Sep
2018

Absolute Return Global Bond Strategies Fund

30 September 2018

Aberdeen Standard Investments

The fund aims to provide positive investment returns in the form of income and capital growth 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 three 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 bonds, cash and money market instruments) 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	29 Mar 2011
Current Fund Size	£2034.2m
Base Currency	GBP
Benchmark	3 Month Sterling LIBOR
Duration	3.2 Years

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 fund information tables are only updated on a quarterly basis (31 March, 30 June, 30 September and 31 December). Due to rounding, the underlying sections may not sum to the total.Standard Life 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.
Contributions may not sum to total due to rounding.

Fund Information *

Stand-alone risk contribution by strategy type

	Stand-alone Vol %
Credit	1.52
FX	1.27
Duration	0.87
Inflation	0.75
Cross Market	0.49
Curve	0.39
Volatility	0.00
Total stand-alone vol:	**5.31**
Diversification:	**2.48**
Overall Volatility:	**2.83**

Return contribution by strategy type

	Q3 Contribution (%)
Credit	0.11
Cross Market	-0.10
Curve	0.03
Duration	0.05
FX	-0.40
Inflation	-0.22
Volatility	0.00
Cash	0.06
Residual	-0.45
Total:	**-0.93**

Top ten risk contributions by strategy

	Stand-alone Vol %
Long Japanese Yen vs Australian Dollar	1.03
Short UK Inflation	0.75
Brazilian Government Bonds	0.73
Canadian Interest Rates	0.62
Short-Dates Credit	0.54
Swedish Flattener vs Canadian Steepener	0.49
European Short End Flattener	0.39
EU Investment Grade Credit	0.39
US Real Yields	0.39
Long US Dollar vs South Korean Won	0.29

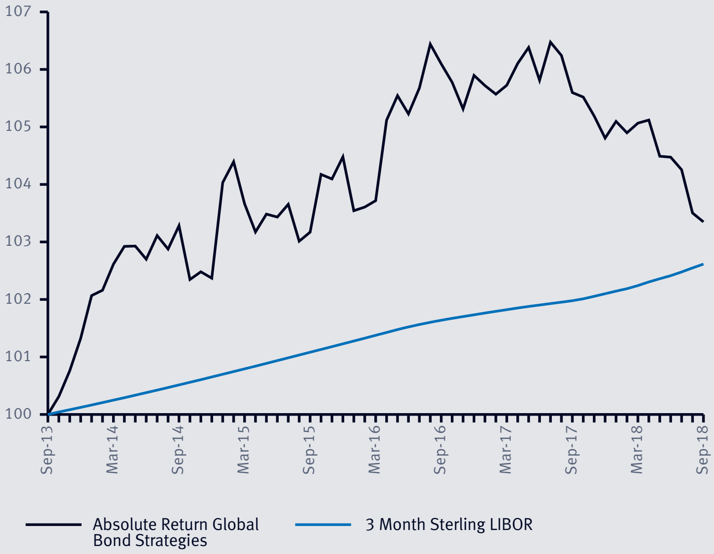
Top 5 Return Contributors by strategy

Top Contributors	Q3 Contribution (%)
Short US Interest Rates	0.21
High Yield Credit	0.14
Contingent Capital Bonds	0.09
Short-Dated Emerging Market Corporate Credit	0.07
European Short End Flattener	0.03

Bottom Contributors	Q3 Contribution (%)
Short UK Inflation	-0.25
Canadian Interest Rates	-0.19
Long Indian Rupee vs Swiss Franc	-0.16
Emerging Markets Income	-0.14
Long Japanese Yen vs Canadian Dollar	-0.08

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 Standard Life 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	-1.9	-0.2	-1.2	-2.0	-2.8
Institutional Fund Performance	-1.4	-0.1	-1.1	-1.6	-2.1
3 Month Sterling LIBOR	0.5	0.1	0.2	0.4	0.6

	3 years (%)	5 years (%)	Since launch (%)
Retail Fund Performance	-1.9	-0.2	4.1
Institutional Fund Performance	0.2	3.3	9.3
3 Month Sterling LIBOR	1.5	2.6	4.6

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.

The fund does not have an index-tracking objective.

Definitions

Duration - gives an indication of a bond's sensitivity to a change in interest rates. It is based on a snapshot of the portfolio on specified date. It does not include any impact from charges.

Investment Review and Outlook

Market review

Most of the major government bond markets delivered negative returns in September as investors digested the US Federal Reserve's (Fed) latest interest rate rise, with a further hike predicted this year. US government bond yields moved back above 3% (bond prices fell). UK and German government bonds also edged lower (yields rose) although neither the Bank of England nor the European Central Bank (ECB) made any changes to monetary policy at their September meetings.

US economic newsflow remained upbeat, affirming the Fed's decision to again raise interest rates. Eurozone manufacturing data fell to a two-year low and the ECB cut its growth forecast for this year and next. Worries about trade wars and political issues also dampened sentiment towards Europe.

Oil prices rose amid fears of supply shortages, with Brent crude finishing the month at its highest level since 2014.

Activity

We closed our short US interest rates position after it delivered positive returns in line with our expectations. Within the US real yields versus Japanese interest rates strategy, we closed the short Japanese interest rates position. Long-dated US real yields sold off recently to what we believe are attractive levels and we prefer to retain the outright long US real yields position to take best advantage.

We exited our currency pair preferring the Indian rupee over the Swiss franc, as the initial investment thesis for both currencies had, in our view, weakened further. Higher oil prices and a lack of promised reforms continue to weigh on the rupee. Conversely, the return of political risk in the Eurozone is likely to fuel appetite for safe-haven assets like the franc and cause it to strengthen.

In light of the other exposures elsewhere in the portfolio and to restore our emerging markets (EM) exposure to desired levels, we closed our EM income position. Lastly, we introduced a global short-dated credit strategy to complement other credit exposures in the portfolio.

Performance

The Absolute Return Global Bond Strategies Fund returned -0.15% (net of fees) during the month, compared to the benchmark three-month GBP LIBOR return of 0.07%.

The Fed's latest interest rate rise and expectations of a further hike this year were positive for our short US interest rates strategy, which we designed to benefit from higher interest rates in the US. In Canada, the release of above-forecast economic data boosted expectations that the central bank would raise interest rates in October, which was negative for our Canadian interest rates strategy. Similarly, September's bond market environment proved negative for our US real yields versus Japanese interest rates strategy and our long interest rates volatility position. Our short UK inflation position, expressing our view that near-term inflation expectations will gradually decline, also detracted from performance, following stronger-than-expected UK inflation data.

Amid improving investor confidence, riskier asset classes recovered some of their earlier losses. As a result, our European investment-grade credit and high-yield credit strategies delivered positive returns.

Our currency pair favouring the Japanese yen over the Australian dollar suffered from the combined effects of a weak yen and strong Australian dollar. The Australian dollar defied concerns about global trade and ended the month higher, as ratings agency Standard & Poor's upgraded the nation's credit rating amid some improving domestic economic data.

The flight from EMs in favour of safe havens eased as a number of EM central banks took steps to reassure investors. This enabled some EM assets and currencies to recover ground. Consequently, our Brazilian government bonds and short-dated EM corporate credit strategies contributed positively.

Outlook

Our central expectation is for continued modest broad-based global growth, albeit with regional variations. Fiscal policy and the changing monetary policies of central banks will be important drivers of asset returns, especially as the pace of change in policies remains uncertain. The US is moving to a tighter monetary environment, albeit on a gradual incline. Improving data in Europe may reduce the ECB's appetite for monetary easing. However, it will likely remain cautious in the near term given the elevated levels of uncertainty around the process of the UK's withdrawal from the European Union. Japan, meanwhile, is likely to remain on a loose monetary path. Geopolitical tensions remain elevated and, on many metrics, asset prices look expensive. We will seek to exploit the opportunities that these conditions present by implementing a diversified range of strategies using multiple asset classes.

Other Fund Information

	Retail Acc	Retail Dist	Institutional Acc	Institutional Dist	Currency
Bloomberg	SLABRBA LX	-	SLABRBD LX	-	GBP
ISIN	LU0548156891	-	LU0548158830	-	GBP
WKN	A1H6U1	-	A1H6U2	-	GBP

Domicile	Luxembourg
Custodian Name	The Bank of New York Mellon SA/NV, Luxembourg Branch, 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-sli-ta@bnymellon.com
Telephone	+352 24 525 716
Share Price Calculation Time	15:00 (Luxembourg time)
Dealing Cut Off Time	13:00 (Luxembourg time)

*Any data contained herein which is attributed to a third party ("Third Party Data") is the property of (a) third party supplier(s) (the “Owner”) and is licensed for use by Standard Life Aberdeen**. Third Party Data may not be copied or distributed. Third Party Data is provided “as is” and is not warranted to be accurate, complete or timely. To the extent permitted by applicable law, none of the Owner, Standard Life Aberdeen** or any other third party (including any third party involved in providing and/or compiling Third Party Data) shall have any liability for Third Party Data or for any use made of Third Party Data. Past performance is no guarantee of future results. Neither the Owner nor any other third party sponsors, endorses or promotes the fund or product to which Third Party Data relates.

**Standard Life Aberdeen means the relevant member of the Standard Life Aberdeen group, being Standard Life Aberdeen plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

“FTSE®”, "FT-SE®", "Footsie®", [“FTSE4Good®” and “techMARK] are trade marks jointly owned by the London Stock Exchange Plc and The Financial Times Limited and are used by FTSE International Limited (“FTSE”) under licence. [“All-World®”, “All- Share®” and “All-Small®” are trade marks of FTSE.]

The Fund is not in any way sponsored, endorsed, sold or promoted by FTSE International Limited (“FTSE”), by the London Stock Exchange Plc (the “Exchange”), Euronext N.V. (“Euronext”), The Financial Times Limited (“FT”), European Public Real Estate Association (“EPRA”) or the National Association of Real Estate Investment Trusts (“NAREIT”) (together the “Licensor Parties”) and none of the Licensor Parties make any warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the FTSE EPRA NAREIT Developed Index (the “Index”) and/or the figure at which the said Index stands at any particular time on any particular day or otherwise. The Index is compiled and calculated by FTSE. However, none of the Licensor Parties shall be liable (whether in negligence or otherwise) to any person for any error in the Index and none of the Licensor Parties shall be under any obligation to advise any person of any error therein.

“FTSE®” is a trade mark of the Exchange and the FT, “NAREIT®” is a trade mark of the National Association of Real Estate Investment Trusts and “EPRA®” is a trade mark of EPRA and all are used by FTSE under licence.”

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 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 Standard Life Investments.

www.aberdeenstandard.com

Aberdeen Standard Investments is a brand of the investment businesses of Aberdeen Asset Management and Standard Life Investments.
Standard Life Investments Limited is registered in Scotland (SC123321) at 1 George Street, Edinburgh EH2 2LL. Standard Life Investments Limited is authorised and regulated by the Financial Conduct Authority. Standard Life Investments Global SICAV is an umbrella type investment company with variable capital registered in Luxembourg (no. B78797) at 2-4, rue Eugéne Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg.
Calls may be monitored and/or recorded to protect both you and us and help with our training.

201810180952 INVRT661   0918 SRCN_GBP