Nov
2018

Global Absolute Return Strategies Fund

30 November 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
Shareclass Launch Date	14 Jun 2011
Current Fund Size*	£4,384.3m
Shareclass	GBP (hedged)
Base Currency	EUR

Benchmark**	6 Month EURIBOR

*** Fund size calculated using the base currency in Euros converted into Sterling using the FX rate of 1:0.89 on 30/11/2018.**
**** This is the Fund benchmark. Where shareclasses are available in a different currency to the Fund's base currency, an alternative benchmark will be referenced for performance comparison purposes. For example, for a USD-hedged shareclass, performance will be referenced against a USD-hedged version of the Fund benchmark or a local currency (equivalent) index.**
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 *

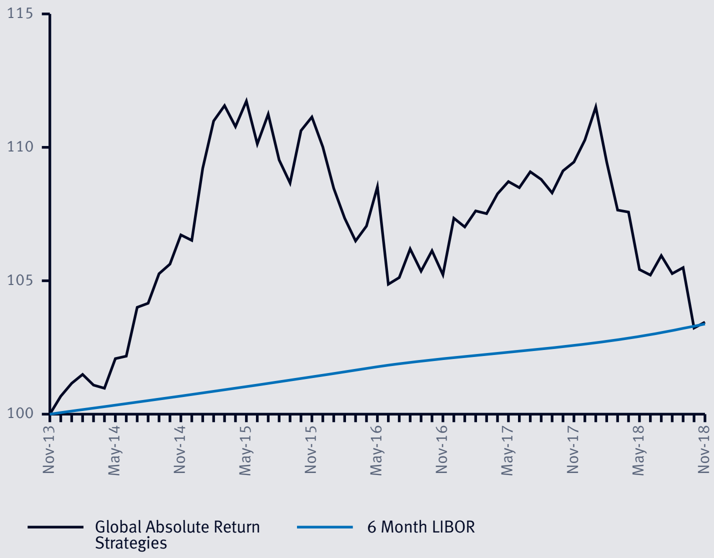
Quarterly Portfolio Risk and Return Analysis

	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	-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)	-6.9	0.1	-1.9	-2.3	-6.2
Institutional Fund Performance (D)	-6.2	0.2	-1.7	-1.9	-5.5
6 Month LIBOR	0.7	0.1	0.2	0.4	0.8

	3 years (%)	5 years (%)	Since launch (%)
Retail Fund Performance (A)	-9.1	-0.6	15.7
Institutional Fund Performance (D)	-6.9	3.4	22.7
6 Month LIBOR	2.0	3.4	5.9

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.

Market review

Global equity markets delivered mixed performance in November, with investor sentiment dampened by worries about geopolitics and the impact of trade tensions on global economic growth. At a regional level, stocks in the US, Japan and emerging markets (EM) closed higher, while European and UK equities lost ground.

Geopolitical developments remained a key influence on investor sentiment. In particular, the ongoing US-China trade spat continued to fuel worries about global growth. In US mid-term elections, the Democrats took control of the House of Representatives, which will likely make it harder for President Trump to extend his stimulus plans. As widely anticipated, the US Federal Reserve left interest rates unchanged, while a speech from its chairman was interpreted as an indication that the central bank may leave rates closer to the current level. Meanwhile, UK Prime Minister Theresa May and the European Union (EU) finally struck a deal over the terms of the UK's withdrawal from the EU. However, the deal faces overwhelming opposition from the House of Commons which, given the absence of alternative proposals, raises the odds of a 'no-deal' Brexit.

Global government bonds delivered positive returns (yields fell), as concerns about world growth fuelled demand for less risky assets. Yields on UK government bonds ended lower (prices rose) after a volatile month driven by Brexit and fluctuations in the British pound. The yield on US 10-year Treasuries fell to just under 3%, and yields on German government bonds also edged down. Corporate bond markets delivered negative returns (yields rose) as investors worried about high levels of corporate debt in an environment of slowing growth and rising US interest rates.

The global economy continued to show sharp regional divergence. US data remained solid and consumer confidence high, despite some softening of the housing market on account of higher interest rates. By contrast, signs of economic weakness persisted in Europe, with disappointing third-quarter growth and signs of slowdown in both services and manufacturing. EU consumer confidence also fell short of expectations.

Oil prices declined, with Brent crude closing below US$60/barrel on fears that global trade wars will curb demand at a time when oil supply, particularly in the US, is growing.

Activity

We closed our Australian interest rates position after it had delivered positive returns in line with our expectations. Furthermore, while there have been signs of a slowdown in the housing sector, Australia's economic growth has been better than expected. We believe this could put pressure on the central bank to raise interest rates, which would work against this position. Similarly, we exited our global REITs (real estate investment trusts) position as this too had performed in line with our expectations. We currently prefer equities to REITs, as equities offer a better way to position for a recovery in risk assets.

Performance

The Global Absolute Return Strategies Fund returned 0.15% during the month (net of retail fees), compared to the benchmark 6-month LIBOR return of 0.08%.

In the US, the technology-heavy Nasdaq 100 Index extended its losses on continued fears about the impact of trade tariffs on global demand and the technology supply chain. However, the more broadly-based S&P 500 Index regained some ground, aided by relatively encouraging economic data and, to some extent, the conclusion of the mid-term elections. Consequently, our US equity and US equity large-cap versus technology positions delivered positive returns, as did our equity option premium strategy. These positives were partially offset by our global equity oil majors strategy, which was negatively impacted by the declining oil price.

The positive environment for global government bonds benefited our Canadian interest rates and US real yields strategies. Among our currency strategies, our preference for the US dollar over the Korean won hampered performance, as did our preference for the Japanese yen over the Australian dollar. The won and the Australian dollar strengthened at the prospect of a US-China trade deal as well as mounting expectations that US interest rates would rise at a slower pace next year than had hitherto seemed likely. Additionally, the Bank of Korea's decision to raise interest rates provided some support for the won. Our long US dollar versus euro currency options strategy also came under pressure, as dollar-euro volatility declined.

Elsewhere, our EM income strategy fared well, driven mainly by strong performance from the high-yielding bonds of emerging economies like Indonesia, Turkey, Colombia and South Africa, countries considered on balance to have prudent and sustainable policy measures.

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 EU. 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	SLGLHAG LX	-	SGARBGH LX	SLGLHDG LX	-	GBP
ISIN	LU0621233898	-	LU1252714057	LU0621233971	-	GBP
WKN	A1H99Y	-	n/a	A1H99Z	-	GBP

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-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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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.

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