

October 2020

InFocus



Aberdeen Standard SICAV I – European Equity Fund

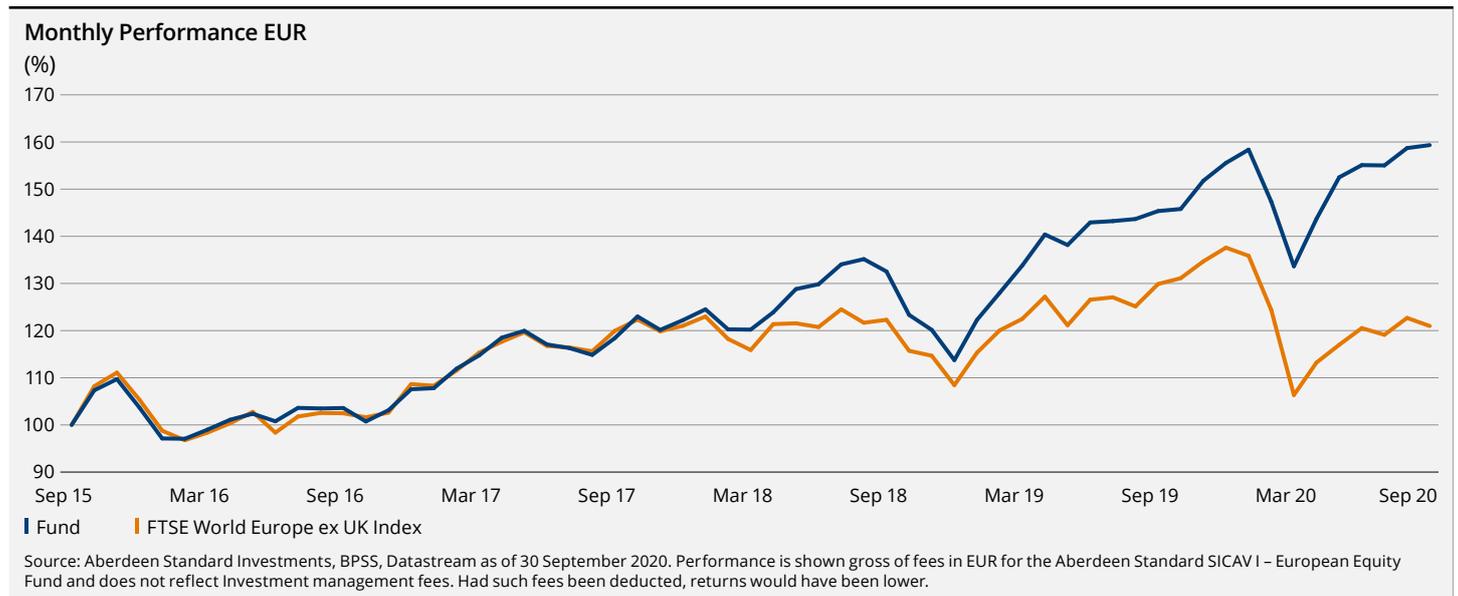
Key features

The strategy is a concentrated portfolio of high-conviction, high-quality European stocks

Research drives our performance, utilising the broad market coverage and deep company-level insights of our European Equity team

Our focus on company fundamentals has delivered strong performance over the last one, three and five years

Performance



Market review

European equities rose amid a volatile third quarter, with sentiment shaped by the vagaries of the Covid-19 pandemic. Initially, shares retreated as the Eurozone economy tumbled into recession in the second quarter. This was despite many countries re-opening their economies and stimulus measures stayed supportive. There was a brief respite in August as economic activity rebounded, but the second-quarter reporting season proved challenging for many, albeit not as bad as had been feared. Towards the period-end, fresh outbreaks triggered fears of further lockdowns and dampened hopes of a faster global recovery that also forced oil prices into retreat.

The economic rebound from the lows in March continued although the pace of recovery has slowed somewhat. Whether this proves to be a temporary hiatus, as a result of measures to contain the virus, or something more concerning remains to be seen.

Investors also focused on the US presidential election, even though the market implications of the outcome is still unclear. However, there are expectations for greater stimulus and inflation potential under a Biden presidency.

Outlook

We are somewhat cautious in the near-term given the significant rebound in most sectors of the market and signs of a slowing recovery. That said we are becoming increasingly positive on the long-term outlook for Europe's relative performance. While policymakers have been more decisive than in past crises and the continent is showing greater cohesion than it has done for many years, we see three additional drivers that can drive the market. These are Europe's leadership in the practice of responsible capitalism, the companies' intellectual property, which are starting to make a material difference to growth potential, and historic expertise in manufacturing, which has put it in a much stronger position in business-to-business technology, especially as industry increasingly digitalises. Overall, we see Europe as a great market for active managers who are prepared to be very different from the benchmark, to take a long-term view and to conduct their own proprietary research, like we do.

Portfolio review

For the quarter to end-September, the portfolio rose by 2.74% in euro terms, outperforming the benchmark's marginal rise of 0.37%. Both asset allocation and stock selection were positive.

Contributing to relative performance was Tecan, as investors continued to favour companies in the diagnostics sector, given the ongoing challenges around the coronavirus. Another contributor was Croda International, whose shares rose despite the lack of significant newsflow. Finally, Amplifon was buoyed by its second-quarter results, which came in well ahead of expectations. It benefited from early cost cutting, including a reduction in marketing expenses and renegotiated supplier contracts. There was also evidence that trading had improved since April, as lockdowns have gradually been lifted and it managed to win market share from struggling competitors. Among the detractors was MTU Aero Engines because recovery in global air travel remained constrained by the resurgent spread of the virus in Europe, which pressured passenger volumes.

Performance (%) - to 30/09

	1 month	3 Months	6 Months	1 Year	3 Years p.a.	5 Years p.a.
Fund	0.40	2.74	19.23	9.62	10.40	9.77
FTSE World Europe Index	-1.40	0.37	13.75	-6.86	0.28	3.88
Arithmetic Relative	1.80	2.37	5.47	16.48	10.12	5.88

Inception: 31 January 1993.

Source: Aberdeen Asset Managers, BPSS, Datastream, Gross, EUR.

Past performance is not a guide to future results.

Annual returns (%) - year ended 30/09

	2020	2019	2018	2017	2016
Fund	9.20	6.86	10.33	12.49	1.94
FTSE World Europe Index	-6.86	6.20	1.95	17.06	2.47
Arithmetic Relative	16.05	0.66	8.38	-4.57	-0.53

Performance Data: Share Class A Acc EUR.

Source: Lipper. Basis: Total Return, NAV to NAV, net of annual charges, gross income reinvested, EUR.

All return data includes investment management fees, performance fees, and operational charges and expenses, and assumes the reinvestment of all distributions. The returns provided do not reflect the initial sales charge and, if included, the performance shown would be lower.

Past performance is not a guide to future results. Performance is shown gross of fees and does not reflect investment management fees. Had such fees been deducted, returns would have been lower.



Ben Ritchie

Head of European Equities
Aberdeen Standard Investments

“Despite its political and economic challenges Europe remains a very attractive market for the bottom up stock picker.”



Important Information

Risk factors you should consider before investing:

- The value of investments and the income from them can go down as well as up and you may get back less than the amount invested. Past performance is not a guide to future results.
- The use of 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 may result in the fund being leveraged (where market 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 invests in equity 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.
- More details of the risks applicable to this fund can be found in the Key Investor Information Document (KIID) and Prospectus, both of which are available on request or at our website aberdeenstandard.com.
- Fund objective: The Fund aims to achieve a combination of growth and income by investing in companies listed on stock markets across Europe. The Fund aims to outperform the FTSE World Europe Index (EUR) benchmark before charges.

The fund is a sub-fund of Aberdeen Standard SICAV I, a Luxembourg-domiciled UCITS fund, incorporated as a Société Anonyme and organized as a Société d'Investissement à Capital Variable (a "SICAV").

In Switzerland documents can be obtained from the Fund's Representative and Paying Agent, BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, CH 8002 Zürich, Switzerland (Tel. 058 212 63 77). In Switzerland for Aberdeen Standard SICAV I these documents along with the Fund's articles of association can be obtained from the Fund's Representative and Paying Agent, BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, CH 8002 Zürich, Switzerland (Tel. 058 212 63 77).

In Italy these documents can be obtained from Aberdeen Standard Investments Ireland Limited, Italian Branch, Via Dante 16, IT 20121, Milano, or from the Paying Agent, State Street Bank S.p.A, 10 Via Ferrante Aporti, 20125 Milano and are also available on aberdeenstandard.it.

In Spain Aberdeen Standard SICAV I has been registered with the Comisión Nacional del Mercado de Valores under the number 107.

In Germany from Aberdeen Standard Investments AG, Bockenheimer Landstraße 25, D-60325 Frankfurt am Main or from the Paying Agent - for Aberdeen funds Marcard, Stein & Co. AG, Ballindamm 36, D-20095 Hamburg, for Standard Life Investments funds Deutsche Bank AG, Taunusanlage 12, 60325 Frankfurt am Main and on aberdeenstandard.de.

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In Belgium, these documents can be obtained from the Fund's Paying Agent, BNP Paribas Securities Services, Succursale de Bruxelles, 489, Avenue Louise, 1050 Bruxelles.

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