

Oct
2018

Global Absolute Return Strategies Fund

Aberdeen Standard
Investments

31 October 2018

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	€5699.1m
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.

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 *

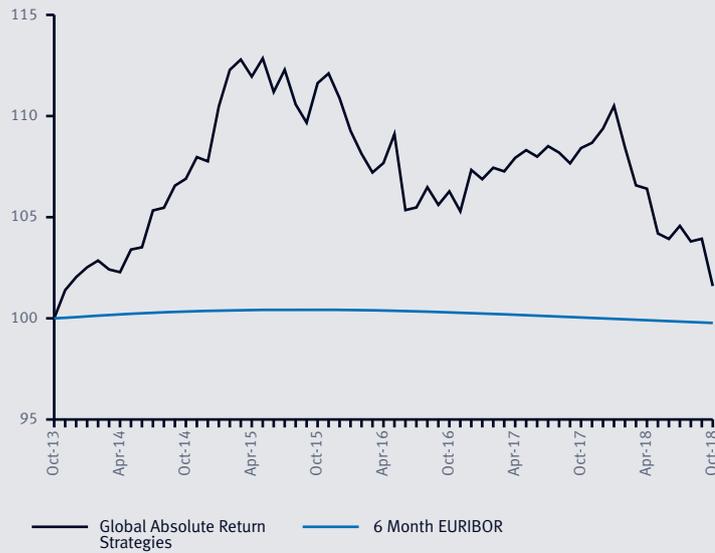
Quarterly Portfolio Risk and Return Analysis

	Strategy	Stand-alone Risk Exposure %	Weighting (risk based %)	Contribution to Returns %		
				Q3	1 Yr	
Market Returns Strategies	Global equity oil majors	1.5	10.7		0.0	0.0
	Japanese equity	1.1	7.9		0.4	0.2
	Emerging markets income	1.0	7.6		-0.1	-0.5
	US equity	0.9	6.3		1.1	2.2
	Global REITs	0.7	4.9		0.0	0.5
	Brazilian government bonds	0.5	3.8		-0.1	0.0
	European equity banks	0.4	3.0		-0.1	-0.1
	High yield credit	0.2	1.6		0.1	0.1
	European equity	0.2	1.3		-0.1	0.1
	Equity option premium	0.1	1.0		0.1	0.1
	UK equity	0.0	0.1		0.0	0.0
	Korean equity	Closed			0.0	-0.3
	Directional Strategies	Long JPY v AUD	0.8	6.1		-0.1
Australian forward-start interest rates		0.6	4.4		0.0	0.3
Canadian interest rates		0.6	4.3		-0.2	-0.2
Long USD v KRW		0.4	3.1		0.0	0.0
Long USD v EUR currency options		0.2	1.8		0.0	0.2
Short US interest rates		Closed	0.0		0.1	0.1
Long INR v CHF		Closed			-0.2	0.0
Relative Value Strategies	US real yields v Japanese interest rates	1.1	8.2		-0.1	-0.1
	Emerging markets v Brazilian equity	1.0	7.5		-0.3	-0.3
	UK v German duration	0.6	4.8		0.0	0.0
	US equity large cap v small cap	0.4	2.7		0.1	-0.6
	US equity large cap v technology	0.3	2.5		0.0	0.0
	Swedish flattener v Canadian steepener	0.2	1.6		0.0	0.1
	EuroStoxx50 v S&P variance	0.1	1.1		0.0	0.0
	Asian v S&P variance	0.1	1.1		0.0	0.0
	HSCEI v FTSE variance	0.1	0.5		0.0	0.0
	European equity banks v Eurostoxx50	Closed			0.0	-1.6
	Oil majors v global equity	Closed			0.0	0.6
FX Hedging	FX hedging	0.1	0.6		-0.1	-0.4
Cash	Cash				0.1	0.2
	Residual	0.0	0.0		0.1	-0.3
	Stock selection	0.3	1.9		-0.4	-0.8
	Total	13.6			0.2	
	Diversification	9.2				
Expected Volatility	4.4					

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 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 (A)	-7.7	-2.3	-3.0	-4.9	-7.0
Institutional Fund Performance (D)	-7.1	-2.2	-2.8	-4.5	-6.3
6 Month EURIBOR	-0.2	0.0	-0.1	-0.1	-0.3

	3 years (%)	5 years (%)	Since launch (%)
Retail Fund Performance (A)	-11.1	-2.3	11.6
Institutional Fund Performance (D)	-9.0	1.6	18.8
6 Month EURIBOR	-0.7	-0.2	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.

The fund does not have an index-tracking objective.

Market review

October was a challenging month for capital markets. Global equities fell in volatile trading, buffeted by fears over global economic growth, slowdown in China, elevated global trade tensions and – to some extent – rising interest rates. US equities had their worst month in seven years, losing almost 7% in US dollar terms. Small-cap stocks fared worst, with the main index down almost 11%. With a generally favourable US corporate results season so far, investors are starting to question the sustainability of earnings growth, especially as the benefit of tax cuts fades. Technology stocks were notably weak as disappointing sales figures from Amazon and Alphabet reinforced negative sentiment towards the sector.

Some good corporate results prompted a late-October flourish in European equities, but the market nevertheless lost ground over the month. UK stocks also floundered, despite a business-friendly government budget. Oil & gas and technology firms were among the biggest losers. Emerging market equities suffered pronounced losses in the month. However, Brazil was a notable exception after the election of controversial, far-right candidate Jair Bolsonaro as president. Mr Bolsonaro has vowed to open up the economy to private investments, strengthen ties with the US and control crime.

Government bond markets posted mixed returns. US 10-year Treasury yields rose to their highest level in seven years (bond prices fell) as strong economic data bolstered expectations that the Federal Reserve would continue raising interest rates. Conversely, government bond yields in the UK and Germany fell (prices rose), as the growing likelihood of a ‘no deal’ Brexit and political upset in Italy stoked appetite for perceived safe-haven assets. Corporate bonds generally delivered negative returns and underperformed government issues.

Oil prices slipped lower amid mounting concern that US/China trade tariffs would stifle global growth and curb oil demand. Brent crude ended October down almost 9%, at US\$ 75.71 per barrel.

Activity

Within our US real yields versus Japanese government bonds strategy, we closed the short Japanese government bonds leg. Long-dated US real yields have sold off recently to levels that we believe offer value and we prefer to retain the outright long US real yields position. In addition, we closed our long Japanese equity position. We expect that, having benefited from recent yen weakness, Japanese equities will struggle amid mounting uncertainty over global trade and economic growth. At the same time, we opened a long Japanese yen versus Canadian dollar strategy aimed at providing some protection in the event of continuing global trade tensions and weakening oil prices.

Elsewhere, we closed the UK versus German interest rates and European equity banks strategies as, in our view, their performance will be impacted by recent economic and political developments in the Eurozone.

Performance

The Global Absolute Return Strategies Fund returned -2.32% during the month (net of retail fees), compared to the benchmark 6-month EURIBOR return of -0.02%.

The sell-off in the US equity market resulted in negative returns from our US equity exposure. However, large-cap US stocks outperformed small-caps, lifting our US equity large-cap versus small-cap strategy. Meanwhile, the fall in oil prices hurt our global equity oil majors position. The environment of rising interest rates in the US was negative for our US real yields strategy. Likewise, our global REITs (real estate investment trusts) exposure dragged on performance, as the sector was negatively affected by rising rates.

Several of our currency positions contributed positively. The favourable US macroeconomic environment boosted the US dollar over the period. Conversely, the euro tumbled against a backdrop of disappointing Eurozone economic growth data and wrangling between the Italian government and the European Commission over Italy’s budget proposals. As a result, our long US dollar positions against the euro and the won were rewarded. Equally, the Australian dollar weakened during October as below-forecast inflation figures gave credence to expectations that monetary policy would remain accommodative over the medium term. This benefited our currency pair preferring the Japanese yen over the Australian dollar.

The impressive performance of Brazilian capital markets during October stood in stark contrast to the weak performance of other emerging market assets. This environment benefited our Brazilian government bonds strategy but hurt our emerging markets versus Brazilian equity position.

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 are still 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'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

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