

Jan
2019

Emerging Market Local Currency Debt Fund

Aberdeen Standard
Investments

31 January 2019

The fund aims to provide a return over the longer term from a combination of income, capital appreciation and foreign currency appreciation. The fund will achieve this by investing primarily in bond securities and emerging market currencies. The majority of bonds will be denominated in local currency and issued or guaranteed by governments, financial institutions or companies in emerging markets. The fund is actively managed by our investment team, who will select bonds, currencies and who may invest a proportion of the fund's assets in other bonds and/or money market instruments 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	Modified Duration	4.9
Launch Date	19 Jun 2013		
Fund Currency	USD		
Benchmark	JPMorgan GBI-EM Global Diversified Index		
Current Fund Size	\$639.5m		
Yield to Maturity	7.5		

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 Region

	Fund %
Latin America	40.0
Asia	25.7
Central and Eastern Europe	21.7
Africa and Middle East	8.6
Cash and Other	4.3
North America	-0.3

Top Ten Currency Exposures

	Fund %
Mexican Peso	12.2
Indonesian Rupiah	10.5
Brazil Real	9.9
Colombian Peso	9.1
Czech Koruna	8.1
Turkish lira	7.5
Russian Ruble	7.0
South African Rand	6.7
Polish Zloty	6.5
Thai baht	5.0
Total	82.5

Largest Positions Relative to the Benchmark

Overweight Countries	Fund %	B'mark %	Relative %	Underweight Countries	Fund %	B'mark %	Relative %
Philippines	3.4	0.3	3.1	Czech Republic	1.6	4.1	-2.5
India	2.4	0.0	2.4	Poland	6.5	9.2	-2.7
Argentina	2.8	0.6	2.2	Romania	0.0	2.8	-2.8
Mexico	12.2	10.0	2.2	Chile	0.0	3.2	-3.2
Colombia	9.1	7.1	2.0	Thailand	5.0	8.3	-3.3

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 Aberdeen Standard 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	4.8	4.8	8.1	2.0	-6.8
Institutional Fund Performance	4.9	4.9	8.4	2.4	-6.0
JPMorgan GBI-EM Global Diversified Index	5.5	5.5	9.8	3.8	-5.3

	3 years (%)	5 years (%)	Since launch (%)
Retail Fund Performance	17.7	0.2	-6.4
Institutional Fund Performance	20.6	4.4	-1.9
JPMorgan GBI-EM Global Diversified Index	24.9	5.4	-3.9

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

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.

Modified 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.

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.

Investment Review and Outlook

Market Review

January saw the kind of emerging market (EM) debt rally not seen in many years. A more dovish outlook from the US Federal Reserve, positive signals from both sides of the US/China trade negotiations, and a rebound in oil all converged to create a near perfect 'risk-on' environment. The US 10-year Treasury note yield rallied by a further 6 basis points (bps) to 2.63%, its lowest month-end level since December 2017. The US dollar depreciated against most major currencies during the month. The oil price rallied sharply from a low of US\$50.47 per barrel in late December, to just shy of US\$62 per barrel at end-January.

The JP Morgan GBI-EM Global Diversified Index (unhedged in USD terms) returned 5.46%, with the yield of the index falling by 21 basis points (bps) to end the month at 6.25%. Both local currency bonds and EM currencies generated positive returns, although currencies were the dominant contributor. On a country basis, South Africa, Turkey and Argentina all experienced double-digit positive returns as the market sought out some of the more high-yielding credits. Euro-

cross countries such as Romania, Czech Republic and Poland underperformed, while the Dominican Republic had a minor negative return due to its currency depreciating during the month.

Activity

With its currency devaluation-related external account adjustment widely seen as progressing ahead of expectations, we added some exposure to Turkey in December, although we remain underweight compared to the index. We also increased our overweight exposure to Indonesia, where declining domestic inflation boosts both real interest rates and the likelihood of foreign capital inflows. Other additions in the month included the local currency bonds of Argentina and the Philippines. On the sell-side, activity was more limited but following the Rand's strong showing in January, we trimmed our exposure to South Africa, moving to a slightly underweight position compared to the index.

Performance

Our Emerging Markets Local Currency Debt strategy returned 5.18% in January, underperforming the JP

Morgan GBI-EM Global Diversified Index by 26bps. A leading detractor was the Fund's underweight duration position in Turkey, which in response to its earlier sharp currency devaluation, recorded its fourth straight current account surplus in November. Off-benchmark exposure to India was another detractor – this was partly on the back of concerns about the country's ballooning budget deficit, which could be exacerbated by pre-election pump-priming efforts. On the positive side, the single biggest contributor was lack of the exposure to Romania, followed by overweight positions in Brazil and Argentina.

Outlook

Many investors are understandably questioning how long January's rally can continue. We feel conditions remain favourable for risk-on sentiment since valuations remain attractive despite the recent strong performance. Indeed, EM real yields are nearly 3%, which are near the top-end of the range of the past decade, and could edge up further if inflation moves lower. Some important risks do remain however, including upcoming elections in Argentina, Indonesia, India and South Africa.

Other Fund Information

	Retail Acc	Retail Dist	Institutional Acc	Institutional Dist	Currency
Bloomberg	SLICDAA LX	SLICDAI LX	SLICDDA LX	SLICDDI LX	USD
ISIN	LU0913259262	LU0913259346	LU0913259429	LU0913259692	USD
WKN	A1T9LG	A1T9LH	A1T9LL	A1T9LM	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. 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.

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