Aug
2018

Enhanced-Diversification Multi Asset Fund

31 August 2018

Aberdeen Standard Investments

The fund aims to provide a long term total return through capital appreciation and income. It invests in a diversified portfolio of assets including equities, bonds, cash deposits and money-market instruments directly, via collective investment schemes and via derivatives. The fund is actively managed by our investment team and holds a portfolio of assets from both Europe and overseas, selected without reference to index weight or size, combined with strategies based on advanced derivative techniques designed to enhance portfolio diversification and thus lower volatility. 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

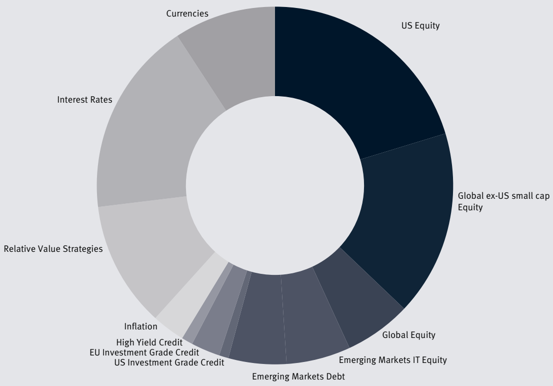
Absolute Return Fund

Monthly

Fund Manager	Multi Asset Investing Team
Fund Manager Start	20 Jul 2016
Launch Date	20 Jul 2016
Current Fund Size	€20.8m
Base Currency	EUR

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 all risk numbers stated in the Fund Information section are calculated at the individual strategy level.
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.

Fund Information *



Market Return Assets	Share of total standalone risk (%)
US Equity	20.3
Global ex-US Small Cap Equity	16.8
Global Equity	6.0
Emerging Markets IT Equity	5.8
Emerging Markets Debt	5.3
EU Investment Grade Credit	2.6
High Yield Credit	1.0
US Investment Grade Credit	0.9
Total	58.7

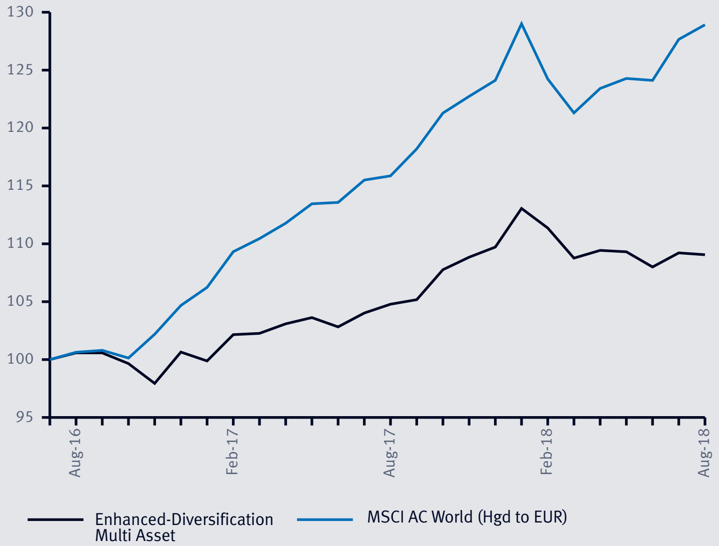
Portfolio Risk Summary	(%)
Expected EDGF Risk	6.5
Global Equity Risk	11.8

Enhanced Diversification	Share of total standalone risk (%)
Inflation	3.0
Relative Value Equity Strategies	11.4
Interest Rates	17.7
Currencies	9.2
Total	41.3

The fund information data in the tables and pie chart above are updated on a quarterly basis only (31 March, 30 June, 30 September and 31 December) unless specified otherwise.

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 0.70%. 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 Thomson Reuters DataStream (Benchmark)

Cumulative Performance

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

	1 Month (%)	3 Months (%)	6 Months (%)	1 Year (%)	SI (%)
Institutional Fund Performance	-0.1	-0.1	-1.7	4.8	10.9
MSCI AC World (Hgd to EUR)	1.0	3.7	3.8	11.3	29.0

Note: Cumulative Performance to period 31/08/2018.

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.

Market review

Most equity markets fell during August, amid escalating trade wars, US sanctions against Iran and Turkey and mounting worries about Italy's political and fiscal situation. The US was a notable exception, as unexpectedly strong second-quarter growth and a still-favourable inflationary backdrop fuelled further appetite for equities.

European economic releases provided evidence that the slowdown earlier this year had been only temporary. However, sentiment was marred by worries over the Italian budget and a possible clash between Italy's new government and the European Commission. Brexit continued to dominate UK newsflow, with little sign of a breakthrough. As expected, the Bank of England raised interest rates by 25 basis points. Elsewhere, trade tensions and renewed strengthening of the US dollar raised concerns about emerging markets (EM), particularly those economies with heavy US dollar debt burdens. Investors' concerns were exacerbated by the unfolding economic crises in Turkey and Argentina, which sent their currencies plummeting and sparked fears of global contagion.

Government bonds in the US, Germany and the UK rose (yields fell), as nervousness about geopolitical developments prompted investors to seek more defensive assets. 10-year US Treasury yields dropped to 2.86%, despite strong economic figures that argued for further interest rate hikes. Meanwhile, fiscal and political uncertainty drove Italian government bonds lower (yields rose). At month-end, rating agency Fitch downgraded the outlook on Italian government debt from stable to negative.

Oil prices rose in response to a larger-than-expected decline in US stockpiles and the resumption of US sanctions against Iran. Most other commodities ended lower, reflecting fears about trade tariffs and oversupply.

Activity

We initiated a position expressing our view that the British pound will remain vulnerable during Brexit negotiations. The strategy is designed to profit from increasing volatility in the pound and should provide protection in the event of a worse-than-expected Brexit outcome, which would likely cause significant depreciation of sterling. Similarly, we exited the US versus UK real yields position, which we believed would struggle amid uncertainty over Brexit.

We opened a European equity banks strategy, seeking to benefit from the Eurozone economic recovery. Despite the recent pressure caused by a deceleration in Eurozone economic activity and the return of political risk, we expect momentum to improve in the medium term. This would allow yields to rise, supporting the region's banking sector.

Finally, we introduced a Mexican government bonds position. This reflects our expectation that the country's weakening growth and inflation outlook will embolden the central bank of Mexico to reduce interest rates in the medium term.

Performance

The Enhanced-Diversification Multi-Asset Fund returned -0.08% (gross of fees), compared to the MSCI AC World Index return of 0.99% (gross of fees, hedged to euros).

<u>Market risk positions</u>

The strong performance of US equities rewarded our US equity strategy. Likewise, our broad global equity strategy gained, owing to the substantial US equity exposure embedded within it. However, our global ex US small-cap exposure detracted from performance. Our EM debt position also suffered, as EM assets came under renewed pressure during the month.

<u>Enhanced Diversifiers</u>

Amid deteriorating sentiment towards EM assets, our EM equity technology and Brazilian government bond strategies contributed negatively. Elsewhere, the Eurozone banking sector came under pressure on mounting concerns about exposure to Turkish banks. Consequently, our European equity banks position delivered a negative return. This was partially offset by the positive contribution from our US versus Australian banks equity position, as most securities within the carefully selected US basket outperformed their Australian counterparts.

Government bonds and other perceived safe-haven assets posted positive returns (yields fell), as investor risk appetite waned. In this environment, US government bonds (Treasuries) fared better than most other developed markets, driving positive returns from our US real yields versus Japanese government bonds strategy.

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 European Central Bank'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 across multiple asset classes.

Other Fund Information

	Retail Acc	Retail Dist	Institutional Acc	Institutional Dist	Currency
Bloomberg	SLEDARU LX	-	SLEDDIU LX	-	EUR
ISIN	LU1432322557	-	LU1432322714	-	EUR
WKN	A2AL2K	-	A2AL2M	-	EUR

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 24 525 717
Share Price Calculation Time	15:00 (Luxembourg time)
Dealing Cut Off Time	13:00 (Luxembourg time)

Additional Information for Switzerland : The prospectus, the key investor information documents, the articles of incorporation, the annual and semi-annual 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

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