



Fund Guide

European Corporate Bond Fund Guide



Standard Life
Investments

October 2016

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About Standard Life Investments

Standard Life Investments is a leading asset manager with an expanding global reach. Our wide range of investment solutions is backed by our distinctive *Focus on Change* investment philosophy, disciplined risk management and shared commitment to a culture of investment excellence.

As active managers, we place significant emphasis on rigorous research and a strong collaborative ethos. We constantly think ahead and strive to anticipate change before it happens, ensuring that our clients can look to the future with confidence.

As of 30 June 2016, Standard Life Investments managed €323.6 billion on behalf of clients worldwide. Our investment capabilities span equities, fixed income, real estate, private equity, multi-asset solutions, fund-of-funds and absolute return strategies.

Headquartered in Edinburgh, Standard Life Investments employs more than 1,600 talented individuals. We maintain offices in over 20 locations across Europe, North America, Asia and Australasia. In addition, we have close relationships with leading domestic players in Asia, including HDFC Asset Management in India and Sumitomo Mitsui Trust Bank in Japan.

Our parent, Standard Life plc, was established in 1825. A leading provider of long-term savings and investments, Standard Life went public on the London Stock Exchange in 2006 and is now a FTSE 100-listed company. Standard Life Investments was launched as a separate company in 1998 and has quickly established a reputation for innovation in pursuit of our clients' investment objectives.

Our investors rank among some of the world's most sophisticated and high-profile institutions. They include pension plans, banks, mutual funds, insurance companies, fund-of-fund managers, endowments, foundations, charities, official institutions, sovereign wealth funds and government authorities.

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Introducing the European Corporate Bond Fund

The European Corporate Bond Fund aims to provide a compelling risk-adjusted return by investing across the global corporate bond investment universe. Through our distinctive investment process, we aim to build a well-diversified portfolio that adds value through fundamental credit selection.

The Fund is managed by our global credit team. The team, which is based in the UK and US, comprises more than 40 investment professionals. In addition, the team can call upon investment expertise from across Standard Life Investments, including our strategy, macro investing, equity and multi-asset teams.

The European corporate bond universe is a large and diverse opportunity set. It comprises a wide range of economies, sectors and companies. Our global credit team aims to identify and exploit the most attractive investment opportunities in order to outperform throughout the credit cycle.

Summary of benefits

1. In the majority of cases, corporate bonds offer investors a superior yield to government bonds.
2. We focus on providing consistent risk-adjusted, benchmark-relative returns in both rising and falling markets.
3. We have a robust and repeatable investment process, which focuses on security selection tailored to the overall environment.
4. We aim to capture the most compelling investment opportunities from across European corporate bond markets.
5. We have a highly experienced global credit team with significant resource in both North America and Europe.



Craig MacDonald
Head of Credit

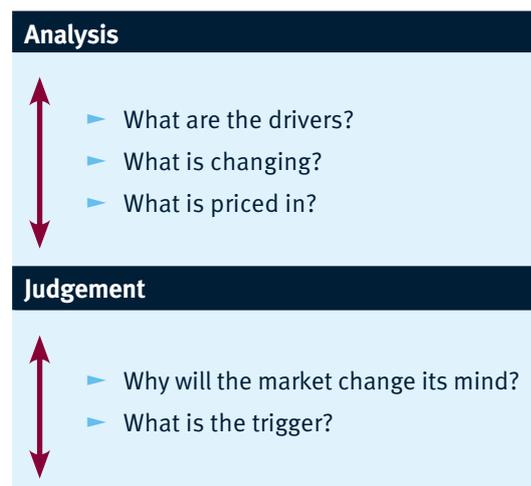
“In volatile investment-grade markets, stock selection has become ever more crucial. Our bottom-up approach is ideally positioned to unearth value for our clients.”

What is our investment approach?

We adhere to a distinctive investment philosophy called *Focus on Change*. Its application helps us to identify the key factors driving the market price of an investment and ultimately generates strong investment performance.

Understanding the dynamics behind these drivers enables us to focus on the triggers that will cause the market to change direction and ultimately produce a revised price. We have found that the best opportunities are gleaned from investments where we not only have the deepest insights but also the greatest conviction that market expectations are going to change.

We use five key questions to frame our investment ideas – providing a common investment language that is used across all asset classes.



An integrated investment approach

To fully maximise market opportunities, our robust and repeatable investment process is deeply integrated across our business. Our fixed income, strategy, equity and multi-asset teams regularly share information and discuss market developments.

- ▶ **Superior global coverage** – Our dedicated credit teams in Edinburgh and Boston ensure comprehensive coverage of major global fixed income markets. We apply a holistic approach to credit analysis, using a global research platform.
- ▶ **Maximising shared macro insights** – Our sovereign specialists have a close working relationship with our strategy and other macro experts within our multi-asset and money market teams. This enables us to understand

developments in the global economy from a wide range of perspectives, enriching our understanding of the macro factors driving bond prices.

- ▶ **Superior company access** – Within corporate bonds, understanding the issuers we buy bonds from is central to our process. Our significant presence in equity, real estate and money markets provides us with critical insights into the companies and instruments we invest in.
- ▶ **Governance and ethical considerations** – Poor corporate governance has often been a sign of problems ahead for an issuer. The close links with our corporate governance team help us understand the motivations of the board of each company.
- ▶ **A powerful combination** – By combining these shared macro and corporate insights, and tapping into the vast resources of Standard Life Investments, we are able to build up a deep and rich picture of the global macroeconomic landscape.

Credit selection

Our global credit team specialises in fundamental, bottom-up credit selection. In addition to establishing high-conviction positions based on this analysis, we adjust the themes and risks within the portfolio based on careful assessment of macroeconomic and geopolitical factors. By scaling our issuer, sector and country positions to reflect our views, we can better create a balanced portfolio that enhances our ability to outperform in different market environments. We call this ‘credit selection tailored to the overall environment’.

We take a holistic view of the investment universe, approaching it as one single global opportunity set. This allows us to focus on our best ideas rather than allocating to regional silos. We also incorporate insights from our equity, real estate and macro teams through shared company meetings and our global research platform.

What is our investment expertise?

Our global credit team manages the European Corporate Bond Fund. The team is based in both North America and the UK and comprises more than 40 dedicated credit specialists.

At Standard Life Investments, portfolio management and research is a combined role. We believe this provides added value in portfolio construction – each manager draws on the research from all the analysts in the team. This gives our portfolio managers intimate knowledge of the securities in which they invest and maximises accountability across the team.

We reject a ‘star portfolio manager’ culture and instead promote a collaborative, team-based approach. We believe this to be the most effective way of working as it ensures shared insights and active debate. By challenging ideas and accepted opinions in this way, we can be sure that our decisions are well-informed and our portfolio positions are well-considered.



Craig MacDonald
Head of Credit

Craig joined Standard Life Investments as an Investment Director in 2002. Craig has been a key figure in broadening our corporate credit processes and resources to manage euro and global corporate credit in addition to our strong sterling bond heritage. He now manages a range of third-party corporate bond portfolios. Prior to joining Standard Life Investments, Craig was responsible for non-local government European public finance at Standard & Poor’s, the credit rating agency.

Fund information

Fund aim

Investing predominantly in European investment grade corporate bonds, the European Corporate Bond Fund aims to provide long-term growth from capital gains and from reinvested income. The Fund is actively managed by our experienced team of credit specialists, who may invest in a wide range of bonds in order to take full advantage of opportunities it has identified.

Technical specifications	
Fund manager	Craig MacDonald
Legal structure	SICAV - sub fund
Benchmark	iBoxx Euro Corporates
Types of shares available	Accumulation and Income*
Fund launch date	25 September 2003
Base currency	€ (EUR)
Shareclass currency	USD, GBP, EUR, NOK, CHF
Retail share class	
Annual management charge	1.00%
Ongoing charges	1.08% (estimated)
Minimum lump sum	€1,000
Institutional share class	
Annual management charge	0.50%
Ongoing charges	0.54% (estimated)
Minimum lump sum	€1,000,000

*Income shares not available for all currencies. Please refer to Prospectus for more details

The Fund may be suitable for investors who are:

- ▶ seeking superior returns to those available from government bonds and cash
- ▶ willing to accept some fluctuations in the value of their investment
- ▶ looking to diversify an existing portfolio.

The Fund may not be suitable for investors who:

- ▶ are unwilling to take any risk with their capital – fixed income is not a risk-free investment
- ▶ do not wish to invest in a fund that may make use of financial derivatives
- ▶ have an investment time horizon of less than three years.

Find out more

If you would like further information on this Fund, please speak to your usual Standard Life Investments contact. Alternatively, visit our website where you will find full details on the services we offer, as well as daily prices for our full range of SICAVs.

Visit us online



[standardlifeinvestments.com](https://www.standardlifeinvestments.com)

Important Information

The value of an investment and any income from it is not guaranteed and can go down as well as up. An investor may get back less than they invested.

All information, opinions and estimates in this document are those of Standard Life Investments, and constitute our best judgement as of the date indicated and may be superseded by subsequent market events or other reasons.

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