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2018

Global Absolute Return Strategies Fund

31 August 2018

Aberdeen Standard Investments

The fund aims to provide positive investment returns 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 five 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 equities and bonds) 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	26 Jan 2011
Current Fund Size	€6,879.7m
Base Currency	EUR
Benchmark	6 Month EURIBOR

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 Portfolio Risk and Return Analysis table is only updated on a quarterly basis.

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 *

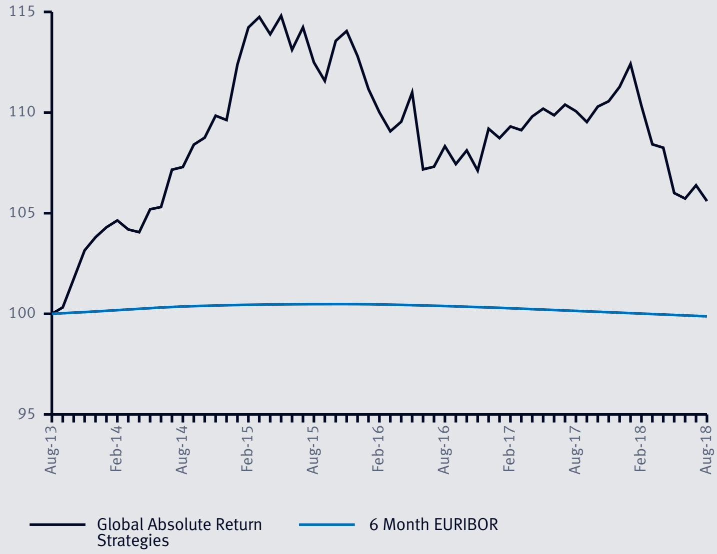
Quarterly Portfolio Risk and Return Analysis

	Strategy	Stand-alone Risk Exposure %	Weighting (risk based %)	Contribution to Returns % Q2	1 Yr
Market Returns Strategies	US equity	1.4	10.0	0.2	1.4
	Japanese equity	1.2	8.6	0.0	-0.2
	Emerging markets income	0.8	6.1	-0.5	-0.4
	Global REITs	0.6	4.1	0.4	0.6
	Korean equity	0.5	3.3	-0.3	-0.2
	High yield credit	0.3	2.2	0.1	0.1
	Equity option premium	0.2	1.2	0.1	0.1
	European equity	0.2	1.1	-0.1	0.7
	Brazilian government bonds	0.2	1.1	0.0	0.0
	UK equity	0.0	0.2	0.0	-0.1
	US investment grade credit	Closed		0.0	0.2
Directional Strategies	Australian forward-start interest rates	0.7	5.2	0.1	0.2
	Long JPY v AUD	0.7	5.1	0.0	0.0
	Short US interest rates	0.4	2.9	0.0	0.0
	Long USD v EUR currency options	0.4	2.8	0.2	0.2
	Long INR v CHF	0.4	2.7	0.0	0.3
	Canadian interest rates	0.1	0.5	0.0	0.0
	Japanese steepener	Closed		0.0	-0.1
	Long JPY v KRW	Closed		-0.2	-0.3
	Long SEK v EUR	Closed		0.0	-0.4
	Long USD v GBP	Closed		0.0	-0.3
	US front end steepener	Closed		0.0	-0.2
	US real yields	Closed		-0.1	0.0
Relative Value Strategies	European equity banks v Eurostoxx50	1.0	7.3	-1.4	-1.8
	Emerging markets v Brazilian equity	0.8	5.8	0.3	-0.2
	US equity large cap v small cap	0.8	5.5	-0.5	-0.6
	Oil majors v global equity	0.8	5.4	0.5	0.5
	US real yields v Japanese interest rates	0.7	4.8	0.1	0.1
	UK v German duration	0.6	4.6	-0.1	-0.5
	Asian v S&P variance	0.4	3.0	0.0	0.0
	EuroStoxx50 v S&P variance	0.2	1.7	0.0	-0.1
	Swedish flattener v Canadian steepener	0.2	1.5	0.1	0.1
	HSCEI v FTSE variance	0.1	0.9	0.0	0.0
	Emerging markets v UK equity	Closed		-0.8	-0.7
	Italian v German interest rates	Closed		-0.2	-0.1
FX Hedging	FX hedging	0.0	0.3	-0.1	-0.3
Cash	Cash			0.0	0.1
	Residual	0.0	0.0	0.1	-0.6
	Stock selection	0.3	2.1	-0.1	-0.6
	Total	**13.8**		**-2.3**	
	Diversification	9.5			
	Expected Volatility	**4.3**			

Individual strategy contributions are based on gross returns. The attribution of returns to individual strategies is performed on a best endeavours basis and uses market data at the close of business at the end of each period. This data is typically unavailable at the time unit prices are struck resulting in minor differences between unit price performance and this attribution. Such differences do not accumulate so cancel out over time.

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 (A)	-5.6	-0.8	-0.6	-4.7	-4.8
Institutional Fund Performance (D)	-5.1	-0.7	-0.4	-4.3	-4.1
6 Month EURIBOR	-0.2	0.0	-0.1	-0.1	-0.3

	3 years (%)	5 years (%)	Since launch (%)
Retail Fund Performance (A)	-8.3	1.5	14.2
Institutional Fund Performance (D)	-6.1	5.6	21.4
6 Month EURIBOR	-0.6	-0.1	2.5

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.

Monthly Investment Review and Outlook

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

There were no strategies added or removed during August.

Performance

The Global Absolute Return Strategies Fund returned -0.80% during the month (net of retail fees), compared to the benchmark 6-month EURIBOR return of -0.02%.

Strong economic data and continued positive sentiment towards the US boosted the performance of our US equity strategy. However, in Europe the banking sector declined by 10.8% amid rising worries about the exposure of some Eurozone banks to Turkey, whose currency plunged by 24% against the US dollar during August. Consequently, our European equity banks position detracted from performance. Our oil majors versus global equity strategy also contributed negatively as the losses from the short global equity leg were diminished by the positive performance of the US market.

With investors seeking sanctuary in safe-haven assets such as government bonds and the yen, our Australian interest rates and long Japanese yen versus Australian dollar strategies gained. Returns from the currency pair were boosted further as the Australian dollar, which is normally used by investors as a proxy for EMs, weakened in tandem with worsening sentiment towards EM assets. Our US real yields versus Japanese government bonds position also benefited from the moves in global bond markets.

Deteriorating sentiment towards EM assets resulted in negative contributions from our EM income, Brazilian government bonds and long Indian rupee versus Swiss franc strategies. Partially offsetting these, our EM versus Brazilian equity strategy delivered a positive return. Brazilian equities trailed EM equities more broadly, as the Brazilian Real declined to its lowest level in two years, amid rising political uncertainty ahead of the forthcoming elections.

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 (A)	Retail Dist (A)	Retail Acc (B)	Institutional Acc (D)	Institutional Dist (D)	Currency
Bloomberg	SLGLARA LX	SLGLARI LX	SGARBEU LX	SLGLDIA LX	SLGLDII LX	EUR
ISIN	LU0548153104	LU0548153443	LU1252714644	LU0548153799	LU0548153955	EUR
WKN	A1H5Z0	A1H5Z1	N/A	A1H5Z2	A1H5Z3	EUR

Domicile	Luxembourg
Custodian Name	The Bank of New York Mellon (Luxembourg) S.A., 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)

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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 invests in equities and equity related securities. These are sensitive to variations in the stock markets which can be volatile and change substantially in short periods of time.

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

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