

Aug
2019

ASI UK Unconstrained Equity Fund

Aberdeen Standard
Investments

31 August 2019

To generate growth over the long term (5 years or more) by investing in UK equities (company shares).

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.

OEIC Fund

Equity Fund

Monthly

| | | | |
|--------------------|----------------------------|-----------------|-----|
| Fund Manager | Wes McCoy | Base Currency | GBP |
| Fund Manager Start | 23 Jun 2015 | No. of Holdings | 41 |
| Launch Date | 29 Sep 2005 | | |
| IA Sector | IA UK All Companies | | |
| Benchmark | IA UK All Companies Sector | | |
| Current Fund Size | £427.3m | | |

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.

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 Sector

| | Fund % |
|-------------------|--------|
| Consumer Services | 23.0 |
| Consumer Goods | 22.2 |
| Industrials | 17.4 |
| Financials | 16.3 |
| Basic Materials | 5.6 |
| Oil & Gas | 4.5 |
| Health Care | 3.5 |
| Technology | 2.7 |
| Utilities | 2.1 |
| Cash and Other | 1.8 |
| Unclassified | 0.9 |

Composition by Market Capitalisation (Ex Cash)

| | Fund % |
|----------------|--------|
| FTSE UK 100 | 29.9 |
| FTSE UK 250 | 56.0 |
| FTSE Small Cap | 12.3 |
| Not In Index | 1.8 |

Top Ten Holdings

| Stocks | Fund % |
|----------------------------|--------|
| Bellway | 5.1 |
| GVC Holdings | 4.9 |
| Crest Nicholson | 4.9 |
| Johnson Matthey | 4.7 |
| Bodycote | 4.7 |
| British American Tobacco | 4.6 |
| Provident Financial | 3.8 |
| Imperial Brands | 3.6 |
| Standard Chartered | 3.6 |
| Tullow Oil | 3.3 |
| Assets in top ten holdings | 43.2 |

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 0.80%. 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 | -15.7 | 17.9 | 23.5 | -21.7 | 12.7 |
| Institutional Fund Performance | -15.1 | 18.6 | 24.3 | -21.1 | 13.9 |
| Platform One | -15.4 | 18.3 | 24.0 | -21.2 | 13.6 |
| IA UK All Companies Sector | -2.2 | 9.2 | 22.4 | -3.9 | 6.8 |

Cumulative Performance

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

| | 6 Months (%) | 1 Year (%) | 3 Years (%) | 5 Years (%) |
|--------------------------------|--------------|------------|-------------|-------------|
| Retail Fund Performance | -5.2 | -17.1 | 6.4 | 4.6 |
| Institutional Fund Performance | -4.9 | -16.6 | 8.4 | 8.6 |
| Platform One | -5.0 | -16.8 | 7.6 | 7.2 |
| IA UK All Companies Sector | 3.9 | -3.1 | 17.6 | 30.0 |

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

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

Composition by Market Capitalisation - Not in index is the sum of holdings outwith the FTSE All Share. This may include new issues, AIM listed and other LSE listed stocks.

Investment Review and Outlook

Market review

The FTSE 350 (ex-Investment Trusts) Equal-Weighted Index made a loss of 2.14%, outperforming the market-cap weighted index.

Global recession, trade friction and competitive currency devaluation were the themes that dominated investor sentiment. The increased likelihood of a no-deal Brexit was also prominent. The immediate effect of this was seen most clearly in the currency market as sterling weakened. There was some modest respite at month end when equities bounced on signals that the US was retreating from its latest threats of tariffs on China.

Risk aversion was demonstrated by the strong showing of safe haven assets such as gold, which reached a six-year high. Furthermore, flows of money into bond markets led to an inversion of the 2-10 year gilt yield curve – a leading indicator of economic recession. On the economic front, news was disappointing. The UK economy contracted by a higher-than-expected 0.2% in the second quarter of 2019, it was the first contraction in seven years.

Given the backdrop of rising volatility, it was companies with dependable profits and strong balance sheets that outperformed. Healthcare and consumer staples were the most in favour.

Activity

We sold out of Centamin. The Egypt-focused gold-miner benefited from the continued rise of the gold price on increased risk aversion during the month. This has happened sooner than forecast, removing our expected upside for the shares. We will reconsider the situation if investor risk tolerance increases and the share price fades, as long-run production growth potential has strengthened.

Performance

The Fund slightly underperformed its benchmark index during the month.

A number of cyclical positions suffered in the absence of stock-specific news, as investors continued to worry about trade tensions and the impact of slower economic growth. This held back specialty chemical business Johnson Matthey and Alfa Financial Software Holdings. A number of smaller less-liquid companies fell on low-trading volumes (typical of holiday-season activity), namely Mitie Group and International Personal Finance. Liquidity-driven moves of shares are less relevant to our thinking than a company's operational performance.

On the upside, positioning in UK leisure companies helped mitigate some of the weaker performers. Holdings in GVC, Mitchells & Butlers and William Hill benefited by being linked to UK discretionary consumption. In particular, Mitchells & Butlers delivered revenues ahead of expectations in a challenging trading

environment for casual dining businesses. It was also benefited from a bid for a competitor, Green King. This provided evidence of the significant undervaluation of UK assets. It is a theme we have selectively pursued.

Outlook & Strategy

The market remains unsettled by Brexit concerns and general scepticism towards companies experiencing short-term issues. Investors are pricing in significant downside risk potential from Brexit and an industrial-cycle downturn. This has created good contrarian opportunities and provided attractive entry points. Company fundamentals do not appear to be driving market prices. Investor risk tolerance looks low as some stocks are being marked down beyond what is warranted by the financial implication of current events.

The pricing of defensive-growth companies is prohibitive. This has resulted in the Fund having a value tilt that is underscored by its high dividend yield, which is now at a post financial-crisis high.

The top performing shares are those that are exhibiting a high degree of momentum. However, these are not the types of holdings we favour. We think knowledge of a company's business cycle will prove paramount. Investors are presently focused on macroeconomic and geopolitical tensions. As such, we believe the bottom-up operational details of companies are not at the forefront of investors' current thinking.

Other Fund Information

| | Retail Acc | Retail Inc | Institutional Acc | Institutional Inc |
|-----------|--------------|------------|-------------------|-------------------|
| Lipper | 65009786 | n/a | 65009785 | n/a |
| Bloomberg | SLUEURA LN | n/a | STUKEQI LN | n/a |
| ISIN | GB00B0LD3B90 | n/a | GB00B0LD3C08 | n/a |
| SEDOL | B0LD3B9 | n/a | B0LD3C0 | n/a |

| | Platform One Acc | Platform One Inc |
|-----------|------------------|------------------|
| Lipper | 68165446 | n/a |
| Bloomberg | SLUEUP1 LN | n/a |
| ISIN | GB00B7LK2232 | n/a |
| SEDOL | B7LK223 | n/a |

| | Interim | Annual | Valuation Point | 12:00 (UK time) |
|------------------------|---------|-------------|-----------------|-----------------|
| Reporting Dates | 30 Apr | 31 Oct | Type of Share | Accumulation |
| XD Dates | 30 Apr | 31 Oct | ISA Option | Yes |
| Payment Dates (Income) | 30 Jun | 28 (29) Feb | | |

| | Retail | Institutional | Platform One |
|--------------------------|--------|---------------|--------------|
| Initial Charge | 4.00% | 7.50% | 0.00% |
| Annual Management Charge | 1.50% | 0.80% | 1.00% |
| Ongoing Charges Figure | 1.53% | 0.91% | 1.16% |

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.

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