

# Annual Report

**Standard Life Investments Strategic Bond Fund**

Annual Report & Financial Statements for the year ended 31 January 2019





# Standard Life Investments Strategic Bond Fund Annual Report & Financial Statements

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\* These items comprise the Manager's Report for the purposes of the rules contained in the Collective Investment Schemes sourcebook ("the Sourcebook").

# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Trust Profile and Information

#### Launch Date

5 February 2009

#### Investment objective

The investment objective of the Standard Life Investments Strategic Bond Fund ("the Trust") is to deliver a total return from income and capital appreciation.

#### Investment policy

The investment policy of the Trust is to invest in an actively managed portfolio consisting mainly of fixed interest securities (including conventional government bonds, investment grade corporate entities, inflation linked bonds, subinvestment grade bonds) and other interest bearing securities issued anywhere in the world. The Trust may also invest, at the Investment Adviser's discretion, in derivative and forward contracts, other transferable securities, deposits, moneymarket instruments and collective investment schemes and use may also be made of borrowing, hedging and other techniques permitted by the FCA Rules.

#### Risk

The price of stocks, shares and other securities on financial markets can move unpredictably. Many factors affect prices, including announcements by the issuer of a security, economic and political events and views of prospective events. Investment in the Trust should be regarded as medium to long-term. There is no guarantee that the objective of the Trust will be achieved.

#### Benchmark

IA Sterling Strategic Bond Sector

#### Reporting dates

Interim	31 July
Annual	31 January

#### Distribution record dates

Interim	30 April, 31 July, 31 October
Annual	31 January

#### Interim payment dates

Accumulation	30 April, 31 July, 31 October
Income	30 June, 30 September, 31 December

#### Annual payment dates

Accumulation	31 January
Income	31 March

# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Trust Profile and Information

(Continued)

Standard Life Investments Strategic Bond Fund			
Manager	Directors of the Manager	Trustee	Independent Auditor
Aberdeen Standard Fund Managers Limited Bow Bells House 1 Bread Street London EC4M 9HH	Mr Jamie Matheson Mr Gary Marshall Ms Allison Donaldson Mr Aron Mitchell Ms Carolan Dobson	Citibank Europe plc UK Branch Citigroup Centre Canada Square Canary Wharf London E14 5LB	KPMG LLP 15 Canada Square London E14 5GL
Registrar	Investment Adviser		
Aberdeen Standard Fund Managers Limited 1 George Street Edinburgh EH2 2LL	Standard Life Investments Limited 1 George Street Edinburgh EH2 2LL		

# Standard Life Investments Strategic Bond Fund Annual Report & Financial Statements

## Statement of the Manager's responsibilities      Manager's Statement

The Collective Investment Schemes source book published by the FCA, ("the COLL Rules") require the Manager to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Trust and of the net income and net gains or losses on the property of the Trust for the period.

In preparing the financial statements the Manager is responsible for:

- ▶ selecting suitable accounting policies and then apply them consistently;
- ▶ making judgements and estimates that are reasonable and prudent;
- ▶ following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- ▶ complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association\* in May 2014;
- ▶ keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- ▶ assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- ▶ using the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so;
- ▶ such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- ▶ taking reasonable steps for the prevention and detection of fraud and irregularities.

The Manager is responsible for the management of the Trust in accordance with its Trust Deed, the Prospectus and the COLL Rules.

\*The Investment Management Association changed its name to the Investment Association (IA) in January 2015.

The Manager changed name to Aberdeen Standard Fund Managers Limited, formerly Standard Life Investments Mutual Funds Limited, with effect from 10 December 2018. The Manager is authorised and regulated by the Financial Conduct Authority for investment business.

The Standard Life Investments Strategic Bond Fund is an Authorised Unit Trust Scheme under section 243 of the Financial Services and Markets Act 2000.

The Trust is certified under the Undertaking for Collective Investment in Transferable Securities (UCITS) directive allowing the Manager to market the Trust in member states of the European Union subject to relevant local laws.

Copies of the most recent Prospectus are available online at [standardlifeinvestments.com](http://standardlifeinvestments.com).

Distributions are made from positive net revenue where gross revenue exceeds expenses and tax. The total return consists of investment and currency gains and losses in addition to net revenue. In situations where the Trust has a negative total return but a positive net revenue position, there will be a distribution.

We hereby certify the Annual Report and Financial Statements on behalf of the Directors of Aberdeen Standard Fund Managers Limited.



**Directors**  
**Edinburgh**  
**24 May 2019**

# Standard Life Investments Strategic Bond Fund Annual Report & Financial Statements

## Statement of the Trustee's Responsibilities in Respect of the Scheme and Report of the Trustee to the Unitholders of the Standard Life Investments Strategic Bond Fund ("the Trust") for the Period ended 31 January 2019

The Trustee is responsible for the safekeeping of all property of the Trust which is entrusted to it and ensuring proper registration of tangible moveable property, and for the collection of income arising from all such scheme property.

It is the duty of the Trustee to take reasonable care to ensure that the Trust is managed and operated in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("the Sourcebook"), the Financial Services and Markets Act 2000, as amended, and the Trust Deed and the Prospectus of the Trust, concerning: the pricing of and dealing in Trust Units; the application of income of the scheme; and the Trust investment portfolio and borrowing activities.

Having carried out procedures and enquiries considered duly necessary to discharge our responsibilities as Trustee of the scheme, based on information and explanations provided to us, we believe that, in all material respects, the Manager:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the scheme's units and the application of the scheme's income in accordance with the Sourcebook, the Trust Deed and Prospectus;
- (ii) has, observed the investment and borrowing powers and restrictions applicable to the scheme; and
- (iii) has, otherwise, ensured the proper operation of the Trust.



Citibank Europe plc,  
UK Branch, London,  
24 May 2019

# Standard Life Investments Strategic Bond Fund Annual Report & Financial Statements

## Independent auditor's report to the unitholders of Standard Life Investments Strategic Bond Fund ('the Trust')

### Opinion

We have audited the financial statements of the Trust for the year ended 31 January 2019 which comprise the Statement of Total Return, the Statement of Changes in Net Assets Attributable to Unitholders, the Balance Sheet, the Related Notes and Distribution Tables and the accounting policies set out on pages 33 to 34.

In our opinion the financial statements:

- ▶ give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the financial position of the Trust as at 31 January 2019 and of the net expense and the net capital losses on the property of the Trust for the year then ended; and
- ▶ have been properly prepared in accordance with the Trust Deed, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Trust in accordance with, UK ethical requirements including the FRC Ethical Standard.

We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Trust's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Trust's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### Going concern

The Manager has prepared the financial statements on the going concern basis as they do not intend to liquidate the Trust or to cease their operations, and as they have concluded that the Trust's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial

statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Manager's conclusions, we considered the inherent risks to the Trust's business model, including the impact of Brexit, and analysed how those risks might affect the Trust's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Trust will continue in operation.

### Other information

The Manager is responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- ▶ we have not identified material misstatements in the other information; and
- ▶ in our opinion the information given in the Manager's Report for the financial year is consistent with the financial statements.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

- ▶ proper accounting records for the Trust have not been kept; or
- ▶ the financial statements are not in agreement with the accounting records.

### Manager's responsibilities

As explained more fully in their statement set out on page 3, the Manager is responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.



# Standard Life Investments Strategic Bond Fund Annual Report & Financial Statements

## Independent auditor's report to the unitholders of Standard Life Investments Strategic Bond Fund ('the Trust')

(Continued)

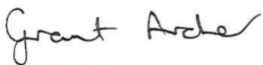
### Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Trust's unitholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the Trust's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.



**Grant Archer**  
for and on behalf of KPMG LLP, Statutory Auditor Chartered Accountants  
Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EG  
24 May 2019

# Standard Life Investments Strategic Bond Fund Annual Report & Financial Statements

## The Registrar of the Trust

The Manager is the Registrar of the Standard Life Investments Strategic Bond Fund. The Manager has delegated certain aspects of the registrar's operational duties to DST Financial Services International Limited ("DST Limited").

The Registrar is responsible to the Trustee for the maintenance of a register of unitholders in the Trust. The register can be inspected free of charge at the offices of DST Limited at DST House, St Nicholas Lane, Basildon, Essex, SS15 5FS.

The Registrar is also responsible for the distribution of tax vouchers to unitholders at the addresses recorded on the register.

# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Investment Report

#### Investment background

Global corporate bond markets delivered negative returns over the review period, as volatility returned in the face of multiple concerns. A key constraint was the monetary background which became progressively less favourable for corporate bonds. In particular, the US Federal Reserve continued to unwind its huge Quantitative Easing (QE) programme and raised interest rates in March, June, September and December. The European Central Bank also halted its QE buying programme in December. For its part, the Bank of England increased interest rates for the second time in a decade in August. However later on, the prospects for further rate hikes reduced considerably amid mounting Brexit-related worries.

Aside from the continuing tightening of global liquidity, the global growth outlook also weakened. Eurozone economic growth slowed considerably in the third quarter. Even though US growth held up well, the consensus view was that it would expand more slowly in 2019. An oft-cited concern for investors was the US/China 'trade war', with many countries alluding to this when downgrading their growth forecasts. More encouragingly, a 'truce' on further tariff increases in early December raised hopes of a more lasting settlement. Trade deal optimism and more dovish indications from the Fed regarding future US interest rate rises did lead to a strong rally in global credit in January 2019.

#### Performance

Over the period under review, the Trust returned -1.96% (net), compared to the IA £ Strategic Bond mean return of -0.90% (Source: Morningstar, price performance).

A leading detractor in the review period was the high yield alloy wheel manufacturer Superior. It was negatively impacted by unfavourable headlines from the auto sector as well as US/China trade war concerns. However, we continue to believe Superior's business model is more resilient than the market is judging. The Trust's exposure to property real estate investment trust (REIT) Intu Properties detracted as it was impacted by poor sentiment towards UK retail centres. However, our specific exposure is to a securitisation of the Metro Centre in Newcastle, which is a Tier-1 asset that we think will come through this difficult period. Another return detractor was the UK funeral business Dignity, whose corporate earnings continue to be affected by increasing competition and declining market share.

On the positive side, a leading return contributor was the Trust's exposure to Australian government bonds, which benefited from consistently lower-than-expected inflation. Indeed, underlying inflation (i.e. core inflation) remained below the Reserve Bank of Australia's 2-3% target rate in the whole of 2018. Also in government bonds, the Trust's exposure to US Treasuries and UK gilts added to returns amid frequent risk-off bouts in the review period. On the credit side, Brazilian meat producer Marfrig benefited from the presidential election victory of the market favourite Jair Bolsonaro. In addition, the pharmaceutical company Teva performed well on the back of good progress in its business-restructuring efforts.

#### Investment activity

On the credit side, earlier in the period, we added to our high yield position in copper miner First Quantum after bond prices fell on the announcement of a royalty payments disagreement with the Zambian government. Towards the end of the period, we added exposure to a short-dated callable Tier-2 bond from Bank of Ireland, which we felt was oversold. We also took part in a new issue from Danske Bank, which issued non-preferred senior bonds in US dollars at very attractive spreads. On the sell-side, we used the strong bounce-back in US high yield markets and strong momentum from its good results announced in December to exit Staples (a business-to-business office supplier).

On the macro strategies side, early on in the review period, following their very strong performance, we reduced exposure to 30-year from Australian government bonds and reinvested in the front end. Towards the end of the period, we added to our long position in US real yields in order to offer additional protection during risk-off periods. This performed well later on as bonds rallied on lower than expected supply guidance and the aforementioned dovish Fed comments, which boosted inflation expectations.

#### Outlook and future strategy

Credit markets enjoyed a very strong bounce-back in January 2019 following a very tough end to 2018. However, we believe there could be more volatility to come in the year ahead as we move further into the later stages of the current growth cycle. Global economic data is coming in weaker-than-expected and we think this will ultimately feed into lower earnings also. While we still expect positive excess returns from credit markets over government bonds this year, much of this may already have taken place in January. As such, in this environment, we think maintaining discipline in terms of overall credit risk will be important and careful stock selection critical.

# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Investment Report

(Continued)

#### Synthetic Risk & Reward Indicator



This indicator reflects the volatility of the Trust’s unit price over the last five years which in turn reflects the volatility of the underlying assets in which the Trust invests. Historical data may not be a reliable indication of the future. The current rating, which is the same for all unit classes, is not guaranteed and may change if the volatility of the assets in which the Trust invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Trust offers no guarantee against loss or that the Trust’s objective will be attained. For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

#### Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Comparative Tables

	2019 pence per unit	2018 pence per unit	2017 pence per unit
<b>Retail accumulation</b>			
<b>Change in net assets per unit</b>			
Opening net asset value per unit	87.20	82.55	77.73
Return before operating charges*	(0.98)	5.67	6.29
Operating charges	(1.01)	(1.02)	(1.02)
Return after operating charges*	(1.99)	4.65	5.27
Distributions	(2.05)	(1.79)	(2.25)
Retained distributions on accumulation units*	2.05	1.79	1.80
Closing net asset value per unit	85.21	87.20	82.55
* after direct transaction costs of:	0.00	0.00	0.00
<b>Performance</b>			
Return after charges	(2.29%)	5.63%	6.78%
<b>Other information</b>			
Closing net asset value (£'000)	2,639	3,157	3,626
Closing number of units	3,097,294	3,620,829	4,391,923
Operating charges	1.19%	1.19%	1.27%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest unit price	87.28	87.49	83.96
Lowest unit price	83.57	82.83	76.97

The closing net asset value (£'000) divided by the closing number of units may not calculate to the closing net asset value per unit (p) due to rounding differences. The published closing net asset value per unit (p) is based on unrounded values and represents the actual price.

The return after charges figures are based on the accounting NAV, as the financial statements are produced at a valuation point that is different from the published daily NAV.

Operating charges are expenses associated with the maintenance and administration of the Trust on a day-to-day basis that are actually borne by the unit class.

Highest and Lowest prices are based on official published daily NAVs.

# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Comparative Tables

(Continued)

	2019 pence per unit	2018 pence per unit	2017 pence per unit
<b>Institutional accumulation</b>			
<b>Change in net assets per unit</b>			
Opening net asset value per unit	91.00	85.76	80.43
Return before operating charges*	(1.02)	5.90	6.50
Operating charges	(0.66)	(0.66)	(0.62)
Return after operating charges*	(1.68)	5.24	5.88
Distributions	(2.55)	(2.26)	(2.75)
Retained distributions on accumulation units*	2.55	2.26	2.20
Closing net asset value per unit	89.32	91.00	85.76
* after direct transaction costs of:	0.00	0.00	0.00
<b>Performance</b>			
Return after charges	(1.84%)	6.11%	7.31%
<b>Other information</b>			
Closing net asset value (£'000)	49,436	50,023	39,414
Closing number of units	55,344,779	54,969,324	45,958,692
Operating charges	0.74%	0.74%	0.74%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest unit price	91.09	91.30	87.08
Lowest unit price	87.53	86.05	79.65

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# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Comparative Tables

(Continued)

	2019 pence per unit	2018 pence per unit	2017 pence per unit
<b>Retail income</b>			
<b>Change in net assets per unit</b>			
Opening net asset value per unit	69.35	67.03	64.72
Return before operating charges*	(0.78)	4.58	5.04
Operating charges	(0.80)	(0.82)	(0.85)
Return after operating charges*	(1.58)	3.76	4.19
Distributions	(1.62)	(1.44)	(1.88)
Closing net asset value per unit	66.15	69.35	67.03
* after direct transaction costs of:	0.00	0.00	0.00
<b>Performance</b>			
Return after charges	(2.28%)	5.61%	6.47%
<b>Other information</b>			
Closing net asset value (£'000)	765	978	1,095
Closing number of units	1,155,799	1,410,458	1,633,800
Operating charges	1.18%	1.19%	1.27%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest unit price	69.41	69.92	69.09
Lowest unit price	65.21	67.43	64.26

The closing net asset value (£'000) divided by the closing number of units may not calculate to the closing net asset value per unit (p) due to rounding differences. The published closing net asset value per unit (p) is based on unrounded values and represents the actual price.

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Highest and Lowest prices are based on official published daily NAVs.

# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Comparative Tables

(Continued)

	2019 pence per unit	2018 pence per unit	2017 pence per unit
<b>Institutional income</b>			
<b>Change in net assets per unit</b>			
Opening net asset value per unit	69.06	66.74	64.40
Return before operating charges*	(0.78)	4.57	5.02
Operating charges	(0.50)	(0.51)	(0.49)
Return after operating charges*	(1.28)	4.06	4.53
Distributions	(1.91)	(1.74)	(2.19)
Closing net asset value per unit	65.87	69.06	66.74
* after direct transaction costs of:	0.00	0.00	0.00
<b>Performance</b>			
Return after charges	(1.85%)	6.08%	7.03%
<b>Other information</b>			
Closing net asset value (£'000)	1,718	2,140	2,272
Closing number of units	2,608,131	3,098,456	3,404,164
Operating charges	0.74%	0.74%	0.74%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest unit price	69.12	69.69	68.81
Lowest unit price	64.95	67.15	63.96

The closing net asset value (£'000) divided by the closing number of units may not calculate to the closing net asset value per unit (p) due to rounding differences. The published closing net asset value per unit (p) is based on unrounded values and represents the actual price.

The return after charges figures are based on the accounting NAV, as the financial statements are produced at a valuation point that is different from the published daily NAV.

Operating charges are expenses associated with the maintenance and administration of the Trust on a day-to-day basis that are actually borne by the unit class.

Highest and Lowest prices are based on official published daily NAVs.



# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Comparative Tables

(Continued)

	2019 pence per unit	2018 pence per unit	2017 pence per unit
<b>Standard Life income</b>			
<b>Change in net assets per unit</b>			
Opening net asset value per unit	69.25	66.93	64.56
Return before operating charges*	(0.78)	4.58	5.06
Operating charges	(0.02)	(0.03)	(0.03)
Return after operating charges*	(0.80)	4.55	5.03
Distributions	(2.39)	(2.23)	(2.66)
Closing net asset value per unit	66.06	69.25	66.93
* after direct transaction costs of:	0.00	0.00	0.00
<b>Performance</b>			
Return after charges	(1.16%)	6.80%	7.79%
<b>Other information</b>			
Closing net asset value (£'000)	23,621	24,764	23,934
Closing number of units	35,757,521	35,759,521	35,759,521
Operating charges	0.04%	0.04%	0.04%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest unit price	69.32	70.01	69.04
Lowest unit price	65.16	67.34	64.14

The closing net asset value (£'000) divided by the closing number of units may not calculate to the closing net asset value per unit (p) due to rounding differences. The published closing net asset value per unit (p) is based on unrounded values and represents the actual price.

The return after charges figures are based on the accounting NAV, as the financial statements are produced at a valuation point that is different from the published daily NAV.

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Highest and Lowest prices are based on official published daily NAVs.

# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Comparative Tables

(Continued)

	2019 pence per unit	2018 pence per unit	2017 pence per unit
<b>Standard Life accumulation</b>			
<b>Change in net assets per unit</b>			
Opening net asset value per unit	95.30	89.26	83.30
Return before operating charges*	(1.06)	6.15	6.74
Operating charges	(0.11)	(0.11)	(0.10)
Return after operating charges*	(1.17)	6.04	6.64
Distributions	(3.26)	(2.94)	(3.42)
Retained distributions on accumulation units*	3.26	2.94	2.74
Closing net asset value per unit	94.13	95.30	89.26
* after direct transaction costs of:	0.00	0.00	0.00
<b>Performance</b>			
Return after charges	(1.23%)	6.77%	7.97%
<b>Other information</b>			
Closing net asset value (£'000)	100,268	105,491	101,255
Closing number of units	106,522,305	110,695,345	113,438,267
Operating charges	0.12%	0.12%	0.12%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest unit price	95.39	95.61	90.49
Lowest unit price	92.12	89.57	82.51

The closing net asset value (£'000) divided by the closing number of units may not calculate to the closing net asset value per unit (p) due to rounding differences. The published closing net asset value per unit (p) is based on unrounded values and represents the actual price.

The return after charges figures are based on the accounting NAV, as the financial statements are produced at a valuation point that is different from the published daily NAV.

Operating charges are expenses associated with the maintenance and administration of the Trust on a day-to-day basis that are actually borne by the unit class.

Highest and Lowest prices are based on official published daily NAVs.

# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Comparative Tables

(Continued)

	2019 pence per unit	2018 pence per unit	2017 pence per unit
<b>Platform 1 accumulation</b>			
<b>Change in net assets per unit</b>			
Opening net asset value per unit	68.32	64.43	60.46
Return before operating charges*	(0.76)	4.42	4.87
Operating charges	(0.53)	(0.53)	(0.50)
Return after operating charges*	(1.29)	3.89	4.37
Distributions	(1.88)	(1.66)	(2.02)
Retained distributions on accumulation units*	1.88	1.66	1.62
Closing net asset value per unit	67.03	68.32	64.43
* after direct transaction costs of:	0.00	0.00	0.00
<b>Performance</b>			
Return after charges	(1.89%)	6.03%	7.23%
<b>Other information</b>			
Closing net asset value (£'000)	5,752	8,663	10,991
Closing number of units	8,581,617	12,680,132	17,059,719
Operating charges	0.79%	0.79%	0.79%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest unit price	68.39	68.54	65.45
Lowest unit price	65.68	64.64	59.87

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# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Comparative Tables

(Continued)

	2019 pence per unit	2018 pence per unit	2017 pence per unit
<b>Platform 1 income</b>			
<b>Change in net assets per unit</b>			
Opening net asset value per unit	57.50	55.57	53.61
Return before operating charges*	(0.65)	3.80	4.19
Operating charges	(0.44)	(0.45)	(0.44)
Return after operating charges*	(1.09)	3.35	3.75
Distributions	(1.56)	(1.42)	(1.79)
Closing net asset value per unit	54.85	57.50	55.57
* after direct transaction costs of:	0.00	0.00	0.00
<b>Performance</b>			
Return after charges	(1.90%)	6.03%	6.99%
<b>Other information</b>			
Closing net asset value (£'000)	804	944	1,147
Closing number of units	1,465,077	1,641,677	2,062,945
Operating charges	0.79%	0.79%	0.79%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest unit price	57.55	58.03	57.32
Lowest unit price	54.08	55.91	53.24

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# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Comparative Tables

(Continued)

	2019 pence per unit	2018 pence per unit	2017 pence per unit
<b>Institutional S accumulation</b>			
<b>Change in net assets per unit</b>			
Opening net asset value per unit	61.11	57.40	53.71
Return before operating charges*	(0.61)	4.01	4.36
Operating charges	(0.28)	(0.30)	(0.28)
Return after operating charges*	(0.89)	3.71	4.08
Distributions	(1.87)	(1.69)	(1.98)
Retained distributions on accumulation units*	1.87	1.69	1.59
Closing net asset value per unit	60.21	61.11	57.40
* after direct transaction costs of:	0.00	0.00	0.00
<b>Performance</b>			
Return after charges	(1.46%)	6.47%	7.60%
<b>Other information</b>			
Closing net asset value (£'000)	–	1	1
Closing number of units	200	2,200	2,200
Operating charges	0.46%	0.50%	0.50%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest unit price	61.17	61.33	58.28
Lowest unit price	58.93	57.60	53.18

The closing net asset value (£'000) divided by the closing number of units may not calculate to the closing net asset value per unit (p) due to rounding differences. The published closing net asset value per unit (p) is based on unrounded values and represents the actual price.

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# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Comparative Tables

(Continued)

	2019 pence per unit	2018 pence per unit	2017 pence per unit
<b>Institutional S income</b>			
<b>Change in net assets per unit</b>			
Opening net asset value per unit	52.56	50.79	49.00
Return before operating charges*	(0.57)	3.51	3.82
Operating charges	(0.23)	(0.26)	(0.25)
Return after operating charges*	(0.80)	3.25	3.57
Distributions	(1.53)	(1.48)	(1.78)
Closing net asset value per unit	50.23	52.56	50.79
* after direct transaction costs of:	0.00	0.00	0.00
<b>Performance</b>			
Return after charges	(1.52%)	6.40%	7.29%
<b>Other information</b>			
Closing net asset value (£'000)	–	1	1
Closing number of units	200	2,200	2,200
Operating charges	0.44%	0.50%	0.50%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest unit price	52.61	53.10	52.39
Lowest unit price	49.49	51.09	48.67

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Highest and Lowest prices are based on official published daily NAVs.

# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Comparative Tables

(Continued)

	2019 pence per unit	2018 pence per unit	2017 pence per unit
<b>Institutional A accumulation^</b>			
<b>Change in net assets per unit</b>			
Opening net asset value per unit	56.04	53.22	49.95
Return before operating charges*	(0.90)	3.57	4.26
Operating charges	(0.29)	(0.75)	(0.71)
Return after operating charges*	(1.19)	2.82	3.55
Distributions	(0.26)	(1.10)	(1.38)
Retained distributions on accumulation units*	0.26	1.10	1.10
Redemption Value of units at 21 June 2018	(54.85)	0.00	0.00
Closing net asset value per unit	0.00	56.04	53.22
* after direct transaction costs of:	0.00	0.00	0.00
<b>Performance</b>			
Return after charges	(2.13%)	5.30%	7.11%
<b>Other information</b>			
Closing net asset value (£'000)	–	1	1
Closing number of units	–	2,200	2,200
Operating charges	1.37%	1.37%	1.37%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices</b>			
Highest unit price	56.10	56.23	53.96
Lowest unit price	54.84	53.19	49.42

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^ Unit class closed on 21 June 2018

# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Portfolio Statement

as at 31 January 2019

Holding	Investment	Bid-market value £'000	Percentage of total net assets
<b>Bonds (80.85%)</b>		<b>157,906</b>	<b>85.35</b>
<b>Australian Dollar Denominated Bonds (2.73%)</b>		<b>3,513</b>	<b>1.90</b>
<b>Government Bonds (2.73%)</b>		<b>3,513</b>	<b>1.90</b>
between 5 and 10 years to maturity			
5,907,000	Australia (Commonwealth of) 3.25% 2025	3,513	1.90
<b>Canadian Dollar Denominated Bonds (0.95%)</b>		<b>-</b>	<b>-</b>
<b>Government Bonds (0.95%)</b>		<b>-</b>	<b>-</b>
<b>Euro Denominated Bonds (14.50%)</b>		<b>24,872</b>	<b>13.44</b>
<b>Corporate Bonds (14.50%)</b>		<b>24,872</b>	<b>13.44</b>
less than 5 years to maturity			
345,000	Altice 5.25% 2023	305	0.17
650,000	Arion Banki 1.625% 2021	567	0.31
800,000	Avantor 4.75% 2024	719	0.39
700,000	CaixaBank 1.125% 2023	601	0.33
3,250,000	Dexia Credit FRN 2019	2,829	1.53
1,311,000	Getlink 3.625% 2023	1,162	0.63
400,000	IHO Verwaltungs 3.25% 2023	342	0.18
530,000	Landsbankinn 1.375% 2022	454	0.25
500,000	Landsbankinn 1.625% 2021	438	0.24
460,000	MPT Operating Partnership 4% 2022	432	0.23
1,203,000	Platin 1426 5.375% 2023	976	0.53
1,060,000	Standard Chartered FRN 2023	907	0.49
850,000	Teva Pharmaceutical 0.375% 2020	733	0.40
550,000	UniCredit 6.95% 2022	545	0.29
between 5 and 10 years to maturity			
700,000	Bank of Ireland 4.25% 2024	615	0.33
700,000	CaixaBank 3.5% 2027	637	0.34
200,000	LGE 7.125% 2024	183	0.10
270,000	MPT Operating Partnership 3.325% 2025	239	0.13
370,000	Nidda Healthcare 3.5% 2024	314	0.17
802,000	Paprec 4% 2025	595	0.32
1,020,000	Quintiles IMS 3.5% 2024	912	0.49
1,185,000	Superior Industries 6% 2025	837	0.45
960,000	Teva Pharmaceutical 1.125% 2024	741	0.40
550,000	Unitymedia 3.75% 2027	498	0.27
800,000	Unitymedia 4% 2025	725	0.39



# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Portfolio Statement

(Continued)

Holding	Investment	Bid-market value £'000	Percentage of total net assets
<b>Corporate Bonds (continued)</b>			
between 10 and 15 years to maturity			
800,000	Bayer 2.125% 2029	693	0.37
greater than 25 years to maturity			
658,000	AXA 3.25% 2049	573	0.31
Perpetual			
1,400,000	Aareal Bank 7.625% fixed to floating Perpetual	1,254	0.68
1,100,000	ABN Amro 5.75% Perpetual	997	0.54
800,000	BBVA 6.75% Perpetual	715	0.39
1,000,000	CaixaSabadell Preference FRN Perpetual	765	0.41
1,100,000	Danske Bank 7.5% 2020	951	0.51
800,000	Telefonica 5.875% Perpetual	763	0.41
500,000	Telefonica FRN Perpetual	415	0.22
500,000	TOTAL 2.625% Perpetual	440	0.24
<b>Sterling Denominated Bonds (48.37%)</b>		<b>102,802</b>	<b>55.57</b>
<b>Corporate Bonds (47.34%)</b>		<b>98,240</b>	<b>53.10</b>
less than 5 years to maturity			
921,000	AA Bond 2.875% 2022	849	0.46
850,000	AIG 5% 2023	939	0.51
553,000	Arqiva 6.75% 2023	574	0.31
860,000	Asciano Finance 5% 2023	938	0.51
725,000	Barclays 10% 2021	836	0.45
500,000	Barclays 9.5% 2021	577	0.31
550,000	British American Tobacco 1.75% 2021	545	0.29
500,000	BUPA 3.375% 2021	519	0.28
320,000	BUPA 5% 2023	346	0.19
463,000	Citigroup 2.75% 2024	469	0.25
850,000	Close Brothers 3.875% 2021	885	0.48
500,000	Commerzbank 6.625% 2019	513	0.28
1,254,000	Credit Suisse 3% 2022	1,286	0.69
470,000	Daimler 2.375% 2021	474	0.26
1,800,000	Deutsche Bank 1.875% 2020	1,783	0.96
500,000	Digital Stout 4.75% 2023	545	0.29
650,000	E.ON Finance 6% 2019	671	0.36
200,000	Enel 6.25% 2019	203	0.11
1,000,000	First Hydro 9% 2021	1,169	0.63

# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Portfolio Statement

(Continued)

Holding	Investment	Bid-market value £'000	Percentage of total net assets
<b>Corporate Bonds (continued)</b>			
1,010,000	Friends Life 8.25% 2022	1,192	0.64
1,460,000	Global Switch 4.375% 2022	1,569	0.85
600,000	Intesa Sanpaolo 5.25% 2022	630	0.34
750,000	Intu (SGS) Finance 4.125% 2023	730	0.39
775,000	John Lewis 8.375% 2019	783	0.42
1,000,000	Lend Lease Europe 6.125% 2021	1,089	0.59
380,000	London Stock Exchange 9.125% 2019	400	0.22
560,000	MetLife Global Funding I 2.625% 2022	579	0.31
580,000	National Australia Bank 1.375% 2022	572	0.31
450,000	National Express 6.625% 2020	478	0.26
850,000	NatWest 6.5% 2021	936	0.51
400,000	Petróleos Mexicanos 8.25% 2022	440	0.24
1,300,000	RWE 5.625% 2023	1,514	0.82
254,000	Scania 1.875% 2022	249	0.13
270,000	SPI Australia Assets 5.125% 2021	287	0.16
960,000	Thames Water 2.375% 2023	931	0.50
900,000	Unique Pub Finance 6.452% 2021	330	0.18
1,580,000	Volkswagen Financial Services 1.75% 2022	1,540	0.83
740,000	Western Power 3.625% 2023	771	0.42
between 5 and 10 years to maturity			
400,000	AA Bond 6.269% 2025	400	0.22
330,000	Anheuser-Busch InBev 9.75% 2024	453	0.25
560,000	Annington Funding 2.646% 2025	551	0.30
1,000,000	APT Pipelines 4.25% 2024	1,084	0.59
775,000	Aroundtown 3.25% 2027	755	0.41
300,000	Arrow Global 5.125% 2024	279	0.15
750,000	Bank of Ireland 3.125% 2027	710	0.38
500,000	Bank of Scotland 4.875% 2024	586	0.32
1,350,000	Barclays 3.25% 2027	1,322	0.71
480,000	British American Tobacco 2.125% 2025	455	0.25
980,000	CYBG 5% 2026	961	0.52
690,000	Digital Stout 2.75% 2024	687	0.37
720,000	Enel 5.625% 2024	821	0.44
840,000	FirstGroup 6.875% 2024	966	0.52
300,000	Heathrow Funding 5.375% 2019	305	0.16
900,000	Heathrow Funding 7.125% 2024	1,084	0.59
576,000	HSBC 2.256% 2026	556	0.30
950,000	HSBC 2.625% 2028	929	0.50

# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Portfolio Statement

(Continued)

		Bid-market value £'000	Percentage of total net assets
Holding	Investment		
<b>Corporate Bonds (continued)</b>			
910,000	Intu Debenture 5.562% 2027	798	0.43
500,000	John Lewis 6.125% 2025	548	0.30
500,000	Lloyds Bank 4.875% 2027	606	0.33
700,000	Lloyds Banking Group 2.25% 2024	678	0.37
880,000	National Grid 2.125% 2028	841	0.45
285,000	Newday Funding 2018 FRN 2026	285	0.15
383,000	NewRiver REIT 3.5% 2028	366	0.20
560,000	Peel South East 10% 2026	773	0.42
600,000	RI Finance Bonds No 3 6.125% 2028	667	0.36
880,000	Royal Bank of Scotland 2.875% 2026	855	0.46
1,200,000	Saga 3.375% 2024	1,075	0.58
1,415,000	Santander UK Group 3.625% 2026	1,449	0.78
600,000	Society of Lloyd's 4.75% 2024	641	0.35
800,000	Spirit Issuer FRN 2027	356	0.19
630,000	Thames Water 7.75% 2019	632	0.34
250,000	Virgin Media 5% 2027	242	0.13
580,000	Virgin Media 5.5% 2025	529	0.29
270,000	Virgin Media 6% 2025	302	0.16
800,000	Volkswagen International Finance 3.375% 2026	805	0.43
600,000	Yorkshire Building Society 3.375% 2028	539	0.29
975,000	Yorkshire Building Society 4.125% 2024	986	0.53
between 10 and 15 years to maturity			
1,430,000	Anheuser-Busch InBev 2.25% 2029	1,341	0.72
510,000	AT&T 4.375% 2029	553	0.30
1,119,000	Barclays 3.25% 2033	1,029	0.56
600,000	BPCE 5.25% 2029	695	0.38
550,000	Broadgate Financing 5.098% 2035	595	0.32
400,000	Digital Stout Holding 3.3% 2029	392	0.21
1,225,000	Greene King FRN 2033	903	0.49
545,000	HSBC 5.375% 2033	657	0.36
1,000,000	HSBC Bank 5.375% 2030	1,145	0.62
829,000	Pension Insurance 5.625% 2030	817	0.44
699,000	Porterbrook Rail 4.625% 2029	774	0.42
651,000	Quadgas Finance 3.375% 2029	648	0.35
430,000	Rabobank 4.625% 2029	474	0.26
400,000	Telereal FRN 2033	376	0.20
900,000	Telereal Secured 4.01% 2033	736	0.40
400,000	Virgin Media 6.25% 2029	411	0.22

# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Portfolio Statement

(Continued)

Holding	Investment	Bid-market value £'000	Percentage of total net assets
<b>Corporate Bonds (continued)</b>			
between 15 and 25 years to maturity			
500,000	AT&T 4.875% 2044	567	0.31
470,000	Aviva 6.125% 2036	522	0.28
1,000,000	Aviva 6.625% fixed to floating 2041	1,087	0.59
797,000	Direct Line 9.25% 2042	944	0.51
600,000	Eversholt 6.697% 2035	759	0.41
1,000,000	Munich Re 6.625% fixed to floating 2042	1,137	0.61
856,000	QBE Insurance 6.115% 2042	922	0.50
330,000	RL Finance 6.125% fixed to floating 2043	365	0.20
600,000	RMPA Services 5.337% 2038	585	0.32
500,000	RWE 6.125% 2039	702	0.38
900,000	Southern Water 4.5% 2038	975	0.53
500,000	Tesco 5.744% 2040	567	0.31
290,000	Tesco 7.6227% 2039	345	0.19
450,000	Thames Water 5.125% 2037	555	0.30
greater than 25 years to maturity			
311,000	America Movil 6.375% fixed to floating 2073	328	0.18
600,000	Aviva FRN 2049	582	0.31
500,000	AXA 5.625% 2054	550	0.30
1,000,000	Dignity 4.6956% 2049	890	0.48
600,000	EDF 6% 2114	816	0.44
435,000	Finsbury Square 2018-2 FRN 2068	431	0.23
353,000	Paragon 2.08044% 2050	335	0.18
836,000	RMAC 1.54306% 2046	752	0.41
230,000	SSE 3.625% 2077	223	0.12
664,000	Tolkien Funding Sukuk 1.43283% 2052	584	0.32
900,000	Vodafone 3% 2056	745	0.40
550,000	Vodafone 3.375% 2049	496	0.27
528,000	Vodafone 4.875% FRN 2078	506	0.27
Perpetual			
900,000	Assicurazioni Generali 6.416% fixed to floating Perpetual	915	0.49
600,000	Aviva 5.9021% fixed to floating Perpetual	618	0.33
1,150,000	AXA 6.772% fixed to floating Perpetual	1,184	0.64
850,000	Bank of Scotland 7.281% Perpetual	1,013	0.55
950,000	CYBG 8% Perpetual	876	0.47
800,000	Direct Line 4.75% Perpetual	649	0.35
400,000	EDF 5.875% fixed to floating Perpetual	385	0.21

# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Portfolio Statement

(Continued)

Holding	Investment	Bid-market value £'000	Percentage of total net assets
<b>Corporate Bonds (continued)</b>			
800,000	Lloyds Bank 13% fixed to floating Perpetual	1,314	0.71
1,514,000	Lloyds Banking Group 7% fixed to floating Perpetual	1,521	0.82
950,000	Nationwide Building Society 6.875% Perpetual	959	0.52
1,010,000	Orange 5.75% fixed to floating Perpetual	1,073	0.58
1,140,000	Pennon 2.875% Perpetual	1,140	0.62
400,000	RWE 7% fixed to floating Perpetual	402	0.22
450,000	SSE 3.875% fixed to floating Perpetual	450	0.24
900,000	Virgin Money FRN Perpetual	907	0.49
<b>Government Bonds (1.03%)</b>		<b>4,562</b>	<b>2.47</b>
between 5 and 10 years to maturity			
320,000	UK (Govt of) 2% 2025	341	0.18
between 15 and 25 years to maturity			
900,000	UK (Govt of) 4.25% 2036	1,258	0.68
greater than 25 years to maturity			
1,277,000	UK (Govt of) 1.625% 2071	1,285	0.70
1,668,000	UK (Govt of) 1.75% 2049	1,678	0.91
<b>US Dollar Denominated Bonds (14.30%)</b>		<b>26,719</b>	<b>14.44</b>
<b>Corporate Bonds (12.98%)</b>		<b>17,902</b>	<b>9.67</b>
less than 5 years to maturity			
700,000	First Quantum Minerals 7% 2021	531	0.29
413,793	IHO Verwaltungs 4.125% 2021	308	0.17
900,000	Liquid Telecommunications 8.5% 2022	698	0.38
700,000	Marfrig Holdings Europe 8% 2023	550	0.30
1,475,000	NXP 3.875% 2022	1,119	0.60
800,000	Shimao Property 8.375% 2022	636	0.34
300,000	Valeant Pharmaceuticals 6.5% 2022	236	0.13
1,500,000	Vedanta Resources 6.375% 2022	1,103	0.60
between 5 and 10 years to maturity			
1,500,000	CCO 5.125% 2027	1,103	0.60
790,000	Cemex 7.75% 2026	651	0.35
900,000	Charter Communications 4.908% 2025	704	0.38
650,000	CSC Holdings 10.875% 2025	570	0.31

# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Portfolio Statement

(Continued)

		Bid-market value £'000	Percentage of total net assets
<b>Corporate Bonds (continued)</b>			
1,150,000	Danske Bank 5.375% 2024	887	0.48
1,133,000	First Quantum Minerals 6.875% 2026	781	0.42
1,100,000	Lennar 4.75% 2027	793	0.43
157,000	MPT Operating Partnership 5.25% 2026	120	0.06
580,000	SPCM 4.875% 2025	421	0.23
349,000	Syngenta Finance 4.892% 2025	260	0.14
600,000	Tullow Oil 7% 2025	444	0.24
874,000	Vector 6.125% 2025	582	0.31
greater than 25 years to maturity			
1,230,000	Energy Transfer Partners 6.125% 2045	964	0.52
Perpetual			
773,000	Credit Agricole 7.875% Perpetual	617	0.33
800,000	HBOS Capital Funding 6.85% Perpetual	613	0.33
950,000	HSBC 6% Perpetual	695	0.38
388,000	HSBC 6.875% Perpetual	307	0.16
745,000	RBS Capital Trust FRN 2049 Preference Share Perpetual	677	0.36
750,000	Societe Generale 7.875% Perpetual	589	0.32
1,191,000	UBS 7.125% Perpetual	943	0.51
<b>Government Bonds (1.32%)</b>		<b>8,817</b>	<b>4.77</b>
less than 5 years to maturity			
2,834,500	US Treasury 2.5% 2023	2,160	1.17
greater than 25 years to maturity			
7,621,300	US Treasury 1.375% Index-Linked 2044	6,657	3.60
<b>Collective Investment Schemes (12.40%)</b>		<b>19,540</b>	<b>10.56</b>
1,082,808	SLI Emerging Market Debt Unconstrained +	11,212	6.06
440,364	SLI European High Yield Bond SICAV +	8,328	4.50
<b>Derivatives (1.63%)</b>		<b>(206)</b>	<b>(0.11)</b>
<b>Credit Default Swaps (-0.17%)</b>		<b>(230)</b>	<b>(0.12)</b>
EUR 3,000,000	Buy iTraxx Europe Series 30 20/12/2023 0%	(230)	(0.12)

# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Portfolio Statement

(Continued)

Holding	Investment	Bid-market value £'000	Percentage of total net assets
<b>Forward Currency Contracts (1.56%)</b>		<b>195</b>	<b>0.11</b>
	Buy CAD 6,681,327 Sell GBP 3,915,978 19/02/2019	(50)	(0.03)
	Buy EUR 99,350 Sell GBP 88,533 19/02/2019	(2)	–
	Buy EUR 691,256 Sell GBP 615,601 19/02/2019	(12)	(0.01)
	Buy EUR 967,036 Sell GBP 864,737 19/02/2019	(21)	(0.01)
	Buy EUR 1,098,323 Sell GBP 994,945 19/02/2019	(36)	(0.02)
	Buy EUR 1,100,000 Sell GBP 992,510 19/02/2019	(32)	(0.02)
	Buy EUR 1,175,613 Sell GBP 1,027,728 19/02/2019	(2)	–
	Buy GBP 3,475,732 Sell AUD 6,268,723 19/02/2019	3	–
	Buy GBP 38,950 Sell CAD 66,625 19/02/2019	–	–
	Buy GBP 83,544 Sell CAD 141,957 19/02/2019	1	–
	Buy GBP 3,759,444 Sell CAD 6,472,744 19/02/2019	15	0.01
	Buy GBP 315,040 Sell EUR 349,211 19/02/2019	10	0.01
	Buy GBP 605,372 Sell EUR 678,239 19/02/2019	13	0.01
	Buy GBP 648,353 Sell EUR 720,616 19/02/2019	19	0.01
	Buy GBP 36,318,020 Sell EUR 41,508,178 19/02/2019	89	0.05
	Buy GBP 45,973 Sell USD 58,227 19/02/2019	2	(0.01)
	Buy GBP 82,325 Sell USD 105,507 19/02/2019	2	–
	Buy GBP 271,729 Sell USD 349,401 19/02/2019	6	–
	Buy GBP 439,012 Sell USD 562,733 19/02/2019	12	0.01
	Buy GBP 621,712 Sell USD 805,879 19/02/2019	10	0.01
	Buy GBP 625,002 Sell USD 805,879 19/02/2019	13	0.01
	Buy GBP 1,851,804 Sell USD 2,349,788 19/02/2019	67	0.04
	Buy GBP 2,128,079 Sell USD 2,783,499 19/02/2019	14	0.01
	Buy GBP 2,187,596 Sell USD 2,813,835 19/02/2019	51	0.03
	Buy GBP 2,566,811 Sell USD 3,357,354 19/02/2019	17	0.01
	Buy GBP 22,086,475 Sell USD 28,888,808 19/02/2019	146	0.08
	Buy USD 213,769 Sell GBP 168,394 19/02/2019	(6)	–
	Buy USD 233,982 Sell GBP 181,349 19/02/2019	(4)	–
	Buy USD 415,521 Sell GBP 319,717 19/02/2019	(4)	–
	Buy USD 621,563 Sell GBP 480,928 19/02/2019	(9)	–
	Buy USD 700,000 Sell GBP 544,559 19/02/2019	(13)	(0.01)
	Buy USD 732,354 Sell GBP 569,463 19/02/2019	(13)	(0.01)
	Buy USD 806,199 Sell GBP 621,719 19/02/2019	(9)	(0.01)
	Buy USD 845,419 Sell GBP 657,648 19/02/2019	(16)	(0.01)
	Buy USD 1,100,000 Sell GBP 870,086 19/02/2019	(35)	(0.02)
	Buy USD 1,590,526 Sell GBP 1,239,280 19/02/2019	(31)	(0.02)

# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Portfolio Statement

(Continued)

Holding	Investment	Bid-market value £'000	Percentage of total net assets
<b>Futures (0.31%)</b>		<b>(553)</b>	<b>(0.30)</b>
132	Long Australian 10Year Bond Future 15/03/2019	165	0.09
46	Long Canadian 10Year Bond Future 20/03/2019	136	0.07
88	Long US 10Year Note Future 20/03/2019	128	0.07
(67)	Short Euro Buxl 30 Year Future 07/03/2019	(536)	(0.29)
(99)	Short Euro-Bobl Future 07/03/2019	(236)	(0.13)
(161)	Short Euro-Bobl Future 07/03/2019	(110)	(0.06)
(132)	Short Long Gilt Future 27/03/2019	(100)	(0.05)
<b>Inflation swaps (0.03%)</b>		<b>114</b>	<b>0.06</b>
USD 1,440,000	Pay fixed 1.845% receive floating USDCPI 14/07/2046	95	0.05
EUR 5,100,000	Pay floating CPTFEMU receive fixed 1.435% 15/03/2027	73	0.04
GBP 3,090,000	Pay floating UKRPI receive fixed 3.348% 15/10/2027	(25)	(0.01)
GBP 10,900,000	Pay floating UKRPI receive fixed 3.3475% 15/01/2024	(29)	(0.02)
<b>Interest Rate Swaps (-0.12%)</b>		<b>268</b>	<b>0.14</b>
EUR 5,200,000	Pay fixed 0.864% receive floating EURIBOR 22/03/2027	(180)	(0.10)
SEK 17,475,000	Pay fixed 1.4175% receive floating SEK-STIBOR 08/07/2029	(47)	(0.03)
SEK 34,950,000	Pay fixed 1.4225% receive floating SEK-STIBOR 09/07/2029	(93)	(0.05)
SEK 17,475,000	Pay fixed 1.455% receive floating SEK-STIBOR 09/07/2029	(52)	(0.03)
CAD 6,700,000	Pay floating CAD-BA-CDOR receive fixed 2.1625% 07/09/2023	(6)	-
CAD 16,400,000	Pay floating CAD-BA-CDOR receive fixed 2.5875% 25/01/2024	171	0.09
EUR 3,360,000	Pay floating EURIBOR receive fixed 1.0785% 09/07/2029	95	0.05
EUR 1,680,000	Pay floating EURIBOR receive fixed 1.0825% 08/07/2029	48	0.03
EUR 1,680,000	Pay floating EURIBOR receive fixed 1.1075% 09/07/2029	52	0.03
EUR 13,500,000	Pay floating EURIBOR receive fixed 1.369% 23/06/2027	280	0.15
<b>Total investment assets and liabilities</b>		<b>177,240</b>	<b>95.80</b>
Net other assets		7,763	4.20
<b>Total Net Assets</b>		<b>185,003</b>	<b>100.00</b>

+Managed by subsidiaries of Standard Life Aberdeen plc

All investments are listed on recognised stock exchanges and are approved securities, or approved derivatives within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 31 January 2018.



# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Portfolio Statement

(Continued)

Market  
value  
£'000

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#### Reconciliation of assets and liabilities to the balance sheet

Investment assets as per the Balance Sheet	175,794
Investment liabilities	(1,940)
Net investment assets	173,854
Net other assets	11,149
<b>Total Net Assets</b>	<b>185,003</b>

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# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Financial Statements

#### Statement of Total Return

for the year ended 31 January 2019

		2019		2018	
	Notes	£'000	£'000	£'000	£'000
Income:					
Net capital (losses)/gains	3		(9,254)		6,408
Revenue	5	7,015		6,397	
Expenses	6	(629)		(621)	
Interest payable and similar charges	7	(75)		(62)	
Net revenue before taxation		6,311		5,714	
Taxation	8	(7)		–	
Net revenue after taxation			6,304		5,714
<b>Total return before distributions</b>			(2,950)		12,122
Distributions	9		(6,304)		(5,714)
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>(9,254)</b>		<b>6,408</b>

#### Statement of Change in Net Assets Attributable to Unitholders

for the year ended 31 January 2019

		2019		2018	
		£'000	£'000	£'000	£'000
<b>Opening net assets attributable to unitholders</b>			196,163		183,737
Amounts receivable on the issue of units		9,756		21,466	
Amounts payable on the cancellation of units		(16,975)		(20,252)	
			(7,219)		1,214
Dilution adjustment			(11)		–
Change in net assets attributable to unitholders from investment activities (see above)			(9,254)		6,408
Retained distribution on accumulation units			5,324		4,804
<b>Closing net assets attributable to unitholders</b>			<b>185,003</b>		<b>196,163</b>

# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Financial Statements

(Continued)

#### Balance Sheet

as at 31 January 2019

		2019		2018	
	Notes	£'000	£'000	£'000	£'000
<b>Assets:</b>					
Fixed assets:					
Investment assets			175,794		187,680
Current assets:					
Debtors	10	2,315		3,399	
Cash and bank balances	11	6,379		2,705	
Cash equivalents	12	3,386		7,883	
			12,080		13,987
Total assets			187,874		201,667
<b>Liabilities:</b>					
Investment liabilities			(1,940)		(1,608)
Creditors	13	(545)		(1,010)	
Bank overdrafts		(176)		(2,671)	
Distribution payable		(210)		(215)	
			(931)		(3,896)
Total liabilities			(2,871)		(5,504)
<b>Net assets attributable to unitholders</b>			<b>185,003</b>		<b>196,163</b>

# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Notes to the Financial Statements

#### 1 Accounting Policies

##### (a) Basis of Preparation

- I The financial statements have been prepared on a going concern basis in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Management Association (IMA) in May 2014.
- II The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments in compliance with FRS102, and in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook.

##### (b) Valuation of Investments

- I The listed investments of the Trust have been valued at bid price at the close of business on the reporting date. Collective investment schemes are valued at the last available authorised price on the last business day of the reporting period. Unquoted investments are valued based on the Manager's opinion of fair value, the intention of which is to estimate market value.
- II Any open positions in derivative contracts or forward foreign currency transactions at the year end are included in the balance sheet at their mark to market value.
- III The money market instruments of the Trust have been valued on a fair value basis. Term deposits are stated at their Sterling equivalent of nominal value.

##### (c) Foreign Exchange

- I Assets and liabilities in foreign currencies are translated into Sterling at the exchange rates ruling on the reporting date.
- II Income in foreign currencies is translated into Sterling at the exchange rates ruling when the income is received.

##### (d) Revenue

- I Dividend revenue is recognised when the securities are first quoted on an ex-dividend basis.
- II Distributions from collective investment schemes are recognised when they are first quoted on an exdividend basis.
- III Interest from fixed interest securities, interest rate swaps and short-term deposits is recognised on a daily accruals basis.
- IV Where stocks are received in lieu of cash dividends the value of that dividend is recognised in the gross revenue of the Trust. Where enhanced scrip dividends are received the value of the enhancement is not recognised as revenue within the Trust but is recognised in capital. Any ordinary element of scrip dividends received is treated as revenue and will form part of the distribution.
- V Revenue from debt securities is accounted for on an effective yield basis in accordance with policy 2(b).
- VI Special dividends are treated as either revenue or capital depending on the nature of each individual case.
- VII Equalisation from collective investment scheme distributions is treated as a return of capital, within the Trust.
- VIII The Trust receives rebates from collective investment schemes in which it invests, in respect of any charges already borne by those collective investment schemes. These rebates are treated as income.

##### (e) Expenses

The Manager's periodic charge is charged to the income property of the Trust. Handling charges are borne by the capital property of the Trust for distribution purposes.

##### (f) Taxation

Withholding tax on accrued overseas dividends is netted off against accrued revenue in the debtors note. The tax charge relating to the movement in withholding tax on accrued overseas dividends is disclosed as current tax.

# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Notes to the Financial Statements

(Continued)

#### 1 Accounting Policies (continued)

##### (g) Derivatives

The Trust may enter into permitted transactions such as derivative contracts or forward foreign currency transactions.

The treatment of the returns from derivatives depends upon the nature of the transaction. Both motives and circumstances are used to determine whether returns should be treated as capital or revenue. Where positions are undertaken to protect or enhance capital, and the circumstances support this, the returns are capital. Similarly where they are for generating or protecting revenue, and the circumstances support this, the returns are revenue.

##### (h) Dilution

In certain circumstances the Manager may apply a dilution adjustment on subscriptions and redemptions of units. If applied, the dilution adjustment is paid to the Trust. See Prospectus for further details.

##### (i) Unit Class Allocation

Revenue and non unit class specific expenses are allocated daily, pro rata to the net asset value of assets attributable to each unit class. Unit class specific expenses are allocated based on the rates as stated in the Prospectus; the Ongoing Charges Figure disclosed within this annual report and financial statements shows the impact of the different rates of unit class specific expenses. Tax is calculated daily at a unit class level; where one unit class is in a tax paying position but the Trust as a whole is not, a transfer is made to the other classes to compensate for this.

##### (j) Unit holders rights

All unit classes have the same rights on winding-up.

#### 2 Distribution Policies

##### (a) Basis of distribution

The distribution is calculated at a unit class level as per the unit class allocation accounting policy. All of the net revenue available for distribution at the end of the year will be distributed or reinvested in the Trust.

##### (b) Effective Yield

- I The Trust applies the concept of effective yield in daily pricing and for the periodic distribution of income, in accordance with the IMA SORP of May 2014.
- II Effective yield as defined by the IMA SORP, is an income calculation that takes into account amortisation of any discount or premium on the purchase price over the remaining life of the security.
- III Applying effective yield to the revenue calculation may result in either higher or lower revenue than would be recognised on a coupon basis. Where the Trust holds bonds mainly purchased at a discount to their par value, revenue is likely to be higher. Where the Trust holds bonds mainly purchased at a premium, revenue is likely to be lower. This will affect the distributions of the Trust.

##### (c) Equalisation

In order that each unitholder in the same unit class shall receive the same rate of distribution per unit the buying price of each unit contains an amount called equalisation. This is equivalent to the net of distributable income less expenses accrued in the Trust at the time of purchase. As part of the distribution payment the average amount of this equalisation is returned to Group 2 unitholders. The equalisation element of the distribution to Group 2 unitholders is treated as a repayment of capital and is therefore not liable to income tax. This amount should, however, be deducted from the cost of the units for capital gains tax purposes.

# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Notes to the Financial Statements

(Continued)

#### 3 Net Capital (Losses)/Gains

	2019 £'000	2018 £'000
Non-derivative securities*	(5,239)	2,253
Derivative contracts	(1,559)	476
Forward currency contracts	(2,389)	3,713
Other losses	(50)	(15)
Handling charges taken from the capital account	(17)	(19)
Net capital (losses)/gains	(9,254)	6,408
The above includes*		
Realised gains	1,322	5,413
Unrealised losses	(6,561)	(3,160)
	(5,239)	2,253

\* where realised gains include gains/losses arising in previous periods, a corresponding loss/gain is included in unrealised gains.

#### 4 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of bonds, collective investment schemes and derivatives during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Trusts that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

Bonds are dealt on a spread agreed between buyer and seller with reference to the expected cashflows and current credit profiles.

Derivatives are dealt on a spread agreed between buyer and seller with reference to the underlying investment.

During the year the total purchases and sales across different major asset classes are as per below table.

	2019 £'000	2018 £'000
<b>Purchase</b>		
Bonds	68,671	102,922
Collective investment schemes	–	3,007
<b>Sales</b>		
Bonds	64,529	99,130
Equities	–	1,075
Collective investment schemes	3,932	–

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.59% (2018: 0.58%), this is representative of the average spread on the assets held during the year.

# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Notes to the Financial Statements

(Continued)

#### 5 Revenue

	2019 £'000	2018 £'000
Overseas dividends	–	12
Interest distributions	586	–
Interest on debt securities	6,397	6,362
Bank interest	32	23
Total revenue	7,015	6,397

#### 6 Expenses

	2019 £'000	2018 £'000
<b>Payable to the Manager, associates of the Manager and agents of either of them:</b>		
Manager's periodic charge	439	430
Dealing charge	5	6
Registration fees	132	132
	576	568
<b>Payable to the Trustee or associates of the Trustee, and agents of either of them:</b>		
Trustee fees	28	30
Safe custody fee	12	11
	40	41
<b>Other:</b>		
Audit fee	13	12
Total expenses	629	621

#### 7 Interest Payable and Similar Charges

	2019 £'000	2018 £'000
Interest payable	7	10
Derivative expense	68	52
Total interest payable & similar charges	75	62

# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Notes to the Financial Statements

(Continued)

#### 8 Taxation

	2019 £'000	2018 £'000
<b>(a) Analysis of charge in year</b>		
Overseas taxes	7	–
Total current tax	7	–

#### (b) Factors affecting current tax charge for the year

The tax assessed for the year is less than the standard rate of corporation tax in the UK for authorised Unit Trusts (20%). The differences are explained below:

Net revenue before taxation	6,311	5,714
Corporation tax at 20% (2018: 20%)	1,262	1,143
Effects of:		
Revenue not subject to taxation	–	(2)
Overseas taxes	7	–
Overseas tax expensed	(1)	–
Distributions treated as tax deductible	(1,261)	(1,141)
Total tax charge for year (note 8a)	7	–

Authorised Unit Trusts are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

#### 9 Distributions

The distributions takes account of income received on the issue of units and income deducted on the cancellation of units and comprise:

	2019 £'000	2018 £'000
First interim distribution	1,400	1,488
Second interim distribution	2,106	1,462
Third interim distribution	1,423	1,392
Final distribution	1,348	1,366
	6,277	5,708
Add: Income deducted on cancellation of units	58	79
Deduct: Income received on issue of units	(31)	(73)
Net distribution for the year	6,304	5,714

Details of the distribution per unit are set out in this Trust's distribution tables.



# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Notes to the Financial Statements

(Continued)

#### 10 Debtors

	2019	2018
	£'000	£'000
Amounts receivable from the Manager for the issue of units	17	135
Sales awaiting settlement	–	965
Accrued revenue	2,298	2,257
United Kingdom income tax recoverable	–	42
Total debtors	2,315	3,399

#### 11 Cash and Bank Balances

	2019	2018
	£'000	£'000
Amounts held at futures clearing houses and brokers	1,487	807
Cash and bank balances	4,892	1,898
Cash overdrafts at broker	(176)	(2,671)
Total cash and bank balances	6,203	34

#### 12 Cash Equivalents

	2019	2018
	£'000	£'000
Term Deposits with original maturity of less than 3 months	3,386	7,883
Total cash equivalents	3,386	7,883

#### 13 Creditors

	2019	2018
	£'000	£'000
Amounts payable to the Manager for cancellation of units	480	30
Purchases awaiting settlement	–	913
Accrued expenses payable to the Manager	45	48
Accrued expenses payable to the Trustee or associates of the Trustee	2	7
Other accrued expenses	18	12
Total creditors	545	1,010

# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Notes to the Financial Statements

(Continued)

#### 14 Related Party Transactions

Aberdeen Standard Fund Managers Limited, as Manager, is a related party and acts as principal in respect of all transactions of units in the Trust.

The aggregate monies received through issue and paid on cancellation of units are disclosed in the statement of change in net assets attributable to unitholders.

Any amounts due from or due to Aberdeen Standard Fund Managers Limited at the end of the accounting year are disclosed in notes 10 and 13.

Amounts payable to Aberdeen Standard Fund Managers Limited, in respect of periodic charge and registration services, are disclosed in note 6 and any amounts due at the year end in note 13.

#### 15 Units in issue reconciliation

	Opening units 2018	Creations during the year	Cancellations during the year	Conversions during the year	Closing units 2019
Retail accumulation	3,620,829	66,477	(590,012)	–	3,097,294
Institutional accumulation	54,969,324	8,886,135	(8,505,587)	(5,093)	55,344,779
Retail income	1,410,458	57,869	(312,528)	–	1,155,799
Institutional income	3,098,456	8,065	(498,390)	–	2,608,131
Standard Life income	35,759,521	–	(2,000)	–	35,757,521
Standard Life accumulation	110,695,345	497,081	(4,670,121)	–	106,522,305
Platform 1 accumulation	12,680,132	1,745,538	(5,850,841)	6,788	8,581,617
Platform 1 income	1,641,677	121,530	(298,130)	–	1,465,077
Institutional S accumulation	2,200	–	(2,000)	–	200
Institutional S income	2,200	–	(2,000)	–	200
Institutional A accumulation	2,200	–	(2,200)	–	–

#### 16 Fair Value Hierarchy

	2019 £'000	2019 £'000	2019 £'000	2018 £'000	2018 £'000	2018 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Bonds	13,379	144,527	–	6,462	152,112	–
Collective Investment Schemes	–	19,540	–	–	24,329	–
Derivatives	429	1,304	–	1,066	3,750	–
Total investment assets	13,808	165,371	–	7,528	180,191	–
Derivatives	(982)	(957)	–	(472)	(1,136)	–
Total investment liabilities	(982)	(957)	–	(472)	(1,136)	–

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Notes to the Financial Statements

(Continued)

#### 17 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Trust may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Trust's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

##### (a) Market price risk

Each Trust's investment portfolio is exposed to market price fluctuation which are monitored by the Trust Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

In the current market conditions certain securities have become difficult to price. For these securities, reliance has therefore been placed on single broker prices. This has not resulted in any adjustment to the financial statements.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Trust.

Value at Risk (VaR) is a measure of the maximum potential loss to the Trust due to market risk. More particularly, VaR measures the maximum potential loss at a given confidence level (probability) over a specific time period under normal market conditions.

2019	Minimum	Maximum	Average
VaR 99% 1 Month	1.18%	1.63%	1.40%
2018	Minimum	Maximum	Average
VaR 99% 1 Month	1.44%	1.86%	1.65%

At the year end date, there was a 1% chance of the portfolio value falling (or rising) more than 1.23%, £2,138,000 (2018: 1.59%, £2,959,000 ) in one month period.

This calculation is generally determined by the use of an industry recognised medium term risk model, typically based on 3-5 year history. The method assumes normal market conditions and that the portfolio remains unchanged.

##### (b) Foreign currency risk

A proportion of the net assets of the Trust are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Trust Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Trust does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Notes to the Financial Statements

(Continued)

#### 17 Risk Management Policies & Numerical Disclosures (continued)

##### Currency exposure

An increase or decrease in a particular foreign currency exchange rate will have a proportionate effect on the value of the Trust. The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets/(liabilities)	
	2019	2018
	£'000	£'000
Australian Dollar	237	(166)
Canadian Dollar	302	(117)
Euro	(228)	1,857
Swedish Krona	(193)	–
US Dollar	1,173	268

##### (c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Trust Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

Bond yields are affected by market and economic conditions, including inflation rates and government policy. An analysis of the interest rates and maturity of bond listings is detailed below.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Trust also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Trust). A decline in interest rates will, in general, have the opposite effect.

The interest rate risk profile of the Trust's financial assets and liabilities is:

	Floating rate financial assets/ (liabilities) £'000	Fixed rate financial assets £'000	Financial assets/ (liabilities) not carrying interest £'000	Total £'000
<b>2019</b>				
<b>Currency</b>				
UK Sterling	47,745	71,124	64,788	183,712
Australian Dollar	2	3,513	(3,278)	237
Canadian Dollar	166	–	136	302
Euro	21,341	12,490	(34,059)	(228)
Swedish Krona	–	(193)	–	(193)
US Dollar	5,109	22,678	(26,614)	1,173
<b>2018</b>				
<b>Currency</b>				
UK Sterling	28,573	72,438	93,310	194,321
Australian Dollar	–	5,361	(5,527)	(166)
Canadian Dollar	–	1,761	(1,878)	(117)
Euro	8,952	21,072	(28,167)	1,857
US Dollar	5,197	22,990	(27,919)	268

# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Notes to the Financial Statements

(Continued)

#### 17 Risk Management Policies & Numerical Disclosures (continued)

##### (d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Trust. In certain circumstances, the Trust Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Trust would be deliberately taking credit risk in order to seek additional rewards.

	Bid market value 2019 £'000	Bid market value 2018 £'000
<b>Credit Rating Analysis</b>		
Investment Grade Bonds	128,211	113,419
Below Investment Grade Bonds	17,128	14,359
Unrated Bonds	12,567	30,796
Total Value of Bonds	157,906	158,574

##### (e) Financial Derivatives Instrument Risk

At the year end the Trust held derivatives for the purposes of efficient portfolio management or to meet the Trust's investment objectives. These types of transaction can introduce market exposure greater than the market value of the instrument. These transactions exchange benefits with a third party at a future date creating both counterparty and concentration risk. The Investment Adviser's policies for managing these risks are outlined in the Trust's prospectus.

At the balance sheet date the Trust had the following exposures:

	2019 £'000	2018 £'000
<b>Market Exposure</b>		
Credit Default Swaps	2,582	2,660
Forward Currency Contracts	91,518	124,059
Futures	81,770	72,446
Inflation Swaps	19,533	45,340
Interest Rate Swaps	41,418	38,252
<b>Total Market Exposure</b>	236,821	282,757

The total market exposure is the sum of the notional derivative contracts on a gross basis with no offsetting.

##### Counterparty Exposure

Derivative instruments involve an agreement to exchange a benefit at a future date. This introduces counterparty risk where an agreement is bilateral (between two parties) and concentration risk where a clearing broker operates on an exchange. Where the counterparty or clearing broker is not solvent the market exposure obtained would be lost.

Exposure is reduced by the exchange of margin on a daily basis for cleared derivatives and by the collateral held/pledged on a bilateral transaction.

# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Notes to the Financial Statements

(Continued)

#### 17 Risk Management Policies & Numerical Disclosures (continued)

	2019			2018		
	Collateral (held)/ pledged £'000	Margin at clearing broker £'000	Market value of derivatives £'000	Collateral (held)/ pledged £'000	Margin at clearing broker £'000	Market value of derivatives £'000
<b>Counterparty or clearer</b>						
Bank of America Merrill Lynch	–	–	(553)	500	–	594
Barclays	–	–	–	(13)	–	(371)
BNP Paribas	–	–	2	(148)	–	208
Citigroup	(114)	–	460	(340)	–	350
Credit Agricole	–	–	–	–	–	1
Deutsche Bank	–	–	(227)	–	–	–
Goldman Sachs	–	–	(2)	–	–	48
HSBC	–	–	–	(2,017)	–	2,279
JP Morgan	–	–	(64)	–	–	–
Lloyds TSB	–	–	(21)	–	–	–
Merrill Lynch	14	–	–	–	–	(2)
Morgan Stanley	–	–	–	–	–	(41)
NatWest Markets PLC	(110)	–	85	–	–	–
Nomura	–	–	(34)	–	–	–
Royal Bank of Canada	–	–	166	–	–	(131)
Royal Bank of Scotland	–	–	–	–	–	(37)
Societe Generale	–	–	(45)	–	–	(3)
State Street	–	–	(31)	(110)	–	129
UBS	(143)	–	58	(144)	–	146
<b>Total</b>	<b>(353)</b>	<b>–</b>	<b>(206)</b>	<b>(2,272)</b>	<b>–</b>	<b>3,170</b>

Margin exchanged or collateral held or pledged is in the form of high quality liquid assets e.g. cash/gilts. Positions are fully collateralised at all times. Restrictions are placed on the right of either party to reuse collateral assets.

#### (f) Liquidity risk

The Trust's assets comprise mainly readily realisable securities. The main liabilities of the Trust are the redemption of any units that investors wish to sell and the settlement of stock purchases. The Trust Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Trust Manager will sell securities.

# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Distribution Tables

#### for the three months ended 30 April 2018

Group 1 – units purchased prior to 1 February 2018

Group 2 – units purchased between 1 February 2018 and 30 April 2018

	Net Income 2018 pence per unit	Equalisation 2018 pence per unit	Distribution paid 2018 pence per unit	Distribution paid 2017 pence per unit
<b>Retail accumulation</b>				
Group 1	0.4341	–	0.4341*	0.4803
Group 2	0.2162	0.2179	0.4341*	0.4803
<b>Institutional accumulation</b>				
Group 1	0.5512	–	0.5512*	0.5942
Group 2	0.3111	0.2401	0.5512*	0.5942
<b>Retail income</b>				
Group 1	0.3451	–	0.3451**	0.3911
Group 2	0.0829	0.2622	0.3451**	0.3911
<b>Institutional income</b>				
Group 1	0.4182	–	0.4182**	0.4635
Group 2	0.3565	0.0617	0.4182**	0.4635
<b>Standard Life income</b>				
Group 1	0.5380	–	0.5380**	0.5828
Group 2	0.5380	–	0.5380**	–
<b>Standard Life accumulation</b>				
Group 1	0.7218	–	0.7218*	0.7573
Group 2	0.5040	0.2178	0.7218*	0.7573
<b>Platform 1 accumulation</b>				
Group 1	0.4056	–	0.4056*	0.4381
Group 2	0.1764	0.2292	0.4056*	0.4381
<b>Platform 1 income</b>				
Group 1	0.3413	–	0.3413**	0.3792
Group 2	0.1127	0.2286	0.3413**	0.3792
<b>Institutional S accumulation</b>				
Group 1	0.4250	–	0.4250*	0.4400
Group 2	0.4250	–	0.4250*	–

# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Distribution Tables

(Continued)

#### for the three months ended 30 April 2018 (continued)

	Net Income 2018 pence per unit	Equalisation 2018 pence per unit	Distribution paid 2018 pence per unit	Distribution paid 2017 pence per unit
<b>Institutional S income</b>				
Group 1	0.3636	–	0.3636**	0.3950
Group 2	0.3636	–	0.3636**	–
<b>Institutional A accumulation</b>				
Group 1	0.2636	–	0.2636*	0.2936
Group 2	0.2636	–	0.2636*	–

\* Distribution accumulated on 30 April 2018

\*\* Distribution paid on 30 June 2018

#### for the three months ended 31 July 2018

Group 1 – units purchased prior to 1 May 2018

Group 2 – units purchased between 1 May 2018 and 31 July 2018

	Net Income 2018 pence per unit	Equalisation 2018 pence per unit	Distribution paid 2018 pence per unit	Distribution paid 2017 pence per unit
<b>Retail accumulation</b>				
Group 1	0.7345	–	0.7345*	0.4514
Group 2	0.5068	0.2277	0.7345*	0.4514
<b>Institutional accumulation</b>				
Group 1	0.8685	–	0.8685*	0.5713
Group 2	0.5800	0.2885	0.8685*	0.5713
<b>Retail income</b>				
Group 1	0.5812	–	0.5812**	0.3645
Group 2	0.3399	0.2413	0.5812**	0.3645
<b>Institutional income</b>				
Group 1	0.6549	–	0.6549**	0.4398
Group 2	0.5464	0.1085	0.6549**	0.4398
<b>Standard Life income</b>				
Group 1	0.7778	–	0.7778**	0.5649
Group 2	0.7778	–	0.7778**	–



# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Distribution Tables

(Continued)

#### for the three months ended 31 July 2018 (continued)

	Net Income 2018 pence per unit	Equalisation 2018 pence per unit	Distribution paid 2018 pence per unit	Distribution paid 2017 pence per unit
<b>Standard Life accumulation</b>				
Group 1	1.0596	–	1.0596*	0.7407
Group 2	0.7136	0.3460	1.0596*	0.7407
<b>Platform 1 accumulation</b>				
Group 1	0.6433	–	0.6433*	0.4190
Group 2	0.4227	0.2206	0.6433*	0.4190
<b>Platform 1 income</b>				
Group 1	0.5382	–	0.5382**	0.3582
Group 2	0.3086	0.2296	0.5382**	0.3582
<b>Institutional S accumulation</b>				
Group 1	0.6100	–	0.6100*	0.4450
Group 2	0.6100	–	0.6100*	–
<b>Institutional S income</b>				
Group 1	0.5377	–	0.5377**	0.3850
Group 2	0.5377	–	0.5377**	–
<b>Institutional A accumulation</b>				
Group 1	–	–	0.0000*	0.2800
Group 2	–	–	0.0000*	–

\* Distribution accumulated on 31 July 2018

\*\* Distribution paid on 30 September 2018

#### for the three months ended 31 October 2018

Group 1 – units purchased prior to 1 August 2018

Group 2 – units purchased between 1 August 2018 and 31 October 2018

	Net Income 2018 pence per unit	Equalisation 2018 pence per unit	Distribution paid 2018 pence per unit	Distribution paid 2017 pence per unit
<b>Retail accumulation</b>				
Group 1	0.4477	–	0.4477*	0.4374
Group 2	0.2644	0.1833	0.4477*	0.4374

# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Distribution Tables

(Continued)

for the three months ended 31 October 2018 (continued)				
	Net Income 2018 pence per unit	Equalisation 2018 pence per unit	Distribution paid 2018 pence per unit	Distribution paid 2017 pence per unit
<b>Institutional accumulation</b>				
Group 1	0.5684	–	0.5684*	0.5560
Group 2	0.2698	0.2986	0.5684*	0.5560
<b>Retail income</b>				
Group 1	0.3513	–	0.3513**	0.3505
Group 2	0.1337	0.2176	0.3513**	0.3505
<b>Institutional income</b>				
Group 1	0.4246	–	0.4246**	0.4265
Group 2	0.1680	0.2566	0.4246**	0.4265
<b>Standard Life income</b>				
Group 1	0.5447	–	0.5447**	0.5506
Group 2	0.5447	–	0.5447**	–
<b>Standard Life accumulation</b>				
Group 1	0.7450	–	0.7450*	0.7288
Group 2	0.4884	0.2566	0.7450*	0.7288
<b>Platform 1 accumulation</b>				
Group 1	0.4181	–	0.4181*	0.4092
Group 2	0.2183	0.1998	0.4181*	0.4092
<b>Platform 1 income</b>				
Group 1	0.3465	–	0.3465**	0.3479
Group 2	0.1309	0.2156	0.3465**	0.3479
<b>Institutional S accumulation</b>				
Group 1	0.4300	–	0.4300*	0.4045
Group 2	0.4300	–	0.4300*	–
<b>Institutional S income</b>				
Group 1	0.3400	–	0.3400**	0.3540
Group 2	0.3400	–	0.3400**	–

# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Distribution Tables

(Continued)

#### for the three months ended 31 October 2018 (continued)

	Net Income 2018 pence per unit	Equalisation 2018 pence per unit	Distribution paid 2018 pence per unit	Distribution paid 2017 pence per unit
<b>Institutional A accumulation</b>				
Group 1	–	–	0.0000*	0.2681
Group 2	–	–	0.0000*	–

\* Distribution accumulated on 31 October 2018

\*\* Distribution paid on 31 December 2018

#### for the three months ended 31 January 2019

Group 1 – units purchased prior to 1 November 2018

Group 2 – units purchased between 1 November 2018 and 31 January 2019

	Net Income 2019 pence per unit	Equalisation 2019 pence per unit	Distribution paid 2019 pence per unit	Distribution paid 2018 pence per unit
<b>Retail accumulation</b>				
Group 1	0.4377	–	0.4377*	0.4194
Group 2	0.2402	0.1975	0.4377*	0.4194
<b>Institutional accumulation</b>				
Group 1	0.5573	–	0.5573*	0.5390
Group 2	0.3442	0.2131	0.5573*	0.5390
<b>Retail income</b>				
Group 1	0.3415	–	0.3415**	0.3352
Group 2	0.0296	0.3119	0.3415**	0.3352
<b>Institutional income</b>				
Group 1	0.4136	–	0.4136**	0.4115
Group 2	0.1640	0.2496	0.4136**	0.4115
<b>Standard Life income</b>				
Group 1	0.5319	–	0.5319**	0.5364
Group 2	0.5319	–	0.5319**	–
<b>Standard Life accumulation</b>				
Group 1	0.7331	–	0.7331*	0.7134
Group 2	0.5816	0.1515	0.7331*	0.7134

# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Distribution Tables

(Continued)

for the three months ended 31 January 2019 (continued)

	Net Income 2019 pence per unit	Equalisation 2019 pence per unit	Distribution paid 2019 pence per unit	Distribution paid 2018 pence per unit
<b>Platform 1 accumulation</b>				
Group 1	0.4109	–	0.4109*	0.3962
Group 2	0.1357	0.2752	0.4109*	0.3962
<b>Platform 1 income</b>				
Group 1	0.3375	–	0.3375**	0.3355
Group 2	0.1186	0.2189	0.3375**	0.3355
<b>Institutional S accumulation</b>				
Group 1	0.4000	–	0.4000*	0.3977
Group 2	0.4000	–	0.4000*	–
<b>Institutional S income</b>				
Group 1	0.2900	–	0.2900**	0.3454
Group 2	0.2900	–	0.2900**	–
<b>Institutional A accumulation</b>				
Group 1	–	–	–	0.2568
Group 2	–	–	–	–

\* Distribution accumulated on 31 January 2019

\*\* Distribution paid on 31 March 2019

# Standard Life Investments Strategic Bond Fund Annual Report & Financial Statements

## Alternative Investment Fund Disclosures (unaudited)

### Remuneration Policy

The Standard Life Aberdeen plc Remuneration Policy applies with effect from 1 January 2018. The purpose of the Standard Life Aberdeen plc Remuneration Policy (the "Policy") is to document clearly the remuneration policies, practices and procedures of Standard Life Aberdeen. It has been approved by the Standard Life Aberdeen plc Remuneration Committee and is subject to the Remuneration Committee's annual review. The Policy applies to employees of the Standard Life Aberdeen group of companies ("SLA").

The AIFM, Standard Life Investments Mutual Funds Limited (SLI Mutual Funds Ltd) is authorised and regulated in the United Kingdom by the Financial Conduct Authority ("FCA") and is a wholly owned subsidiary of Standard Life Aberdeen plc.

The Remuneration Committee of Standard Life Aberdeen plc adopted an AIFM Remuneration Policy to ensure that the requirements of the Alternative Investment Fund Managers Directive (AIFMD) are fully adhered to by the group. This policy applies to SLI Mutual Funds Ltd and the Alternative Investment Funds (AIFs) it manages. This policy is available on request.

### Remuneration Principles

SLA applies Group wide principles for remuneration policies, procedures and practices ensuring that remuneration design and the basis for awards will be clear, transparent and fair, in line with business strategy, objectives, culture, values and long term interests of SLA. Remuneration policies, procedures and practices should be consistent with and promote good conduct which includes sound and effective risk management and not encourage risk taking that exceeds the level of tolerated risk of SLA. Total variable remuneration will be funded through pre-agreed distribution metrics. Where SLA's financial performance is subdued or negative, total variable remuneration should generally be contracted, taking into account both current remuneration and reductions in pay-outs of amounts previously granted and having regard for SLA's long term economic viability.

In addition to applying the SLA wide principles above, Aberdeen Standard Investments ("ASI") applies a number of additional principles including the following, when determining remuneration for employees:

- a) Remuneration should be competitive and reflect both financial, non-financial and personal performance;
- b) Our remuneration design will align the interests of employees, unitholders and importantly our clients/customers;
- c) Our remuneration structure will reward delivery of results over appropriate time horizons and will include deferred variable compensation at an appropriate level for the employee's role;
- d) We will provide an appropriate level of fixed remuneration to balance risk and reward.

### Governance and Regulatory Compliance

The Remuneration Committee is made up of independent non-executive directors and makes recommendations to the Board of Standard Life Aberdeen plc (the "Board") to assist it with its remuneration related duties. The Chief People Officer of Standard Life Aberdeen is responsible for ensuring the implementation of the Policy in consultation with the Remuneration Committee as well as other members of the Executive Committee ("Executive Body") (as defined by the Board), if appropriate.

### Financial and non-financial criteria

Variable remuneration is based on a rounded assessment of Group, Divisional and individual performance. When assessing individual performance, financial as well as non-financial criteria are taken into account. Individual performance is based on the individual's appraisal, which includes an employee's compliance with controls and applicable company standards including the Group's Code of Ethics, including Treating Customers Fairly and Conduct Risk.

### Conflicts of interest

The Conflicts of Interest Policy is designed to avoid conflicts of interest between SLA and its clients. This Policy prohibits any employee from being involved in decisions on their own remuneration. Furthermore, all employees are required to adhere to SLA's Global Code of Conduct, which encompasses conflicts of interest.

The Policy should, at all times, adhere to local legislation, regulations or other provisions. In circumstances or in jurisdictions where there is any conflict between the Policy and local legislation, regulations or other provisions, then the latter will prevail.

### Remuneration Framework

Employee remuneration is composed principally of fixed and variable elements of reward as follows:

- a) Fixed reward (fixed remuneration: salary (and cash allowances, if appropriate); and Benefits (including pension)).
- b) Variable reward (bonus, a proportion of which may be subject to retention or deferral depending on role and regulatory requirements) and senior employees may also be awarded a long-term incentive award).

# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Alternative Investment Fund Disclosures (unaudited)

(Continued)

Appropriate ratios of fixed: variable remuneration will be set to as to ensure that:

- Fixed and variable components of total remuneration are appropriately balanced and
- The fixed component is a sufficiently high proportion of total remuneration to allow Standard Life Aberdeen to operate a fully flexible policy on variable remuneration components, including paying no variable remuneration component.

<i>Fixed Remuneration</i>	Base salary provides a core reward for undertaking the role, where appropriate, and depending on the role, geographical or business market variances or other indicators, additional fixed cash allowances may make up a portion of fixed remuneration.
<i>Benefits</i>	Benefits are made up of: core benefits, which are provided to all employees; and extra voluntary benefits that may be chosen by certain employees and which may require contribution through salary sacrifice or other arrangements. Extra voluntary benefits are designed to support the health and wellbeing of employees through enabling individual selection based on lifestyle choices. Standard Life Aberdeen will ensure that the core and voluntary employee benefits policies are in line with relevant market practice, its views on managing its business risk objectives, culture and values and long-term interests and local requirements.
<i>Pension</i>	Standard Life Aberdeen's pension policies (which consist of defined contribution plans and legacy defined benefit plans) are in line with legislative requirements, governance structures and market practice, and reflect Standard Life Aberdeen's long-term views on risk and financial volatility, its business objectives, culture and values and long-term interests and local requirements. In certain circumstances, SLA may offer a cash allowance in lieu of any pension arrangement.
<i>Annual Performance Bonus Awards</i>	Employees who have been employed during a performance year (1 January to 31 December) may be eligible to be considered for an annual bonus in respect of that year. Eligibility criteria for an annual bonus are set out in the rules of the relevant bonus plan and/or contract of employment, as appropriate. The bonus plan in place is designed to reward performance in line with the business strategy, objectives, culture and values, long term interests and risk appetite of SLA. All Executive Directors are awarded bonuses under a SLA bonus plan as detailed in the Directors' Remuneration Report.
<i>Other variable Pay Plans</i>	Selected employees may participate in other variable pay plans, for example, performance fee share arrangements, where it is appropriate for their role or business unit. These plans operate under the overarching remuneration principles that apply across the group and, where appropriate, are also subject to specific principles governing incentives and are compliant with the requirements of any applicable regulatory standards.

#### Clawback/Malus

A clawback/malus principle applies to the variable pay plan. This enables the Remuneration Committee to seek to recoup the deferred amount of any unvested variable pay, in the exceptional event of misstatement or misleading representation of performance; a significant failure of risk management and control; or serious misconduct by an individual.

#### Guaranteed Variable Remuneration

Guaranteed variable remuneration is exceptional, occurs only in the context of hiring new staff and is limited to the first year of service.

#### AIFMD Identified Staff

Staff considered AIFMD Identified Staff are those categories of staff whose professional activities have a material impact on the risk profiles of the AIFM or the AIFs that the AIFM manages.

AIFMD identified staff will include; Senior Management; Risk takers, Staff engaged in control functions; and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, and whose professional activities have a material impact on the risk profiles of the Company or the Funds that the Company manages.

#### Control Functions

SLA adheres to the principles and guidelines of regulations that apply to SLA in defining control functions. control functions include, but are not necessarily limited to, Risk, Compliance, Internal Audit and Actuarial functions or roles.

SLA will ensure that, as appropriate, senior employees engaged in a control function:

- Are independent from the Business Units they oversee;
- Have appropriate authority, and
- Their remuneration is directly overseen by the Remuneration Committee.

# Standard Life Investments Strategic Bond Fund

## Annual Report & Financial Statements

### Alternative Investment Fund Disclosures (unaudited)

(Continued)

This is achieved by the main control functions being outside the business, and a material proportion of their annual incentives being subject to a scorecard based on the performance of the control function. Performance against the scorecard is reviewed by the relevant independent governing committee (either Risk & Capital Committee, or Audit Committee). SLA's People Function reviews the remuneration of employees in control functions and benchmarks with the external market to ensure that it is market competitive and adequately reflects employees' skills and experience.

#### Personal Hedging

AIFMD Identified Staff are not permitted to undermine the risk alignment effects of the AIFMD Remuneration Code. Personal hedging strategies; or remuneration-related insurance; or liability-related insurance is not permissible on remuneration.

#### Employee Remuneration Disclosure

The table below provides an overview of the following:

- ▶ Aggregate total remuneration paid by SLI Mutual Funds Ltd to its entire staff; and
- ▶ Aggregate total remuneration paid by SLI Mutual Funds Ltd to its 'Identified Staff'.

The 'Identified Staff' of SLI Mutual Funds Ltd are those employees who could have a material impact on the risk profile of SLI Mutual Funds Ltd or the AIFs it manages (including Strategic Bond Fund).

This broadly includes senior management, risk takers and control functions. For the purposes of this disclosure, 'Identified Staff' includes employees of entities to which activities have been delegated.

Amounts shown reflect payments made during the financial reporting period in question. The reporting period runs from **1 January 2018 to 31 December 2018** inclusive.

Strategic Bond Fund	Headcount	Total Remuneration £'000	AIF or UCITS proportion £'000 <sup>4</sup>
<i>Reporting period: 01/01/18 – 31/12/18</i>			
SLI Mutual Funds Ltd staff <sup>1</sup>	147	19,316	213
of which			
Fixed remuneration		15,366	169
Variable remuneration		3,950	44
Carried Interest		NIL	
SLI Mutual Funds Ltd 'Identified Staff' <sup>2</sup>	116	2,911	32
of which			
Senior Management <sup>3</sup>	16	915	10
Other 'Identified Staff'	100	1,996	22

- (1) As there are a number of individuals indirectly and directly employed by SLI Mutual Funds Ltd this figure represents an apportioned amount of SLA's total remuneration fixed and variable pay, apportioned to the relevant AIF on an AUM basis, plus any carried interest paid by the AIF. The Headcount figure provided reflects the number of beneficiaries calculated on a Full Time Equivalent basis.
- (2) The Identified Staff disclosure represents total compensation of those staff of the AIFM who are fully or partly involved in the activities of the AIFM, apportioned to the estimated time relevant to the AIFM, based on their time in role during the reporting period and the AIFM's proportion of SLA's total AUM. Across the 'Identified Staff', the average percentage of AUM allocation per individual based on work undertaken for SLI Mutual Funds Ltd as an AIFM was 3.96%.
- (3) Senior management are defined in this table as AIFM Directors and members of the Standard Life Aberdeen plc Board, together with its Executive Committee, Investment Management Committee and Group Product Committee.
- (4) This figure represents an apportioned amount of the total remuneration of the 'Identified staff' attributable to the AIF allocated on an AUM basis.





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