Oct
2019

Global Absolute Return Strategies Fund

31 October 2019

Aberdeen Standard Investments

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

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

SICAV Fund

Absolute Return Fund

Monthly

Fund Manager	Multi Asset Investing Team
Shareclass Launch Date	14 Jun 2011
Current Fund Size*	£2,321.1m
Shareclass	GBP (hedged)
Base Currency	EUR

Benchmark**	6 Month EURIBOR

*** Fund size calculated using the base currency in Euros converted into Sterling using the FX rate of 1:0.86 on 31/10/2019.**
**** This is the Fund benchmark. Where shareclasses are available in a different currency to the Fund's base currency, an alternative benchmark will be referenced for performance comparison purposes. For example, for a USD-hedged shareclass, performance will be referenced against a USD-hedged version of the Fund benchmark or a local currency (equivalent) index.**
This document is intended for use by individuals who are familiar with investment terminology. To help you understand this fund and for a full explanation of specific risks and the overall risk profile of this fund and the shareclasses within it, please refer to the Key Investor Information Documents and Prospectus which are available on our website – www.aberdeenstandard.com. Please note that the Portfolio Risk and Return Analysis table is only updated on a quarterly basis.
Aberdeen Standard Investments has not considered the suitability of investment against your individual needs and risk tolerance. If you are in any doubt as to whether this fund is suitable for you, you should seek advice. An adviser is likely to charge for advice. We are unable to provide investment advice.

Fund Information *

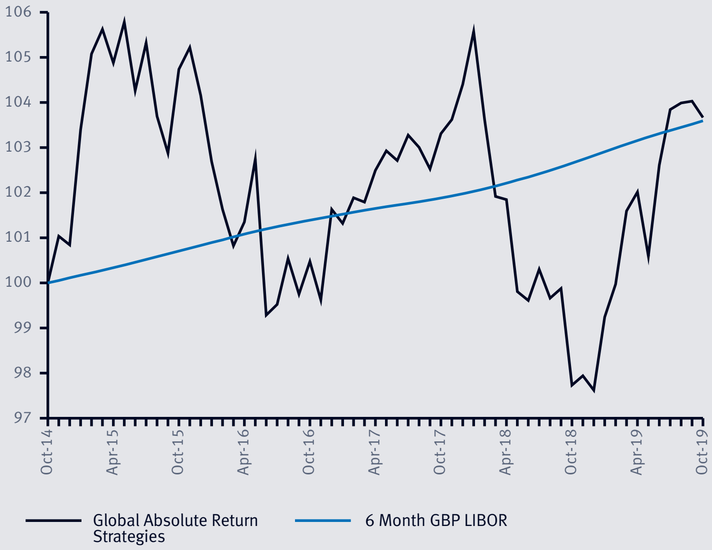
Quarterly Portfolio Risk and Return Analysis

	Strategy	Stand-alone Risk Exposure %	Weighting (risk based %)	Contribution to Returns % Q3	1 Yr
Market Returns Strategies	Mexican government bonds	1.1	10.1	0.1	0.3
	Emerging markets income	0.9	8.2	0.4	1.7
	US equity	0.8	7.2	0.1	-0.8
	UK equity	0.5	5.2	0.2	0.4
	European equity infrastructure	0.5	4.4	0.1	0.1
	Global REITS	0.4	4.1	0.1	-0.1
	High yield credit	0.4	3.3	0.1	0.5
	Short Hong Kong equity	0.3	2.5	-0.1	-0.1
	UK domestic equity	0.2	1.6	0.0	0.0
	European equity	0.1	1.0	0.0	-0.3
	Chinese equity	Closed		0.0	0.3
	Emerging markets equity	Closed		-0.1	-0.1
	EU investment grade credit	Closed		0.0	0.3
	Global equity oil majors	Closed		-0.3	-1.4
Directional Strategies	Short UK inflation	0.7	6.2	-0.2	-0.2
	Long JPY v CAD	0.6	6.1	0.0	0.2
	US duration	0.6	5.6	-0.1	0.1
	Long INR v KRW	0.5	4.7	0.2	0.2
	US real yields	0.5	4.7	0.2	1.1
	Canadian interest rates	0.5	4.4	0.0	0.5
	Long USD v EUR	0.4	3.4	0.0	0.0
	European flattener	0.3	3.2	0.3	0.6
	Long USD v TWD	0.2	2.1	0.0	-0.1
	Long NOK v EUR	0.2	1.5	-0.1	0.0
	European forward-start interest rates	Closed		0.7	2.3
	Long US inflation	Closed		0.0	-0.1
	Long USD v EUR currency options	Closed		0.1	0.0
	US steepener	Closed		-0.6	-0.4
Relative Value Strategies	US equity large cap v small cap	0.5	4.3	0.0	0.2
	US equity large cap v technology	0.5	4.3	0.0	0.0
	EuroStoxx50 v S&P variance	Closed		0.0	-0.1
FX Hedging	FX hedging	0.0	0.4	-0.1	-0.6
Cash	Cash			0.1	0.3
	Residual	0.0	0.0	0.0	-0.4
	Stock selection	0.2	1.7	0.1	0.1
	Total	**10.6**		**1.3**	
	Diversification	7.0			
	Expected Volatility	**3.6**			

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

Fund Performance *

Price Indexed



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

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

Cumulative Performance

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

	YTD (%)	1 month (%)	3 months (%)	6 months (%)	1 year (%)
Retail Fund Performance (A)	5.5	-0.4	-0.4	1.2	5.3
Institutional Fund Performance (D)	6.2	-0.4	-0.2	1.6	6.1
6 Month GBP LIBOR	0.8	0.1	0.2	0.4	0.9

	3 years (%)	5 years (%)	Since launch (%)
Retail Fund Performance (A)	0.8	-0.4	21.6
Institutional Fund Performance (D)	3.2	3.7	29.8
6 Month GBP LIBOR	2.2	3.6	6.8

Year on Year Performance

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

	Year to 31/10/2019 (%)	Year to 31/10/2018 (%)	Year to 31/10/2017 (%)	Year to 31/10/2016 (%)	Year to 31/10/2015 (%)
Retail Fund Performance (A)	5.3	-6.1	2.0	-4.8	3.9
Institutional Fund Performance (D)	6.1	-5.4	2.8	-4.1	4.7
6 Month GBP LIBOR	0.9	0.8	0.5	0.7	0.7

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

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

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

The fund does not have an index-tracking objective.

Market review

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

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

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

Activity

We reduced exposure to interest rate movements by closing our US interest rates position and opening a US versus German interest rates strategy. The new strategy expresses our view that US government bonds will outperform German government bonds. Given negative interest rates in Europe, we expect focus to shift to other policy tools. This reduces the likelihood of yields falling further in Europe. Moreover, deteriorating US economic data makes it more likely that the Fed will cut US rates further. To complement these changes, we moved to a neutral position on our US equity market exposure, as we believe US equities are vulnerable.

Within EM, we added a position in Indonesian government bonds, aimed at benefiting from expected interest rate cuts from Indonesia's central bank. In light of more positive global trade dynamics, we closed our US equity large-cap versus technology strategy, and our position preferring the US dollar versus the Taiwanese dollar. Instead, we added some European equity exposure. We also closed the remainder of our Norwegian krone versus euro position, which we had initially reduced following Norway's rate hike in September. We had previously expected rate hikes to be a key driver of krone strengthening but this link has proven to be weak.

Elsewhere, we increased exposure to UK equities. We expect UK stocks to perform well, now that, in our view, the risk of a no-deal Brexit has diminished. We also opened a sterling volatility position. This will profit if sterling moves significantly higher or if volatility rises again amid an evolving political landscape.

Performance

The Global Absolute Return Strategies Fund returned -0.41% during the month (net of retail fees), compared to the benchmark 6-month LIBOR return of 0.07%.

Despite the positive returns posted by the US S&P 500 Index, our US equity strategy dragged on performance. Our UK equities position also delivered a negative return. Gains from our short UK inflation strategy offset this, as sterling's rally resulted in a drop in longer-term inflation expectations.

Elsewhere, our EM income strategy and global REITs position benefited from improving risk appetite. Our US interest rate strategy also delivered positive returns.

Within currency markets, the US dollar lost some ground against its peers amid the Fed's dovish rhetoric. Rising expectation for a US-China trade deal also provided some support for global trade-sensitive currencies such as the Korean won and Taiwanese dollar. As a result, our currency pairs preferring the US dollar over the Taiwanese dollar and euro detracted from performance, as did the Indian rupee versus Korean won strategy.

Our Mexican government bonds strategy made a positive contribution, aided by favourable movement in the currency exposure embedded within it. The Mexican peso appreciated against the US dollar, while Mexican government bond yields also fell over the month (bond prices rose).

Outlook

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

Other Fund Information

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

Domicile	Luxembourg
Custodian Name	The Bank of New York Mellon (Luxembourg) S.A., 2-4 Rue Eugene Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg
Auditor Name	KPMG Luxembourg, 39, Avenue John F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg

	Interim	Annual
Reporting Dates	30 Jun	31 Dec

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

Not all shareclasses displayed may be available in your jurisdiction.

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Risk Factors

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

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

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

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

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

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

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

Inflation reduces the buying power of your investment and income.

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

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

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

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

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

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

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