Aug
2019

ASI (SLI) Strategic Bond Fund

Aberdeen Standard Investments

31 August 2019

To generate income and some growth over the long term (5 years or more) by investing in government and corporate bonds issued anywhere in the worlds.

Please note: Our factsheets will be fully updated to reflect the 7 August 2019 changes to the Investment Objective and Policy, including benchmark use, shortly. In the interim, please see the KIID which can be found at https://www.aberdeenstandard.com/en/uk/investor/fund-centre#literature for full up to date information.

Unit Trust

Bond Fund

Monthly

Fund Manager	Strategic Bond Fund Team
Launch Date	5 Feb 2009
IA Sector	IA £ Strategic Bond
Benchmark	IA £ Strategic Bond Sector
Current Fund Size	£123.6m
Base Currency	GBP

No. of Positions	238
Underlying Yield	2.34%

This document is intended for use by individuals who are familiar with investment terminology. To help you understand this fund and for a full explanation of specific risks and the overall risk profile of this fund and the shareclasses within it, please refer to the Key Investor Information Documents and Prospectus which are available on our website – www.standardlifeinvestments.com. Please note that the breakdowns below do not take into account the economic exposure created by derivative positions or the effect of currency forwards for hedging purposes. The credit ratings shown below are the average of those from S&P, Moody's and Fitch. 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 *

Composition by Asset

	Fund %
Corporate Investment Grade	58.0
Corporate High Yield	26.7
Not Classified	6.5
Government Investment Grade	4.7
Government High Yield	2.6
Government Index Linked	1.5

Top Ten Issuers

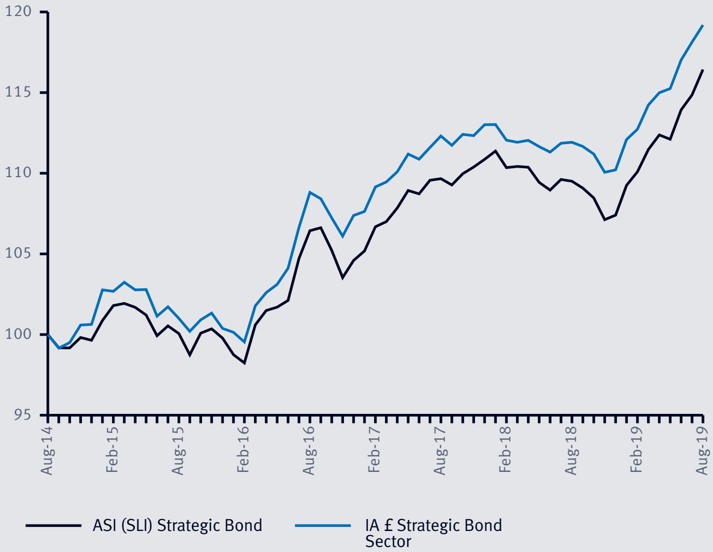
Issuer	Fund %
HSBC	3.6
Aviva	3.3
Lloyds Banking Group	2.8
France (Govt of)	2.6
Barclays Bank	2.3
Deutsche Bank	2.0
Royal Bank of Scotland	2.0
CYBG	1.8
Pennon	1.6
US (Govt of)	1.5
Assets in top ten issuers	23.5

Composition by Credit Rating

Rating	Fund %	Rating	Fund %
AAA	2.7	BB	20.6
AA	5.1	B	7.4
A	10.2	CCC	0.6
BBB	46.3	N/R	7.1

Fund Performance *

Price Indexed



The performance of the fund has been calculated over the stated period using bid to bid basis for a UK basic rate tax payer. The performance shown is based on an Annual Management Charge (AMC) of 0.63%. You may be investing in another shareclass with a higher AMC. The charges for different share classes are shown on the next page. For details of your actual charges please contact your financial adviser or refer to the product documentation.

Source: Aberdeen Standard Investments (Fund) and Morningstar (Sector)

Year on Year Performance

Source: Aberdeen Standard Investments (Fund) and Morningstar (Sector)

	Year to 30/06/2019 (%)	Year to 30/06/2018 (%)	Year to 30/06/2017 (%)	Year to 30/06/2016 (%)	Year to 30/06/2015 (%)
Retail Fund Performance	4.1	-0.2	6.0	1.7	-0.2
Institutional Fund Performance	4.6	0.2	6.5	2.2	0.3
Platform One	4.5	0.2	6.4	2.1	0.2
IA £ Strategic Bond Sector	5.1	0.4	6.5	2.9	2.4

Cumulative Performance

Source: Aberdeen Standard Investments (Fund) and Morningstar (Sector)

	6 Months (%)	1 Year (%)	3 Years (%)	5 Years (%)
Retail Fund Performance	5.5	5.9	8.0	13.8
Institutional Fund Performance	5.8	6.3	9.4	16.4
Platform One	5.7	6.3	9.2	16.1
IA £ Strategic Bond Sector	5.7	6.5	9.5	19.2

Note: 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.

For a full description of those eligible to invest in each share class please refer to the relevant prospectus.

The fund does not have an index-tracking objective.

Definitions

The Underlying Yield takes account of all expected cash flows from a bond over its lifetime. This includes, in addition to coupons, any differences between the purchase cost of a bond and its final redemption amount. It reflects the annualised income net of expenses of the fund (calculated in accordance with relevant accounting standards) as a percentage of the mid-market unit price of the fund as at the 15th of the month. It is based on a snapshot of the portfolio on that day. It does not include any preliminary charge and investors may be subject to tax on distributions. This is also the distribution yield for this fund. The Underlying Yield is based on the institutional shareclass.

Not Classified (N/C) may include bonds which do not fall into the specified categories and 'Cash and Other'.

Not Rated (N/R) may include bonds which do not have a rating under iBoxx classification (such bonds may still be rated by S&P and/or Moodys) and 'Cash and Other'.

Cash and Other - may include bank and building society deposits, other money market instruments such as Certificates of Deposits (CDs), Floating Rate Notes (FRNs) including Asset Backed Securities (ABSs), Money Market Funds and allowances for tax, dividends and interest due if appropriate.

Environment

August is typically the quietest month for credit markets due to the holiday season. However, the global newsflow, coupled with thinner liquidity than normal, resulted in a challenging month for credit markets. Trade wars, heightened economic fears and uncertainty around policy were the main factors driving the more febrile environment.

The worst performing area was emerging markets where spreads widened by around 10-13% of their starting levels in the sovereign and credit space respectively. The newsflow was dominated by Argentina and the potential restructuring of its debt, which resulted in significant falls for its local and hard currency bonds.

Spreads were also wider in Investment Grade (IG) markets as expectations built-up for a glut of new supply in September, as well continuing tensions around Brexit and global trade. Euro High Yield (HY) was the bright spot with spreads at the index level moderately tighter. This reflected the prevalence of search/'reach-for-yield' behaviour Europe, as well as cash being returned to investors due to a number of large-cap issuers redeeming their bonds, thereby supporting ongoing demand for reinvestment.

Despite the various concerns, owing in large part to the significant falls in government bond yields, credit markets still generated mostly positive total returns over the month. This was particularly the case in IG markets that are exposed to higher duration.

Performance

Performance over the month was robust, with a gross total return of +1.14%. This was mainly attributable to macro strategies. In particular, long duration exposure in dollar bloc regions (UK, Canada and Australia) performed well, albeit being offset somewhat by short duration positioning in Europe. Curve flattening exposure in Europe was particularly strong on the month. The Fund favours being long in dollar-bloc duration rather than in Europe duration. We also remain constructive on UK interest rates, although we have begun to look at tactical trades which would protect in the event of a UK general election-led re-pricing of the curve.

In terms of credit, the Fund's IG exposure generated the best returns, which along with selected HY exposure, more than offset a small negative contribution from emerging market holdings. In terms of the best performing individual credits, the Additional Tier-1 (AT-1) debt of BBVA (where we hold very short-dated callable bonds) performed well. In particular, these bonds benefitted from BBVA issuing new AT1 dollar bonds, which ensures that our holdings will be called at the first call date, in line with our expectations. In addition, longer dated IG exposure to EDF, Vodafone and National Grid contributed positively, as did exposure to the dollar bonds of Charter Communications.

On the negative side, our exposure to Intu Metrocentre continued to underperform as sentiment towards the retail sector and retail property continued to sour. While more volatility is likely, we remain confident in the sustainability of the Metrocentre as a shopping destination in the UK. CYBG also underperformed owing to negative sentiment in general towards UK financials and Brexit-related worries. Finally, credits with either a cyclical slant or which operate in emerging markets, were a drag for the Fund. Examples of this included First Quantum (copper miner), Liquid Telecom, Tullow Oil and Vedanta Resources.

Activity

We added Nationwide's Tier-2 debt in Euros. This is a high quality issuer that frequently screens the best on the Bank of England's stress tests. Valuations are a little rich in sterling but the euro bonds have been trading much more cheaply. In addition, we increased exposure to HSBC after it was negatively impacted by the recent protest activity in Hong Kong. We also bought the short-dated 3-year sterling bonds of Pemex, which are trading comfortably in HY territory and discounting a great deal of bad news in our view.

On the sell side, we selectively reduced exposure to IG names that had outperformed, including the brewer AnheuserBusch InBev and the Australian rail and freight operator Pacific National. We also trimmed cyclical exposure to Tullow Oil and the US house builder Lennar, which are both HY names.

In terms of macro strategies, the Fund added duration at the beginning of the month in US treasuries. We replaced US real yield exposure with nominal bonds, which we feel would be more responsive to deteriorating risk sentiment.

Outlook

Many uncertainties continue to weigh on markets globally. Government bonds have rallied strongly this year, pricing in fears about the end of the cycle and resulting central bank action that might follow from this. It is possible to envisage disappointment in both these respects, namely due to economic data improving and central banks doing just enough or less-than-expected, both of which would lead to higher government bond yields. Despite this, while we will maintain some tactical trades, we are looking to run with more duration over the coming quarters. This is in view of the economic and political risk factors but also as a means of hedging some of our credit exposure.

Credit spreads remain fairly well underpinned for now, owing in large to expectations of central bank support and interest rates moving lower, which would further spur the 'reach-for-yield'. However risks are rising and we are particularly mindful of controlling credit risks carefully at present. We prefer short-dated subordinated financials over cyclical non-financials.

Other Fund Information

	Retail Acc	Retail Inc	Institutional Acc	Institutional Inc
Lipper	65138239	65138238	65138241	65138240
Bloomberg	SLISBRA LN	SLISBRI LN	SLISBIA LN	SLISBII LN
ISIN	GB00B3D8LV94	GB00B3D8LS65	GB00B3D8M611	GB00B3D8M504
SEDOL	B3D8LV9	B3D8LS6	B3D8M61	B3D8M50

	Platform One Acc	Platform One Inc
Lipper	68165481	68165483
Bloomberg	U223RPA LN	U223RPI LN
ISIN	GB00B7MWXH01	GB00B6W21135
SEDOL	B7MWXH0	B6W2113

	Interim	Annual
Reporting Dates	31 Jul	31 Jan
XD Dates	30 Apr,31 Jul,31 Oct	31 Jan
Payment Dates (Income)	30 Jun,30 Sep,31 Dec	31 Mar

Valuation Point	12:00 (UK time)
Type of Share	Income & Accumulation
ISA Option	Yes

	Retail	Institutional	Platform One
Initial Charge	4.00%	0.00%	0.00%
Annual Management Charge	1.15%	0.63%	0.63%
Ongoing Charges Figure	1.19%	0.74%	0.79%

The Ongoing Charge Figure (OCF) is the overall cost shown as a percentage of the value of the assets of the Fund. It is made up of the Annual Management Charge (AMC) shown above and the other expenses taken from the Fund over the last annual reporting period. It does not include any initial charges or the cost of buying and selling stocks for the Fund. The OCF can help you compare the costs and expenses of different funds.

www.aberdeenstandard.com

Useful numbers -
Investor Services
0345 113 69 66.

Aberdeen Standard Investments is a brand of the investment businesses of Aberdeen Asset Management and Standard Life Investments.

United Kingdom (UK): Aberdeen Standard Fund Managers Limited, registered in England and Wales (740118) at Bow Bells House, 1 Bread Street, London, EC4M 9HH. Authorised and regulated by the Financial Conduct Authority in the UK.

Call charges will vary. Calls may be monitored and/or recorded to protect both you and us and help with our training.