosting the British pound. This caused the main UK equity index to fall – most of its constituent companies are exporters whose goods become more expensive when sterling is strong.

The positive market environment and improving risk appetite boosted corporate bonds. Government bond performance was mixed. For instance, government bonds in the UK, Europe and Japan fell and delivered negative returns (yields rose), while those in the US made slight gains (yields fell).

Economic data from the US continued to point to slowing activity, particularly in the trade-dependent manufacturing sector. More worryingly, cracks have started to appear in consumer confidence, and jobs growth has slowed. US earnings season has been better than expected, although companies have lowered their expectations for next year. The trade war continued to take a heavy toll on the Eurozone, especially Germany, with manufacturing, consumer confidence and jobs growth all under strain. It was similar story in the UK, where the labour market weakened and consumer confidence fell. Prime Minister Boris Johnson confounded expectations and secured a new withdrawal deal with the European Union. Parliament passed the deal but refused to rush through the necessary legislation. Consequently, a new Brexit deadline of 31 January 2020 was set, and a general election called for 12 December.

Worries about lower demand and increased supply caused oil prices to fall, with Brent crude dropping 1.1%.

Activity

We adjusted our interest rate exposure. First, we closed our European yield curve flattener position, taking profits. We then modified the US rates strategy to reflect our expectation that the US Federal Reserve (Fed) will adopt an increasingly supportive stance, as US economic data deteriorates. We booked profits on our US equity strategy. We considered this market vulnerable, especially after its recent strong performance.

Signs of easing US-China trade tensions prompted us to reduce our position preferring the US dollar over the Taiwanese dollar. Also, we added some European equity exposure. Following the latest Brexit developments, we closed our UK equity versus retail sector relative-value strategy. At the same time, we increased our short UK inflation exposure, which seeks to benefit from falling UK inflation expectations.

Within EM, we added a position in Indonesian government bonds, seeking to benefit from expected interest rate cuts from the central bank.

Performance

Global Focused Strategies returned 0.68% during the month (net of fees), compared to the benchmark six-month US LIBOR return of 0.16%.

Despite the positive performance of US and European equities, our allocations to these markets delivered negative returns. So, too, did our Hong Kong equity strategy, although its long-term contribution remains positive. Our exposures to high-yield corporate bonds, contingent capital bonds (also called contingent convertible bonds or

‘CoCos’) and global REITs (real estate investment trusts) benefited from improving risk appetite. Our EM income strategy also gained ground.

Within currency markets, the US dollar lost some ground against its peers following dovish comments from the Fed. Meanwhile, hopes for a US-China trade deal supported to trade-sensitive currencies such as the Korean won and Taiwanese dollar. As a result, our currency pair preferring the US dollar over the Taiwanese dollar detracted from performance. Our preference for the Indian rupee over the won was also penalised.

The decision to increase our short UK inflation exposure was rewarded. The strategy posted healthy positive returns on the back of falling UK inflation expectations. This followed a marked rise in the British pound, as the likelihood of a no-deal Brexit diminished.

Outlook

We position the portfolio based on our three-year outlook and the opportunities we see in markets. While our central view is one of continued moderate economic growth, we have downgraded our expectations amid subdued activity data and rising risks. The policies of central banks have become more supportive. This provides a degree of confidence to investors that they will act to promote growth if necessary. However, the extent to which markets are now pricing in interest rate cuts presents further challenges over the medium term. Moreover, the risks to markets posed by geopolitics remain elevated. Overall, we have positioned the portfolio for an environment of more modest growth with potential for periods of heightened volatility, while making use of diversification in order to better balance the risks as we see them.

Other Fund Information

	Retail Acc	Retail Dist	Institutional Acc	Institutional Dist	Currency
Bloomberg	SLGFAUH LX	-	SLFSDHU LX	-	USD
ISIN	LU1337365909	-	LU1278887366	-	USD
WKN	n/a	-	n/a	-	USD

Domicile Luxembourg

Custodian Name The Bank of New York Mellon SA/NV, Luxembourg Branch, 2-4 Rue Eugene Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg

Auditor Name KPMG Luxembourg, 39, Avenue John F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg

	Interim	Annual
Reporting Dates	30 Jun	31 Dec
Settlement Time	T+3	
Email	LUXMB-ASI-TA@bnymellon.com	
Telephone	+352 24 525 716	
Share Price Calculation Time	15:00 (Luxembourg time)	
Dealing Cut Off Time	13:00 (Luxembourg time)	

Not all shareclasses displayed may be available in your jurisdiction.

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Risk Factors

The fund invests in securities which are subject to the risk that the issuer may default on interest or capital payments.

The fund price can go up or down daily for a variety of reasons including changes in interest rates, inflation expectations or the perceived credit quality of individual countries or securities.

The fund invests in equities and equity related securities. These are sensitive to variations in the stock markets which can be volatile and change substantially in short periods of time.

The fund invests in emerging market equities and / or bonds. Investing in emerging markets involves a greater risk of loss than investing in more developed markets due to, among other factors, greater political, tax, economic, foreign exchange, liquidity and regulatory risks.

Investing in derivatives carries the risk of reduced liquidity, substantial loss and increased volatility in adverse market conditions, such as a failure amongst market participants. The use of derivatives will result in the fund being leveraged (where economic exposure and thus the potential for loss by the fund exceeds the amount it has invested) and in these market conditions the effect of leverage will be to magnify losses. The fund makes extensive use of derivatives.

The fund invests in high yielding bonds which carry a greater risk of default than those with lower yields.

All investment involves risk. This fund offers no guarantee against loss or that the fund's objective will be attained.

Inflation reduces the buying power of your investment and income.

The value of assets held in the fund may rise and fall as a result of exchange rate fluctuations.

The fund could lose money if an entity (counterparty) with which it does business becomes unwilling or unable to honour its obligations to the fund.

In extreme market conditions some securities may become hard to value or sell at a desired price.

The fund could lose money as the result of a failure or delay in operational processes.

Additional Information for Switzerland : The prospectus, the key investor information documents, the articles of incorporation, the annual and semi-annual report in German, and further information can be obtained free of charge from the representative in Switzerland: Carnegie Fund Services S.A., 11, rue du Général-Dufour, CH-1204 Geneva, Switzerland, web: www.carnegie-fund-services.ch. The Swiss paying agent is: Banque Cantonale de Genève, 17, quai de l'Île, CH-1204 Geneva. The last share prices can be found on www.fundinfo.com.

To find out more about our fund range, visit our website or alternatively speak to your usual contact at Aberdeen Standard Investments.

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