May
2019

Global Absolute Return Strategies Fund

31 May 2019

Aberdeen Standard Investments

The Standard Life Investments Global Absolute Return Strategies 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.

Unit Trust

Absolute Return Fund

Monthly

Fund Manager	Multi Asset Investing Team
Fund Manager Start	29 Jan 2008
Launch Date	29 Jan 2008
Current Fund Size	£8,209.3m
Base Currency	GBP
IA Sector	Targeted Absolute Return

Benchmark	6 Month GBP LIBOR
Target	6 Month GBP LIBOR +5% per annum over rolling 3 year periods, gross of fees

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 *

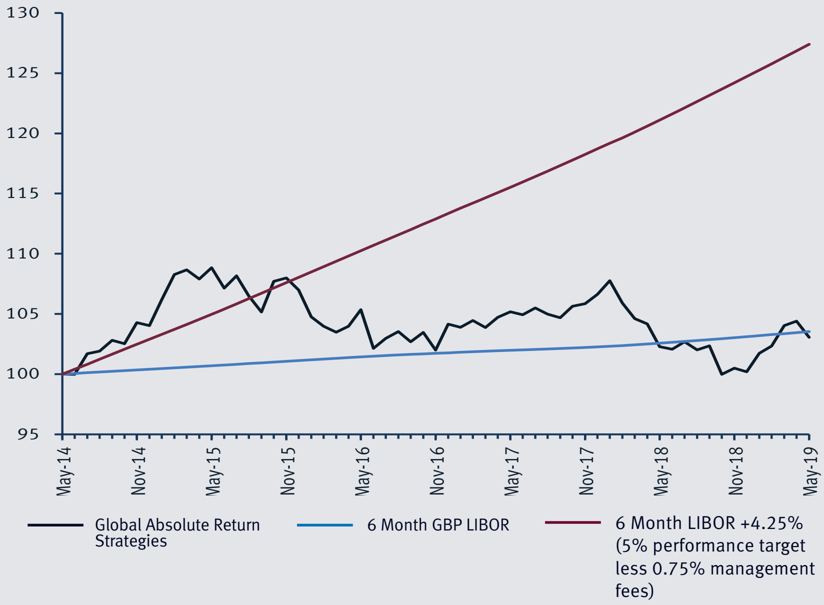
Quarterly Portfolio Risk and Return Analysis

	Strategy	Stand-alone Risk Exposure %	Weighting (risk based %)	Contribution to Returns % Q1	1 Yr
Market Returns Strategies	Mexican government bonds	0.9	6.7	0.1	0.1
	US equity	0.8	6.0	1.0	0.1
	Global equity oil majors	0.8	5.8	0.6	-0.7
	UK equity	0.7	5.0	0.1	0.2
	Emerging markets income	0.6	4.3	0.4	0.1
	Emerging markets equity	0.6	4.2	0.3	0.3
	Chinese equity	0.4	2.7	0.4	0.4
	Short Australian banks equity	0.3	2.3	0.0	0.0
	EU investment grade credit	0.2	1.3	0.1	0.1
	High yield credit	0.2	1.2	0.2	0.2
	European equity	0.1	0.9	0.0	-0.3
	Brazilian government bonds	Closed		0.1	0.8
	Equity option premium	Closed		-0.1	-0.2
Directional Strategies	European forward-start interest rates	1.3	9.1	1.0	1.0
	US real yields	0.8	5.6	0.7	0.3
	Long USD v EUR currency options	0.7	5.4	0.0	0.3
	Long JPY v CAD	0.7	4.9	-0.1	0.2
	Short US interest rates	0.7	4.9	-0.4	-0.3
	Long JPY v AUD	0.7	4.8	0.0	0.2
	Long USD v KRW	0.6	4.6	0.2	0.2
	Long NOK v EUR	0.6	4.1	0.0	0.0
	Short UK inflation	0.5	3.9	0.1	0.1
	US steepener	0.4	3.2	-0.2	0.0
	Canadian interest rates	Closed		-0.1	0.3
Relative Value Strategies	US equity large cap v small cap	0.5	3.7	-0.1	0.0
	US equity large cap v technology	0.4	2.9	-0.1	0.0
	EuroStoxx50 v S&P variance	0.1	0.9	0.0	0.0
	Asian v S&P variance	Closed		0.0	0.0
	Emerging markets v Brazilian equity	Closed		-0.4	-1.1
	Swedish flattener v Canadian steepener	Closed		0.2	0.4
FX Hedging	FX hedging	0.1	0.4	-0.1	0.0
Cash	Cash			0.1	0.3
	Residual	0.0	0.0	-0.2	-0.1
	Stock selection	0.2	1.6	0.1	-0.3
	Total	**13.9**		**4.0**	
	Diversification	9.9			
	Expected Volatility	**4.0**			

We calculated the totals using actual (unrounded) returns. We then rounded the figures for the purposes of this presentation.

Fund Performance *

Price Indexed



The performance of the fund has been calculated over the stated period using bid to bid basis for a UK basic rate tax payer. The performance shown in the chart is based on an Annual Management Charge (AMC) of 0.75%. You may be investing in another shareclass with a higher AMC. The charges for different share classes are shown later in the "Other Fund Information" section of the factsheet. For details of your actual charges please contact your financial adviser or refer to the product documentation.

The performance comparator shown in the chart expresses the fund's performance target after deduction of Annual Management Charges. It is calculated as the annual equivalent of 6 Month GBP LIBOR +5% per annum over rolling 3 years after deduction of a Annual Management charges. The benchmark is 6 Month GBP LIBOR, a proxy for the returns of cash.

Fund performance is shown after deduction of Annual Management Charge and expenses. The Performance Comparators are calculated as the annual equivalent of the fund's Target less the relevant Annual Management Charge for each share class as outlined in the Other Fund Information section of this factsheet.

Source: Aberdeen Standard Investments (Fund) and Thomson Reuters DataStream (Benchmark and Target)

Year on Year Performance

Source: Aberdeen Standard Investments (Fund) and Thomson Reuters DataStream (Benchmark and Target)

	Year to 31/03/2019 (%)	Year to 31/03/2018 (%)	Year to 31/03/2017 (%)	Year to 31/03/2016 (%)	Year to 31/03/2015 (%)
Retail Fund Performance	-0.9	0.3	0.0	-5.3	9.3
Institutional Fund Performance	-0.5	0.7	0.4	-4.8	10.0
Platform One	-0.6	0.7	0.3	-4.8	10.0
6 Month GBP LIBOR	0.9	0.5	0.6	0.7	0.7
Retail Share Class Performance Comparator	4.6	4.2	4.3	4.3	4.2
Institutional Share Class Performance Comparator	5.2	4.8	4.8	5.0	5.0
Platform One Share Class Performance Comparator	5.2	4.8	4.8	5.0	5.0

Cumulative Performance

Source: Aberdeen Standard Investments (Fund) and Thomson Reuters DataStream (Benchmark and Target)

	6 Months (%)	1 Year (%)	3 Years (%)	5 Years (%)
Retail Fund Performance	2.3	0.4	-3.3	0.7
Institutional Fund Performance	2.6	0.8	-2.2	3.1
Platform One	2.5	0.7	-2.3	2.9
6 Month GBP LIBOR	0.5	0.9	2.1	3.5
Retail Share Class Performance Comparator	2.3	4.6	13.7	23.7
Institutional Share Class Performance Comparator	2.6	5.2	15.5	27.4
Platform One Share Class Performance Comparator	2.6	5.2	15.5	27.4

Fund Performance *(Continued)

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.

For a full description of those eligible to invest in each share class please refer to the relevant prospectus.

Source: Aberdeen Standard Investments (Fund) and Thomson Reuters DataStream (Benchmark and Target)

Monthly Investment Review and Outlook

Market review

Following four months of gains, global equities fell, as the US-China trade dispute escalated. This dashed hopes of an imminent resolution and cast a shadow over global growth prospects.

In the US, lacklustre economic data contributed to negative sentiment. Political turmoil and Brexit stalemate dragged down UK equities, while upsets in the European parliamentary elections further hampered European stocks. This was despite favourable growth figures from Germany, France, Italy and Spain.

Prime Minister Theresa May was forced to announce her resignation after failing to win sufficient support for her revised EU withdrawal agreement. There followed a flood of contenders to replace her. European Union election results announced on 27 May emphasised the deep divide between ‘leave’ and ‘remain’ camps in the UK, with voters abandoning the established Labour and Conservative parties in droves. It was a similar story elsewhere in Europe, where the dominant centre-right and centre-left blocs ceded ground to liberals, greens and nationalists.

The US increased tariffs from 10% to 25% on US$200 billion of Chinese goods, with China retaliating in kind. Additionally, President Trump signed a bill essentially barring US companies from trading with Chinese telecoms firms Huawei and ZTE. The ban has repercussions for US technology players such as Micron and Qualcomm, for whom Huawei is a core customer. The ruling also precludes Google and other platform providers from supporting Huawei devices, undermining the viability of Huawei’s highly successful handset business. Later in the month, Mr Trump also threatened to impose tariffs on Mexico, to try and force it to crack down on migrant flows to the US.

As investors turned more cautious, perceived safe-haven assets such as government bonds nudged higher (yields fell). Having briefly returned to positive territory in April, German bond yields plunged back to a three-year low, amid concerns that deflationary pressures may be building across the Eurozone. Investment-grade corporate bonds delivered positive returns. By contrast, high-yield corporate bonds lost value, as investors shunned riskier asset classes.

The price of Brent crude oil slipped 11%. US producers increased output while, at the same time, expectations for global oil demand moderated.

Activity

In light of deteriorating global trade and growth prospects, we closed our emerging market (EM) equity strategy and effectively closed exposure to European equities (whilst retaining the benefits of security selection). We expect the US Federal Reserve (Fed) will reflect the worsening US and global growth outlook in its interest rate policy rhetoric. This led us to reposition our US interest rate exposure, replacing the outright short interest rates strategy with a long interest rates strategy.

In addition, we added a position preferring the US dollar over the Taiwanese dollar. We expect this to help mitigate against the risk of a trade war escalation. We also opened a position preferring the Indian rupee over the Swiss franc. India’s recent elections have given Prime Minister Modi a strong mandate. In our view, this will encourage foreign direct investments and portfolio flows, which are favourable for the rupee. The strategy also benefits from an attractive ‘carry’ return (where we profit from the difference in interest rates between India and Switzerland).

Performance

The Global Absolute Return Strategies Fund returned -1.33% during the month (net of retail fees), compared to the benchmark 6-month LIBOR return of 0.08%.

The poor performance of global equity markets hurt our equity exposures in China, the US, Europe and EM. Our global equity oil majors strategy suffered too, in tandem with falling oil prices. Several of our interest rate positions performed well in the environment of falling yields. These included the US real yields and European forward-start interest rates strategies, and the recently introduced US interest rates position.

Turning to currencies, the Japanese yen benefited from its safe-haven status. Conversely, the Korean won and Canadian dollar, being more sensitive to global trade risks, depreciated. The Canadian dollar was further undermined by weak oil prices. Consequently, our position favouring the US dollar against the won delivered a positive return. So, too, did our position preferring the yen over the Canadian dollar. Elsewhere, the EM income position contributed positively, with some of the underlying bonds recouping ground lost earlier. For instance, India and South Africa benefited from optimism that their recently elected governments will pursue market-friendly policies. In the Philippines, a surprise rating upgrade from S&P’s lifted investor sentiment.

Outlook

We position the portfolio based on our three-year outlook. Our central view is one of continued economic growth. However, we have downgraded our expectations, as risks have increased. We believe that the escalation of trade tensions after a period of relative calm, combined with weaker economic indicators, raises the probability of a slowdown in global growth. Rhetoric from central banks has become more supportive and therefore provides a degree of confidence to investors that they will act to promote growth if necessary. However, the extent to which markets are now pricing in interest rate cuts presents further challenges over the medium term. Consequently, we have positioned the portfolio for more modest growth, and increased diversification to better balance the risks as we see them.

Other Fund Information

	Retail Acc	Retail Inc	Institutional Acc	Institutional Inc
Lipper	65111167	n/a	65111168	n/a
Bloomberg	SLIGARA LN	n/a	SLIGARS LN	n/a
ISIN	GB00B28S0093	n/a	GB00B28S0218	n/a
SEDOL	B28S009	n/a	B28S021	n/a
Fund Launch Date				

	Platform One Acc	Platform One Inc
Lipper	68165478	n/a
Bloomberg	U222GAR LN	n/a
ISIN	GB00B7K3T226	n/a
SEDOL	B7K3T22	n/a

	Interim	Annual
Reporting Dates	30 Sep	31 Mar
XD Dates	n/a	31 Mar
Payment Dates (Income)	n/a	31 May

Valuation Point	12:00 (UK time)
Type of Share	Accumulation
ISA Option	Yes

	Retail	Institutional
Initial Charge	4.00%	0.00%
Annual Management Charge	1.30%	0.75%
Ongoing Charges Figure	1.31%	0.84%

The Ongoing Charge Figure (OCF) is the overall cost shown as a percentage of the value of the assets of the Fund. It is made up of the Annual Management Charge (AMC) shown above and the other expenses taken from the Fund over the last annual reporting period. It does not include any initial charges or the cost of buying and selling stocks for the Fund. The OCF can help you compare the costs and expenses of different funds.

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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 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.

www.standardlifeinvestments.co.uk

Useful numbers -
Investor Services
0345 113 69 66.

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