

Changes to UK Investment Funds – from 7th August 2019



Investment objective & policy changes – Standard Life European Trust II

Investment objective		Investment policy	
Existing	Proposed	Existing	Proposed
<p><u>Objective & Investment Policy</u></p> <p>The objective of the Scheme is to provide capital growth over the longer term.</p> <p>The current policy of the Scheme is to invest in an actively managed portfolio consisting primarily of European equities, additionally from time to time the Scheme may invest in other transferable securities, deposits, money-market instruments and collective investment schemes in accordance with the FCA Rules.</p>	<p>To generate growth over the <i>long term</i> (5 years or more) by investing in European equities (company shares).</p> <p><i>Performance Target:</i> To achieve the return of the FTSE World Europe ex UK Index, plus 2% per annum over rolling three year periods (before charges). The <i>Performance Target</i> is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the <i>Performance Target</i>.</p> <p>The Manager believes this is an appropriate target for the fund based on the investment policy of the fund and the constituents of the index.</p>	<p>See existing investment objective.</p>	<p><u>Portfolio Securities</u></p> <ul style="list-style-type: none"> The fund will invest at least 70% in equities and <i>equity related securities</i> of companies listed, incorporated or <i>domiciled</i> in European countries, or companies that derive a significant proportion of their revenues or profits from European operations or have a significant proportion of their assets there. European countries can include the <i>emerging markets</i> of Europe, but excludes the UK. The fund may also invest in other funds (including those managed by Aberdeen Standard Investments), <i>money-market instruments</i>, such as <i>cash</i>. <p><u>Management Process</u></p> <ul style="list-style-type: none"> The management team use their

discretion (*active management*) to maintain a diverse asset mix at country, *sector* and stock level.

- Their primary focus is on stock selection using research techniques to select individual holdings. The research process is focused on identifying companies where the management team have a different view of a company's prospects to that of the market, and which align with their views regarding future economic and business conditions.
- In seeking to achieve the *Performance Target*, FTSE World Europe ex UK Index is used as a reference point for portfolio construction and as a basis for setting risk *constraints*. The expected variation ("tracking error") between the returns of the fund and the index is not ordinarily expected to exceed 6%. Due to the fund's risk *constraints*, the intention is that the fund's performance profile will not deviate significantly from that of the FTSE World Europe ex UK Index over the *longer term*.

Derivatives and Techniques

- The fund may use *derivatives* to reduce risk, to reduce cost and/or generate additional income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management").
- *Derivative* usage in the fund is expected to be very limited. Where derivatives are used, this would mainly be in response to significant inflows into the fund so that in these instances, cash can be invested while maintaining the fund's existing allocations to company shares.

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