

May
2020

Global Absolute Return Strategies Fund

Aberdeen Standard
Investments

31 May 2020

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

Launch Date 26 Jan 2011

Current Fund Size €2199.2m

Base Currency EUR

Benchmark 6 Month EURIBOR

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 %	
				Q1	1 Yr
Market Returns Strategies	Short US small cap equity	3.3	22.3	1.8	1.8
	US equity	0.7	4.8	-0.9	-0.5
	European equity infrastructure	0.6	4.1	0.2	0.6
	Emerging markets income	0.6	3.8	0.3	1.4
	EU investment grade credit	0.5	3.4	0.2	0.4
	Short US equity technology	0.5	3.4	0.0	0.0
	Global REITS	0.5	3.3	-2.0	-1.9
	Mexican government bonds	0.5	3.3	-0.7	-0.3
	High yield credit	0.4	2.9	-1.2	-0.6
	Japanese equity	0.3	2.0	-0.3	-0.3
	Emerging markets equity	0.2	1.5	-0.4	-0.6
	European Equity Income	0.1	0.9	-0.5	-0.5
	US investment grade credit	0.1	0.9	-0.1	-0.1
	Korean equity	0.0	0.3	-0.5	-0.5
	Indonesian government bonds	0.0	0.2	0.1	0.0
	Contingent capital bonds	0.0	0.0	0.0	0.0
	European equity	Closed		0.0	-0.2
	Short Hong Kong equity	Closed		0.0	-0.2
	UK domestic equity	Closed		-0.4	-0.1
	UK equity	Closed		-0.3	-0.3
Directional Strategies	Long JPY v USD	1.0	7.0	0.1	0.1
	Short UK inflation	0.7	4.8	0.3	0.6
	Long US inflation	0.7	4.4	-1.0	-1.0
	Swedish interest rates	0.6	3.9	0.1	0.0
	Australian forward-start interest rates	0.5	3.4	0.5	0.3
	US steepener	0.4	2.5	0.3	-0.1
	Long USD v THB	0.4	2.4	0.2	0.2
	South African government bonds	0.3	2.0	-0.2	-0.2
	Long GBP volatility	Closed		0.0	-0.2
	Long JPY v CAD	Closed		0.0	-0.2
	US duration	Closed		0.4	0.5
	US equity volatility	Closed		-0.4	-0.4
Relative Value Strategies	US v German duration	1.6	10.5	2.9	2.8
	Short disrupted financials equity	Closed		-0.1	-0.1
	US equity large cap v small cap	Closed		0.1	0.0
FX Hedging	FX hedging	0.1	0.5	-0.1	-0.4
Cash	Cash			0.0	0.3
	Residual	0.0	0.0	-0.3	-0.8
	Stock selection	0.2	1.3	0.1	0.2
	Total	14.7		-1.9	
	Diversification	10.3			
	Expected Volatility	4.4			

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)	-1.3	1.1	-1.4	-0.5	1.7
Institutional Fund Performance (D)	-0.9	1.2	-1.2	-0.1	2.5
6 Month EURIBOR	-0.1	0.0	-0.1	-0.1	-0.3

	3 years (%)	5 years (%)	Since launch (%)
Retail Fund Performance (A)	-4.0	-9.3	15.5
Institutional Fund Performance (D)	-1.7	-5.7	24.5
6 Month EURIBOR	-0.8	-1.1	2.0

Year on Year Performance

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

	Year to 31/05/2020 (%)	Year to 31/05/2019 (%)	Year to 31/05/2018 (%)	Year to 31/05/2017 (%)	Year to 31/05/2016 (%)
Retail Fund Performance (A)	1.7	-1.1	-4.6	-1.5	-4.1
Institutional Fund Performance (D)	2.5	-0.3	-3.8	-0.7	-3.3
6 Month EURIBOR	-0.3	-0.3	-0.3	-0.2	0.0

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

As Covid-19 infection rates subsided, global equities clawed back further ground. Pledges of support from central banks and some easing of lockdown restrictions helped bolster investor confidence. Most indices remain in negative territory year-to-date. However, the US technology-heavy Nasdaq index is up over 6% so far this year. This reflects strong gains from Amazon, Microsoft, Netflix and other tech firms that are benefiting from the Covid-19 crisis.

Overall, global government bond markets were broadly unchanged by month-end. Corporate bonds posted positive returns (yields fell) and outperformed government bonds. Reflecting investors' more confident mood, returns from high-yield corporate bonds exceeded those from investment-grade issues.

The World Trade Organisation reported a precipitous fall in global trade extending into the second quarter, with autos shipments worst affected. US economic data was notably weak. Manufacturing and services activity declined, while unemployment rose to 14.7%, its highest level in post-war history. It was a similar picture elsewhere. In Europe, attention shifted to the European Union's €750 billion recovery plan to provide funding for member states as they emerge from the Covid crisis.

The price of oil soared around 88%, its biggest monthly advance on record. This followed massive supply cuts by world producers. Nevertheless, at around US\$35 a barrel, it's still well below the levels at the start of 2020, with no sign of an imminent resurgence in demand.

Activity

We selectively added some higher-risk, higher-return positions, as our views on the global outlook evolved. In early May, as our indicators relating to Covid-19 improved, we substantially increased our allocations to high-yield and US investment-grade corporate bonds, and Korean equities. We closed our short US equity technology position, while increasing our broad US equity market exposure.

To complement these changes, we further added to equities through more

detailed strategies. We opened a global equity gold miners strategy, a basket of stocks with earnings linked to gold prices. We view gold as attractive, given the scale of monetary stimulus and its potential weakening effect on currencies. We added global equity video games and 5G strategies, where we see substantial earnings growth potential beyond the immediate boost of the 'stay at home' environment. Additionally, we added a UK equity mid-cap position, seeking to benefit from the strong track record of our in-house team.

Within our interest rate strategies, we switched exposure from Swedish interest rates to Australian interest rates. In our view, the Australian central bank has greater scope to cut rates. In Sweden, the market is pricing a return to negative interest rates but we are not confident these will be delivered. Elsewhere, we reduced our US yield curve steepener strategy, taking profits. We altered our US versus German interest rates strategy to an outright US rates position to maintain some of the protective aspects of the strategy. In our view, this offers better upside potential in an environment of very low government bond yields.

We added an emerging markets (EM) currency strategy, seeking to exploit the perception of vulnerability of certain EM currencies. We closed the position preferring the US dollar over the Thai baht, as the baht is no longer our favoured expression of the weakening EM theme. We added Swiss franc versus euro and Japanese yen versus euro strategies. These express our concerns regarding political tensions and the economic outlook in Europe.

Performance

The Global Absolute Return Strategies Fund returned 1.09% during the month (net of retail fees), compared to the benchmark EURIBOR return of -0.01%.

The further recovery in global equity markets boosted our positions in US and Korean equities. These gains were partially offset by a negative contribution from our short US small-cap equity strategy. Our decision to add significant corporate bond exposure back into the portfolio over the last two months was rewarded. The

revival of investor risk appetite benefited our high-yield and investment-grade corporate bond exposures, as well as our South African government bonds position. Additionally, our US yield curve steepener position posted positive returns after US interest rates moved in our favour.

The recovery in oil prices pushed up global inflation expectations, penalising our short UK inflation position. Meanwhile, our defensive yen versus euro currency pair suffered, as investors sought higher-risk assets with greater return potential.

Outlook

Our recent selective addition of risk-facing positions like corporate bonds should not be misinterpreted as a view that the economic outlook has markedly picked up. While improving Covid-19 infection and mortality trends have allowed some countries to start releasing lockdowns, we view the progress as limited. The pace of normalisation is also likely to be slow, particularly in those parts of the service sector reliant on close interaction with clients. Levels of unemployment have risen at record rates, so the potential knock-on consequences for consumption and therefore businesses are material. Mitigating this are central bank and government stimulus packages of unprecedented scale. This will underpin some assets and it is in these areas we have aligned our positioning. We see the range of potential outcomes for economies and markets as being extraordinarily wide. They will also differ markedly according to the severity of infections, effectiveness of control measures, scale of stimulus packages and sectoral mix in each economy. Some equity markets in particular appear to already price in an optimistic recovery scenario, hence our holdings are relatively low. These volatile conditions do, however, offer the potential for valuable new opportunities which our team is on the alert to uncover.

Other Fund Information

Shareclass	Currency	Type	ISIN	Bloomberg Ticker	AMC	OCF
A Acc	SEK	Hedged	LU0621234193	SLGLHAS LX	1.60%	1.69%
A Acc	EUR	Unhedged	LU0548153104	SLGLARA LX	1.60%	1.74%
A Acc	AUD	Hedged	LU1220886342	SGARAAH LX	1.60%	1.69%
A Acc	CHF	Hedged	LU0799094759	SLIGAAH LX	1.60%	1.69%
A Acc	GBP	Hedged	LU0621233898	SLGLHAG LX	1.60%	1.69%
A Acc	JPY	Hedged	LU0621234433	SLGLHAJ LX	1.60%	1.69%
A Acc	SGD	Hedged	LU0945074135	SLIASHS LX	1.60%	1.69%
A Acc	USD	Hedged	LU0548154680	SLGLHAU LX	1.60%	1.69%
A Dist	EUR	Unhedged	LU0548153443	SLGLARI LX	1.60%	1.69%
B Acc	AUD	Hedged	LU1621776993	SLGLARB LX	0.90%	0.99%
B Acc	CAD	Hedged	LU1621777025	SLGLACB LX	0.90%	0.99%
B Acc	SGD	Hedged	LU1621776720	SLGARAB LX	0.90%	0.99%
B Acc	CHF	Hedged	LU1435157372	SGARBCH LX	0.90%	0.99%
B Acc	EUR	Unhedged	LU1252714644	SGARBEU LX	0.90%	0.99%
B Acc	GBP	Hedged	LU1252714057	SGARBGH LX	0.90%	0.99%
B Acc	USD	Hedged	LU1252713836	SGARBUH LX	0.90%	0.99%
B Dist	EUR	Unhedged	LU1621777298	SLGLAEB LX	0.90%	0.99%
D Acc	CAD	Hedged	LU0548155067	STGDHDC LX	0.85%	0.90%
D Dist	CAD	Hedged	LU0894980829	SGARDCH LX	0.85%	0.90%
D Acc	AUD	Hedged	LU0548155497	SGADAHA LX	0.85%	0.90%
D Acc	CHF	Hedged	LU0799095053	SLIGADH LX	0.85%	0.90%
D Acc	EUR	Unhedged	LU0548153799	SLGLDIA LX	0.85%	0.90%
D Acc	GBP	Hedged	LU0621233971	SLGLHDG LX	0.85%	0.90%
D Acc	JPY	Hedged	LU0621234607	SLGLHDJ LX	0.85%	0.90%
D Acc	NZD	Hedged	LU0894986198	SGARDNH LX	0.85%	0.90%
D Acc	SEK	Hedged	LU0621234359	SLGLHDS LX	0.85%	0.90%
D Acc	SGD	Hedged	LU0783366338	SLIGDHS LX	0.85%	0.90%
D Acc	USD	Hedged	LU0548154847	SLGLH DU LX	0.85%	0.90%
D Dist	EUR	Unhedged	LU0548153955	SLGLDII LX	0.85%	0.90%
Z Acc	AUD	Hedged	LU0548156388	SLGLZAH LX	0.00%	0.05%
Z Acc	CAD	Hedged	LU0548156032	SLGLZCH LX	0.00%	0.05%
Z Acc	EUR	Unhedged	LU0548154250	SLIGRZC LX	0.00%	0.05%
Z Acc	JPY	Hedged	LU0755802070	SLGLZHJ LX	0.00%	0.05%
Z Acc	USD	Hedged	LU0548155737	N/A	0.00%	0.05%
Z Dist	CAD	Hedged	LU0894983849	SLGARSZ LX	0.00%	0.05%

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)

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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'île, CH-1204 Geneva. The last share prices can be found on www.fundinfo.com.

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