

31 December 2018

The fund aims to provide income and some capital growth over the longer term by investing primarily in bonds issued or guaranteed by governments, financial institutions or companies in emerging markets. The majority of the fund will be invested in bonds denominated in US Dollars. The fund is actively managed by our investment team, who will select bonds to try to take advantage of opportunities they have identified.

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 may use derivatives 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

Bond Fund

Monthly

Fund Manager	Kieran Curtis and Mark Baker	No. of Positions	76
Fund Manager Start	4 Sep 2017	Yield to Maturity	6.9
Launch Date	18 Mar 2014		
Benchmark	JP Morgan EMBI Global Diversified		
Current Fund Size	\$42.9m		
Fund Currency	USD		

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](http://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 Currency Breakdown

	Fund %
US Dollar	100.1
Indian Rupee	0.1
Euro	-0.2

### Composition by Region

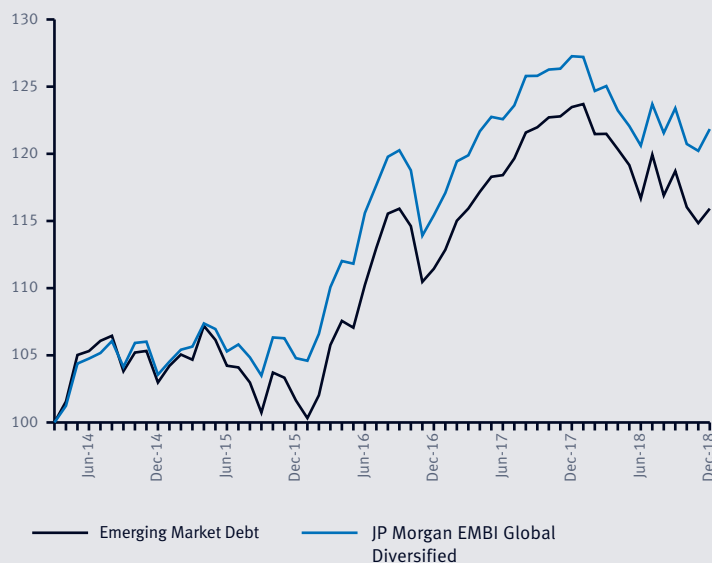
	Fund %
Latin America	36.3
Africa and Middle East	34.7
Europe	14.0
Asia	13.4
Cash and Other	1.6

### Largest Positions Relative to the Benchmark

Overweight Countries	Fund %	B'mark %	Relative %	Underweight Countries	Fund %	B'mark %	Relative %
Vietnam	2.9	0.2	2.7	Chile	0.0	2.9	-2.9
Saudi Arabia	2.5	0.0	2.5	Colombia	0.0	3.1	-3.1
Kenya	3.1	0.7	2.4	Russia	0.0	3.4	-3.4
Argentina	5.0	2.7	2.3	Philippines	0.0	3.4	-3.4
El Salvador	3.3	1.0	2.3	China	0.5	4.2	-3.7

## 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 0.65%. 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)

	YTD (%)	1 month (%)	3 months (%)	6 months (%)	1 year (%)
Retail Fund Performance	-7.1	0.9	-2.6	-1.2	-7.1
Institutional Fund Performance	-6.1	0.9	-2.4	-0.7	-6.1
JP Morgan EMBI Global Diversified	-4.3	1.4	-1.3	1.0	-4.3

	3 years (%)	Since launch (%)
Retail Fund Performance	9.7	11.1
Institutional Fund Performance	14.0	17.1
JP Morgan EMBI Global Diversified	16.3	23.6

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.

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

**Yield to Maturity** - gives an indication of the total expected return from a bond if it is held to maturity. It reflects both the interest payments made to the bondholder and any capital gain or loss at maturity. It is based on a snapshot of the portfolio on specified date. It does not include any impact from charges.

**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.

### Market review

December saw positive returns across the emerging market (EM) debt asset class. In hard currency debt, this was driven by a US Treasury rally, rather than EM spread performance which was negative. The US 10-year Treasury yield, which had been increasing for most of 2018, fell to 2.68%, which was not far from the end of January 2018 level of 2.72%. The oil price continued to decline despite OPEC announcing production cuts, with Brent crude falling to US\$53.80 per barrel at the end of the month. Despite growing risks for the global economy and a more pessimistic view on US growth, the Fed proceeded to hike interest rates at the last meeting of 2018. However, importantly, it did signal more caution around its policy outlook.

Over the month, the JP Morgan EMBI Global Diversified Index returned 1.35%, while the benchmark spread widened by 20 basis points (bps) to 415 bps over US Treasuries, which was the widest level since March 2016. The positive return from US Treasuries outweighed the negative credit performance, resulting in the market's positive overall return. By credit quality, investment grade bonds outperformed high yield assets by 60bps on average during the period. Among the best performing assets in December was Turkey, which was supported by macroeconomic adjustments in its current account and inflation level. Lebanon also performed well with news of a potential break-through in government

formation talks surprising markets. On the other hand, Oman was the worst performer over the month. It lost its Investment Grade status from Fitch (a rating agency) owing to fiscal rigidities and delays in implementing VAT and excise taxes, which could see the fiscal deficit rising to 10% of GDP in 2020.

### Activity

December was a relatively quiet month for activity. However we added exposure to Gabon – the sharp decline in oil prices in recent months has inevitably weighed on the oil dependent country's sovereign bonds, but this has improved valuations. In addition, with the help of IMF program guidance, which saw a further disbursement of US\$99 million in December, the prospects for reforms and fiscal prudence seem to be relatively good at present. Over the month, we also further increased our overweight in Papua New Guinea, where we think the relatively high yield offered more than compensates for associated risks. Other purchases included the sovereign bonds of Namibia and Paraguay.

### Performance

Our EM sovereign external debt strategy returned 0.85%, underperforming the JP Morgan EMBI Global Diversified Index by 49bps. The single biggest detractor was the Fund's underweight in the Philippines (-10bps), with negative contributions also from being underweight in China (-8bps) and Russia (-8bps). On the positive side, the leading relative

return contributor was off-benchmark exposure to Qatar (+8bps), followed by an underweight in Oman (+7bps) and an overweight in Indonesia (+7bps).

### Outlook

The overall backdrop for emerging markets appears to be improving. Despite raising interest rates again in December, the US Federal Reserve (Fed) signalled a more cautious tone regarding US growth and the path of policy tightening. At the same time, China has slowly begun implementing its stimulus agenda. Heading into 2019, increased uncertainty around Fed interest rate hikes is likely to weigh on the US dollar, boding well for emerging market currencies. Moreover, large economic adjustments in major emerging markets such as Argentina and Turkey suggests that these markets will start the year on a much better footing compared to last year. Coupled with more attractive valuations compared to other risk assets, all these factors suggest the makings of a possible positive turn in sentiment towards emerging markets. Some notable key risks do remain however, including the US-China trade dispute and upcoming elections in Argentina, Indonesia, India and South Africa.

## Other Fund Information

	Retail Acc	Retail Dist	Institutional Acc	Institutional Dist	Currency
Bloomberg	-	-	SLEMDDA LX	-	USD
ISIN	-	-	LU0390465630	-	USD
WKN	-	-	AORFM9	-	USD
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-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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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](http://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](http://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](http://www.aberdeenstandard.com)

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