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2019

Global Absolute Return Strategies Fund

31 August 2019

Aberdeen Standard Investments

The fund aims to provide positive investment returns in all market conditions over the medium to long term. The fund is actively managed, with a wide investment remit to target a level of return over rolling three-year periods equivalent to cash plus five per-cent a year, gross of fees. It exploits market inefficiencies through active allocation to a diverse range of market positions. The fund uses a combination of traditional assets (such as equities and bonds) and investment strategies based on advanced derivative techniques, resulting in a highly diversified portfolio. The fund can take long and short positions in markets, securities and groups of securities through derivative contracts.

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	14 Jun 2011
Current Fund Size*	£2,394.9m
Shareclass	GBP (hedged)
Base Currency	EUR

Benchmark**	6 Month EURIBOR

*** Fund size calculated using the base currency in Euros converted into Sterling using the FX rate of 1:0.82 on 31/08/2019.**
**** 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.standardlifeinvestments.com. Please note that the Portfolio Risk and Return Analysis table is only updated on a quarterly basis.
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 *

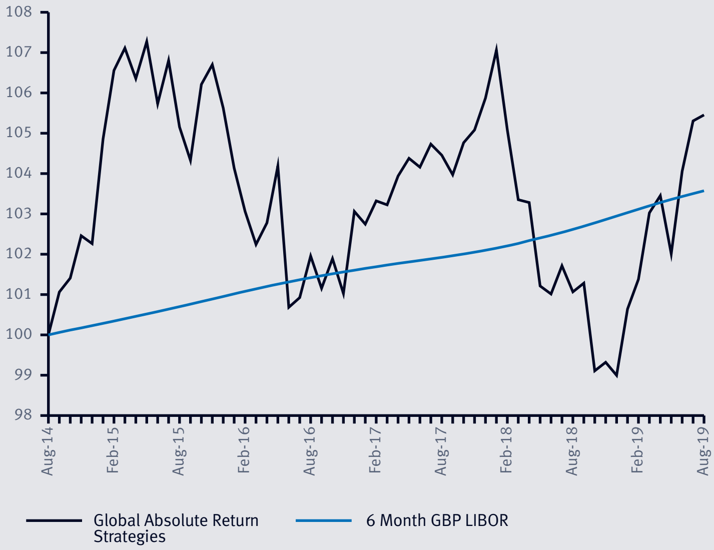
Quarterly Portfolio Risk and Return Analysis

	Strategy	Stand-alone Risk Exposure %	Weighting (risk based %)	Contribution to Returns % Q2	1 Yr
Market Returns Strategies	Mexican government bonds	1.0	8.7	0.0	0.1
	Emerging markets income	0.8	7.2	0.6	1.2
	US equity	0.8	7.2	0.2	0.3
	UK equity	0.8	7.0	0.0	0.3
	High yield credit	0.5	4.8	0.2	0.5
	Global equity oil majors	0.4	3.5	-0.3	-1.1
	Emerging markets equity	0.2	2.1	-0.3	0.0
	EU investment grade credit	0.2	1.8	0.1	0.2
	European equity	0.1	1.0	-0.2	-0.5
	Chinese equity	Closed		-0.1	0.3
	Mexican government bonds (hedged)	Closed		0.0	0.0
	Short Australian banks equity	Closed		-0.2	-0.3
Directional Strategies	European forward-start interest rates	1.0	9.0	0.6	1.6
	Long JPY v CAD	0.7	6.2	0.0	0.2
	Short UK inflation	0.7	6.0	-0.2	0.0
	US steepener	0.6	5.3	0.2	0.2
	US real yields	0.5	4.6	0.4	0.9
	Long INR v KRW	0.5	4.2	0.0	0.0
	Long NOK v EUR	0.3	2.7	0.0	0.1
	Long USD v EUR currency options	0.2	1.9	-0.2	-0.1
	Long USD v TWD	0.2	1.7	-0.1	-0.1
	Long US inflation	0.1	1.3	0.0	0.0
	Long INR v CHF	Closed		-0.1	-0.3
	Long JPY v AUD	Closed		0.0	0.3
	Long USD v KRW	Closed		0.2	0.4
	Short US interest rates	Closed		0.0	-0.2
	US Duration	Closed		0.1	0.1
Relative Value Strategies	European flattener	0.6	5.7	0.3	0.3
	US equity large cap v technology	0.5	4.6	0.0	-0.1
	EuroStoxx50 v S&P variance	0.1	0.9	0.0	-0.1
	US equity large cap v small cap	Closed		0.0	0.3
FX Hedging	FX hedging	0.1	0.5	-0.1	-0.6
Cash	Cash			0.1	0.3
	Residual	0.0	0.0	-0.2	-0.3
	Stock selection	0.2	1.9	-0.2	-0.5
	Total	**11.0**		**0.9**	
	Diversification	7.0			
	Expected Volatility	**4.0**			

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 (%)
Retail Fund Performance (A)	6.0	0.1	3.2	3.6	3.5
Institutional Fund Performance (D)	6.5	0.1	3.4	4.0	4.3
6 Month GBP LIBOR	0.6	0.1	0.2	0.4	0.9

	3 years (%)	5 years (%)	Since launch (%)
Retail Fund Performance (A)	1.0	1.4	22.2
Institutional Fund Performance (D)	3.4	5.5	30.3
6 Month GBP LIBOR	2.1	3.6	6.6

Year on Year Performance

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

	Year to 31/08/2019 (%)	Year to 31/08/2018 (%)	Year to 31/08/2017 (%)	Year to 31/08/2016 (%)	Year to 31/08/2015 (%)
Retail Fund Performance (A)	3.5	-4.0	1.6	-3.8	4.3
Institutional Fund Performance (D)	4.3	-3.2	2.5	-3.0	5.2
6 Month GBP LIBOR	0.9	0.7	0.5	0.7	0.7

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

Global equities fell in August. The US-China trade spat simmered on, with neither party willing to cede ground. As the dispute re-escalated, investors flurried towards safe-haven assets such as developed market government bonds, the Japanese yen and gold. Towards month-end, President Trump announced a resumption of trade talks with China, expressing optimism a deal could soon be reached. However, this failed to assuage investors' concerns, given previous 'false dawns'.

Poor economic data added to the general malaise, particularly in Europe, where exports slumped and Germany teetered on the brink of recession. Figures showed the US economy was not immune to the trade war. For instance, the US manufacturing purchasing managers' index fell to its weakest reading since September 2009. However, US retail spending remained resilient, owing to the buoyant labour market and rising wages. In the UK, parliamentary ruptures over Brexit unnerved investors. Similarly, renewed political turmoil in Italy curbed investors' appetite for risk.

In this environment, government bonds in the US, UK, Europe and Japan delivered positive returns, pushing yields down further. Corporate bonds also delivered positive returns, supported by demand for higher-yielding assets as interest rate expectations continued to drift lower. Investment-grade corporate bonds performed better than their riskier high-yield counterparts.

There were some notable movements in currency markets, including marked falls in the Chinese yuan, Australian dollar, euro and Argentinian peso. The yuan and Australian dollar suffered amid trade war concerns, as did several Asian emerging market (EM) currencies. The euro was hit by worrying economic figures and political upset in Italy. The Argentinian peso slumped 26% against the US dollar on fears the country would default on its US-denominated debt. This followed the defeat of market-friendly President Macri in primary elections. Brent crude oil shed 6.5%, reflecting concerns about weakening global growth and its effect on oil demand.

Activity

In light of the deteriorating global economy and further escalation in the US-China trade dispute, we closed our EM equity and US inflation positions. Additionally, we closed our US yield curve steepener strategy. We believed this would struggle, especially given the significant expectations for rate cuts already priced into the market. To complement these changes, we opened a US equity large-cap versus small-cap position. Compared with large-cap stocks, we consider small-cap stocks expensive, less profitable, heavily indebted and more vulnerable to rising wage costs. We therefore expect small-cap companies to underperform the more globally oriented large-cap sector.

We closed our European forward-start interest rates position, taking profits. We replaced it with a US interest rates strategy, where, in our view, valuations offer better scope for returns. We closed the remaining EuroStoxx 50 versus S&P 500 variance swaps exposure after recent market movements, as we no longer viewed the strategy as attractive.

Performance

The Global Absolute Return Strategies Fund returned 0.08% during the month (net of retail fees), compared to the benchmark 6-month LIBOR return of 0.07%.

Movements in long-term and short-term interest rates in the US were advantageous for our US interest rates, US real yields and Canadian interest rates strategies. However, our US steepener strategy (closed in mid-August), which seeks to profit from a widening difference between long-term and short-term interest rates, delivered a negative return in this environment.

European government bonds benefitted from investors' flight to safe havens, amid rising expectations for an interest rate cut from the European Central Bank (ECB), weak economic data from Germany and mounting political risks. As a result, our European forward-start interest rates and European yield curve flattener positions contributed positively.

The fall in US equities hurt our exposure to this market. Our global equity oil majors position also suffered, in tandem with falling oil prices. Similarly, our Mexican government bonds and EM income strategies dragged on performance as risk appetite waned. Disappointing Chinese economic data and news that Argentina had effectively defaulted on its debt further soured sentiment towards EM assets.

While the yen benefitted from its safe-haven status, currencies sensitive to oil prices and the global economy weakened. The latter included the Canadian dollar and Norwegian krone. Consequently, our position preferring the yen over the Canadian dollar was rewarded. Our preference for the krone over the euro was negative for performance.

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 (A)	Retail Dist (A)	Retail Acc (B)	Institutional Acc (D)	Institutional Dist (D)	Currency
Bloomberg	SLGLHAG LX	-	SGARBGH LX	SLGLHDG LX	-	GBP
ISIN	LU0621233898	-	LU1252714057	LU0621233971	-	GBP
WKN	A1H99Y	-	n/a	A1H99Z	-	GBP

Domicile	Luxembourg
Custodian Name	The Bank of New York Mellon (Luxembourg) S.A., 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 may invest 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 semiannual 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’Ile, 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.

www.aberdeenstandard.com

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