Dec
2018

Global Focused Strategies Fund

Aberdeen Standard Investments

31 December 2018

The fund aims to provide positive investment returns in all market conditions over the medium to long term through a discretionary multi-asset approach that integrates macro insights with fundamental security research. It invests actively within and between all major asset classes and across the capital structure of firms, exploiting medium term investment views drawn from a broad expert research platform. The fund targets a level of return over rolling three-year periods equivalent to cash plus seven and a half per-cent per year, gross of fees. Operating distinct idea generation, strategy selection and portfolio construction steps, the fund uses well established processes to target a particular level of positive return with a strong emphasis on risk awareness whatever the economic environment. The fund uses a combination of traditional securities and derivatives and can take long and short positions.

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	David Sol, Jennifer Catlow & Alistair Veitch
Launch Date	11 Dec 2013
Current Fund Size	€250.6m
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. (31 March, 30 June, 30 September and 31 December).

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 *

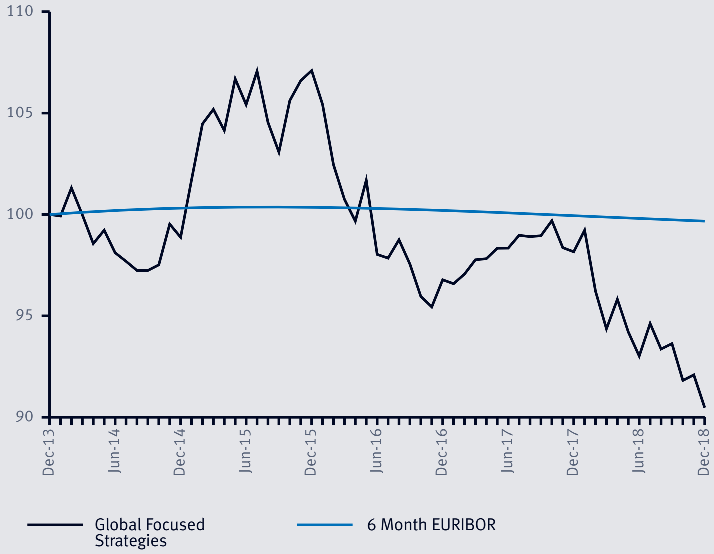
Quarterly Portfolio Risk and Return Analysis

	Strategy	Stand-alone Risk Exposure %	Weighting (risk based %)	Contribution to Returns % Q4	1 Yr
Equity	US equity	1.8	12.6	-2.0	-1.0
	European dividends	1.0	6.8	-0.4	-0.5
	Chinese equity	0.9	6.4	-0.4	-0.4
	US equity large cap v technology	0.7	5.1	0.1	0.1
	Short Australian Equity Banks	0.7	5.0	-0.1	-0.1
	Indian private banks equity	0.6	4.2	0.1	-0.1
	UK equity v retail	0.4	3.1	0.3	0.1
	Emerging markets IT v Taiwanese equity	0.2	1.6	-0.1	-0.1
	European equity	Closed		-0.3	-0.4
	European equity banks	Closed		-0.1	-0.7
	European v US food producers equity	Closed		-0.2	0.2
	Global equity oil majors	Closed		-0.5	-0.4
	US v Australian banks equity	Closed		-0.6	-1.1
Credit	Emerging markets income	1.1	7.9	0.8	0.1
	High yield credit	1.0	7.2	-0.1	-0.1
	Fallen Angels credit	0.6	4.1	-0.3	-0.3
	Brazilian government bonds	0.4	2.5	0.6	0.6
	Short-dated EM corporate credit	0.3	2.1	0.0	-0.2
Duration	Greek v German government bonds	0.9	6.3	-0.1	0.1
	Australian duration	0.6	4.3	0.6	0.6
	Short UK inflation	0.6	4.2	-0.1	-0.3
	Short US interest rates (swaptions)	0.4	2.4	-0.2	-0.2
	Swedish flattener v Canadian steepener	0.4	2.4	0.1	0.3
	US steepener	0.3	2.3	0.1	0.1
	Contingent capital bonds	0.2	1.4	-0.2	-0.2
Volatility	Equity option premium	0.1	0.4	-0.3	0.1
	Long interest rate volatility	0.0	0.1	0.2	0.3
	Long GBP volatility	0.0	0.0	0.0	0.0
FX	Long JPY v AUD	1.0	7.1	0.5	0.3
FX hedging	FX hedging	0.1	0.5	-0.2	-0.9
Cash	Cash			0.0	0.2
	Residual	0.0	0.0	-0.3	-0.9
	Stock selection			0.0	0.2
	Total	**14.4**		**-3.1**	
	Diversification	9.4			
	Expected Volatility	**5.1**			

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 (%)
Institutional Fund Performance	-7.8	-1.8	-3.4	-2.7	-7.8
6 Month EURIBOR	-0.3	0.0	-0.1	-0.1	-0.3

	3 years (%)	5 years (%)	Since launch (%)
Institutional Fund Performance	-15.5	-9.5	-8.1
6 Month EURIBOR	-0.7	-0.3	-0.3

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 equities endured a torrid month, as fears about global growth, geopolitics and the likely effect of US interest rate rises combined to unnerve investors. At a regional level, all the main indices posted negative returns for December, and for 2018 as a whole.

US equities suffered heavy losses, wiping out the gains made during the rest of 2018. One reason for the fall was the Federal Reserve's (Fed) latest interest rate rise. Many observers questioned the need for higher rates at a time when global growth shows signs of faltering. Among the critics was President Trump, who responded by threatening to sack Fed chairman Jerome Powell. Added to this was political discord, with impasse over the budget leading to a US government shutdown. Subsequent denials from the White House about Mr Powell's potential dismissal and strong US holiday retail sales helped trigger a late-stage rebound. Nevertheless, US equities ended the month lower.

European markets were again hampered by political upset and signs of lacklustre economic growth. In the UK, deadlock over Brexit, worries about global trade and falling oil prices also weighed on equities. Equity markets in Japan and Asia mirrored the downward trend.

As investors' appetite for risk ebbed, government bonds and other perceived defensive assets fared relatively well. US Treasuries rose (yields fell). This was despite the latest US rate hike, after the Fed stated that interest rates would rise more gradually than had been expected.

US economic momentum remained broadly intact, with unemployment reaching a 49-year low. However, consumer confidence slipped, indicating misgivings about the economic outlook. European data was again sluggish, prompting the European Central Bank to cut its growth forecasts. In the UK, Brexit-related uncertainty continued to dampen business confidence and investment.

Oil prices fell further, a measure of concern that the world economy is weakening at a time when output is surging.

Activity

We opened a US interest rate steepener strategy, designed to profit from movements in US interest rates. Specifically, while investors are likely to price in more hikes in short-term interest rates, we believe we are nearing the point when they will start focusing on medium-term interest rates.

We added some European high-yield corporate bond exposure, after agreement was reached on the Italian budget. In our view, the European corporate bond market offers attractive investment prospects in terms of entry prices and credit quality.

In order to reposition our equity exposure, we closed our global equity oil majors and European equity strategies. The latter, implemented through equity options, provided some portfolio protection during the market decline as we expected. However, we believe its return potential will weaken in the medium term. We converted our US versus Australian equity banks relative-value strategy into an outright short Australian banks position. In our view, US banks are now unlikely to achieve the loan growth we had previously expected.

Performance

Global Focused Strategies returned -1.76% during the month (net of fees), compared to the benchmark six-month EURIBOR return of -0.02%.

In the US, the S&P 500 Index and the banking sector ended the month 9.2% and 14.9% lower respectively, on worries that the US was entering the late phase of the economic cycle. Consequently, our US versus Australian banks equity and the broad US equity exposures delivered negative returns. Likewise, our Chinese equity position suffered in December, with decelerating domestic economic growth posing a further setback. Our equity option premium also lost ground.

Our UK equity versus retail relative-value strategy made a positive contribution. The UK retailers sector fell 13.4% during the month, trailing the broad equity market. Fuelling the sell-off, music retail chain store HMV filed for administration. The company cited changing consumer behaviour in the entertainment industry and a tough trading environment.

The fall in US Treasury yields hurt our short US interest rates strategy, which aims to profit from rising US yields. A positive return from our Australian interest rates exposure helped offset this. Similarly, our short UK inflation strategy was rewarded, as low oil prices dampened inflation expectations.

The Japanese yen benefited from its status as a safe-haven currency, boosting our position preferring the yen over the Australian dollar. Additionally, the Australian dollar remained subdued on account of concerns around the health of the Chinese economy. Meanwhile, our emerging markets income position contributed positively. The strategy, which is funded from a carefully selected basket of currencies, benefited from the favourable movements in the embedded currency exposures.

Outlook

Our central view is that global growth has peaked and headwinds are building. However, we believe modest broad-based global growth will continue, albeit with regional variations. Government tax policy and spending plans, and the changing monetary policies of central banks will be important drivers of asset returns – especially as the pace of change remains unclear. The US is continuing to raise interest rates, albeit gradually. The European Central Bank ended its monetary support programme in December. We believe it will remain cautious about raising rates in the near term given the uncertainty around Brexit and signs of weakness in the Eurozone economy. Japan, meanwhile, is likely to maintain a supportive monetary path.

Geopolitical tensions are still elevated and asset prices still look expensive on many metrics, despite the recent sell-off. We seek to benefit from the opportunities these conditions present by implementing a diversified range of strategies across multiple asset classes.

Other Fund Information

	Retail Acc	Retail Dist	Institutional Acc	Institutional Dist	Currency
Bloomberg	SLIGFSA LX	-	SLIGFSD LX	-	EUR
ISIN	LU1150711650	-	LU0995142212	-	EUR
WKN	-	-	A1W9Y1	-	EUR

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)

*Any data contained herein which is attributed to a third party ("Third Party Data") is the property of (a) third party supplier(s) (the “Owner”) and is licensed for use by Standard Life Aberdeen**. Third Party Data may not be copied or distributed. Third Party Data is provided “as is” and is not warranted to be accurate, complete or timely. To the extent permitted by applicable law, none of the Owner, Standard Life Aberdeen** or any other third party (including any third party involved in providing and/or compiling Third Party Data) shall have any liability for Third Party Data or for any use made of Third Party Data. Past performance is no guarantee of future results. Neither the Owner nor any other third party sponsors, endorses or promotes the fund or product to which Third Party Data relates.

**Standard Life Aberdeen means the relevant member of the Standard Life Aberdeen group, being Standard Life pAberdeen plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

“FTSE®”, "FT-SE®", "Footsie®", [“FTSE4Good®” and “techMARK] are trade marks jointly owned by the London Stock Exchange Plc and The Financial Times Limited and are used by FTSE International Limited (“FTSE”) under licence. [“All-World®”, “All- Share®” and “All-Small®” are trade marks of FTSE.]

The Fund is not in any way sponsored, endorsed, sold or promoted by FTSE International Limited (“FTSE”), by the London Stock Exchange Plc (the “Exchange”), Euronext N.V. (“Euronext”), The Financial Times Limited (“FT”), European Public Real Estate Association (“EPRA”) or the National Association of Real Estate Investment Trusts (“NAREIT”) (together the “Licensor Parties”) and none of the Licensor Parties make any warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the FTSE EPRA NAREIT Developed Index (the “Index”) and/or the figure at which the said Index stands at any particular time on any particular day or otherwise. The Index is compiled and calculated by FTSE. However, none of the Licensor Parties shall be liable (whether in negligence or otherwise) to any person for any error in the Index and none of the Licensor Parties shall be under any obligation to advise any person of any error therein.

“FTSE®” is a trade mark of the Exchange and the FT, “NAREIT®” is a trade mark of the National Association of Real Estate Investment Trusts and “EPRA®” is a trade mark of EPRA and all are used by FTSE under licence.”

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 invests 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 mount 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 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’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

201901281031 INVRT661   1218 SPRJ_EUR