

December 2018

The Aberdeen Standard Global Absolute Return Strategies Fund\*\*\* is invested primarily in the Standard Life Investments Global SICAV Absolute Return Strategies Fund (the "fund") which 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.

The value of investments within the fund can fall as well as rise and is not guaranteed – you may get back less than you pay in. The fund may use derivatives for the purpose of efficient portfolio management and to meet its investment objective. The value of overseas assets held in the fund may rise and fall as a result of exchange rate fluctuations.

Absolute Return

Monthly

Fund Manager	Multi Asset Investing Team	Buy/Sell Spread*	Buy +0.23%/Sell -0.20%
Launch Date	1 December 2009	Redemption Price**	\$1.324639
Current NAV	\$289.1m	ARSN Number	125 897 261
Base Currency	AUD	APIR Code	ETL01 30AU
Benchmark	Bloomberg AusBond Bank Bill Index		

\*This is the current buy/sell spread and it is reviewed monthly. If you wish to confirm the buy/sell spread, please contact the investment manager on 1800-636-888 prior to making an investment or redemption.

\*\* Unit price as at last valuation point of the report period.

\*\*\* Formerly The Standard Life Investments Global Absolute Return Strategies Trust (The Trust).

#### Important information

The key service providers have not changed in the reporting period. There has been no material change to the risk level or strategy of the fund for the reporting period. There has been no material change to the expected risk profile or investment objective of the fund for the reporting period.

**This communication is intended for investment professionals only and must not be relied on by anyone else.**

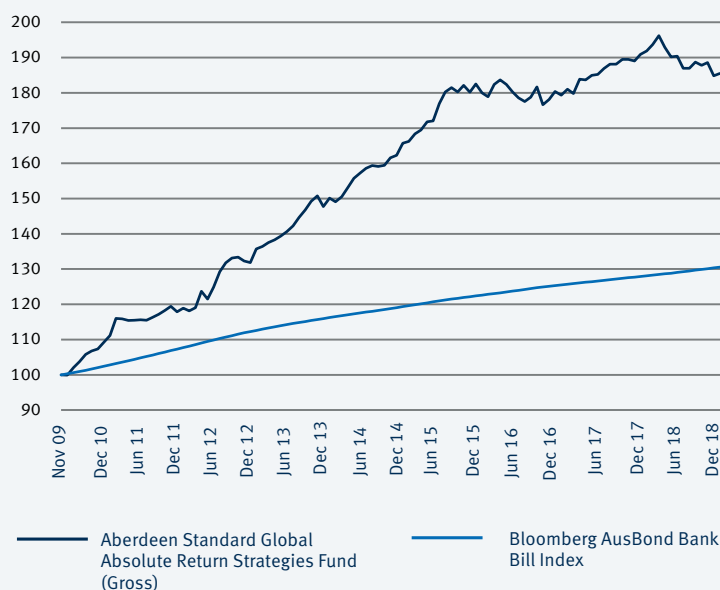
### Portfolio Risk and Return Analysis as at 31 December 2018

The risk and attribution data in the table below is based on the Euro denominated share class and is updated on a quarterly basis (31 March, 30 June, 30 September & 31 December) unless specified otherwise. This is the base currency of the GARS SICAV.

Strategy	Stand-alone Risk Exposure %	Weighting (risk based %)	Contribution to Returns %	
			Q4	1 Yr
Market Returns Strategies				
Global equity oil majors	1.4	9.9	-1.4	-1.4
US equity	1.3	9.2	-1.9	-0.7
Emerging markets income	1.0	7.0	0.3	-0.2
Brazilian government bonds	0.6	4.4	0.7	0.6
Equity option premium	0.3	1.9	-0.3	-0.2
High yield credit	0.2	1.4	0.0	0.0
European equity	0.2	1.1	-0.1	-0.2
UK equity	0.0	0.1	0.0	0.0
European equity banks	Closed		0.0	-0.2
Global REITs	Closed		-0.2	0.1
Japanese equity	Closed		-0.2	0.0
Directional Strategies				
US real yields	1.4	9.6	-0.3	-0.8
Long JPY v CAD	0.9	6.3	0.4	0.4
Long JPY v AUD	0.8	5.9	0.4	0.3
Long USD v KRW	0.7	4.6	0.0	0.0
Canadian interest rates	0.6	4.1	0.6	0.4
Long USD v EUR currency options	0.6	4.1	0.1	0.2
US steepener	0.5	3.3	0.2	0.2
Short UK inflation	0.1	0.9	0.1	0.1
Australian forward-start interest rates	Closed		0.0	0.2
Relative Value Strategies				
Emerging markets v Brazilian equity	1.5	10.6	-0.8	-1.1
US equity large cap v technology	0.7	5.2	0.2	0.1
US equity large cap v small cap	0.5	3.6	0.3	-0.2
Swedish flattener v Canadian steepener	0.4	2.4	0.1	0.2
EuroStoxx50 v S&P variance	0.3	1.7	-0.1	-0.1
Asian v S&P variance	0.0	0.3	-0.1	-0.1
HSCEI v FTSE variance	Closed		0.0	0.0
UK v German duration	Closed		0.0	-0.5
US real yields v Japanese interest rates	Closed		0.0	-0.1
FX Hedging				
FX hedging	0.1	0.4	-0.3	-0.6
Cash				
Cash			0.1	0.2
Residual	0.0	0.0	-0.1	-0.4
Stock selection	0.2	1.7	0.1	-0.5
<b>Total</b>	<b>14.4</b>		<b>-2.4</b>	
Diversification	10.6			
<b>Expected Volatility</b>	<b>3.8</b>			

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.

## Performance as on 31 December 2018



### Cumulative Performance

Source: State Street Australia Limited / Aberdeen Standard Investments (Fund) and FactSet (Benchmark)

	YTD (%)	1 month (%)	3 months (%)	Fin YTD (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	Since Launch (% p.a.)
Aberdeen Standard Global Absolute Return Strategies Fund (Gross)	-4.34	-0.11	-1.74	-0.90	-4.34	0.53	3.34	7.02
Aberdeen Standard Global Absolute Return Strategies Fund (Net)	-5.40	-0.19	-1.97	-1.41	-5.40	-0.63	2.13	5.85
Bloomberg AusBond Bank Bill Index	1.92	0.15	0.48	0.99	1.92	1.91	2.15	2.99

Note: Net of fees performance is calculated based on end of month redemption prices after the deduction of fees and expenses and the reinvestment of all distributions. Gross of fees performance is the net return with fees and expenses added back.

Past performance is not a reliable indicator of future performance.

From 1 September 2011, the Fund was invested in the SLI Global Absolute Return Strategies SICAV. Prior to 1 September 2011, the Fund was invested in the SLI Global Absolute Return Strategies Off Shore Master Fund.

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 PDS document.

### Activity

Within our US real yields versus Japanese government bonds strategy, we closed the short Japanese government bonds leg, taking advantage of compelling price levels. We removed our Japanese equity exposure. We expect this market will now be hampered by the uncertainty over global trade and economic growth. Meanwhile, we opened a position preferring the Japanese yen over the Canadian dollar. Given the yen's defensive qualities, we expect this strategy to provide some protection in the event of continuing global trade tensions and falling oil prices.

We opened a US interest rates steppener strategy, seeking to profit from movements in US interest rates. We also added a short UK inflation position. We believe the long-term outlook for UK inflation remains weak and is currently overstated by the market.

We closed the UK versus German interest rates and European equity banks strategies on account of adverse economic and political developments in the Eurozone. Lastly, we closed our Australian interest rates and global REITs (real estate investment trusts) positions, taking profits after strong performance.

### Performance

During the fourth quarter of 2018, the Aberdeen Standard Global Absolute Return Strategies Fund returned -1.97% (net of fees) against the Bloomberg AusBond Bank Bill Index return of 0.48%. Over the year to 31/12/2018, the Fund returned -5.40% (net of fees), against the index return of 1.92%.

The overall impact of recent portfolio changes was to reduce directional market risk, thereby limiting the extent of the drawdown during this volatile period for markets.

US equities fell sharply, with small-cap stocks leading the decline. As a result, our allocation to the broad US equity market detracted from performance. However, our US equity large-cap versus small-cap relative value strategy contributed positively. Elsewhere, our global equity oil majors position suffered, owing to oil price weakness.

Other negative contributors included our equity option premium strategy. Similarly, our US real yields position failed to recoup losses suffered in October when strong US economic growth pushed up expectations for higher interest rates.

Canadian government bonds moved higher, rewarding our Canadian interest rates position. Canada's economy is relatively reliant on oil and other commodities. Hence, the weak oil price acted as a further incentive for investors to seek the relative safety of Canadian government bonds.

The Japanese yen benefited from its status as a safe-haven currency. This helped drive positive returns from our positions preferring the yen over the Australian dollar and Canadian dollar. Returns from these strategies were enhanced by the slowdown in China's economy and declining oil prices. These factors weighed on the Australian dollar and Canadian dollar respectively.

As expected, Brazil's central bank left interest rates unchanged. It also hinted that rates would likely remain low for a longer period than previously expected. This proved positive for our Brazilian government bonds position. However, our emerging markets versus Brazilian equity strategy detracted from performance. Brazilian equities fell less than emerging markets more broadly, reflecting a measure of optimism that Jair Bolsonaro's new government will pursue business-friendly reforms. Our EM income strategy fared well, mainly thanks to strong performance from the high-

yielding bonds of emerging economies like Indonesia, Turkey, Colombia and South Africa.

### Outlook

Our central view is that global growth has peaked and headwinds are building. However, we believe modest broad-based global growth will continue, albeit with regional variations. Government tax policy and spending plans, and the changing monetary policies of central banks will be important drivers of asset returns – especially as the pace of change remains unclear. The US is continuing to raise interest rates, albeit gradually. The European Central Bank ended its monetary support programme in December. However, we believe it will remain cautious about raising rates in the near term given the uncertainty around Brexit and signs of weakness in the Eurozone economy. Japan, meanwhile, is likely to maintain a supportive monetary path.

Geopolitical tensions are still elevated and asset prices still look expensive on many metrics, despite the recent sell-off. Valuations look vulnerable in sectors where corporate earnings growth appears to have peaked. In other areas, such as emerging markets, valuations are less demanding. We seek to benefit from the opportunities these conditions present by implementing a diversified range of strategies across multiple asset classes.

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To find out more about our fund range, visit our website, contact us at [client.service.aust@aberdeenstandard.com](mailto:client.service.aust@aberdeenstandard.com) or alternatively speak to your usual contact at Aberdeen Standard Investments representative.

<https://www.aberdeenstandard.com/australia/investor/>

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