

April 2020

# Fund Overview

## Multi-Sector Private Credit Fund

Multi-Sector Private Credit (MSPC) will aim to provide investors with attractive income through diversified exposure to primarily investment-grade private and alternative credit assets.

<p><b>Yield*</b></p> <hr/> <p>Expected to be 3.5 - 5% (spread of c. 300bps)<sup>1,2,7</sup></p>	<p><b>Quality</b></p> <hr/> <p>Expected average rating of BBB-</p>	<p><b>Flexibility</b></p> <hr/> <p>Capitalise on evolving opportunities across sectors</p>	<p><b>Liquidity<sup>3,4</sup></b></p> <hr/> <p>Open-ended structure</p>
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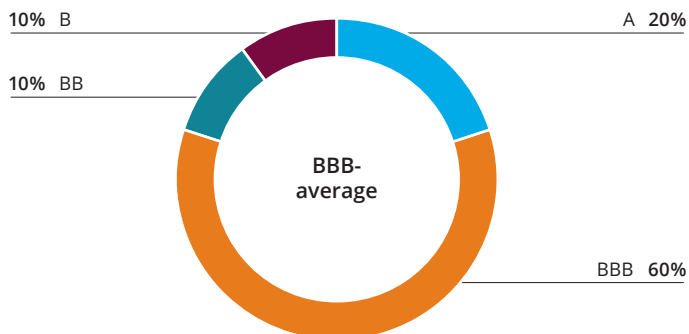
### What are the advantages of private credit?

- **Higher yield:** Illiquidity premia, complexity premia and origination fees can lead to a higher yield.<sup>5</sup>
- **Lower risk:** Robust covenants and collateral can lead to lower loss rates.<sup>5</sup>
- **Improved diversification:** Exposure to hard-to-access economic drivers can lead to improved diversification.<sup>5</sup>
- **Broadening opportunities:** Access to an expanding landscape of growth areas that are less efficient and offer structural alpha.

### Why invest in MSPC?

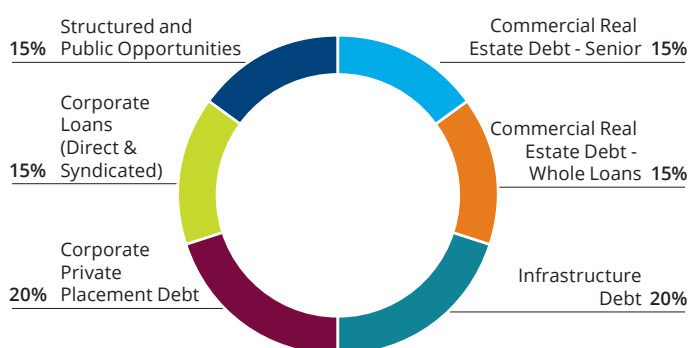
1. **A multi-sector portfolio** consisting of a broad range of high quality, private and alternative credit assets.
2. **Flexible asset allocation** to capitalise on relative value between sectors as well as idiosyncratic opportunities.
3. **Open-ended structure** offering quarterly liquidity<sup>3</sup> – especially helpful to pension schemes considering “buy-out”.
4. **Higher yield** potential than for public bonds of similar quality, with performance less correlated to economic growth.

#### Credit ratings (indicative)



Source: Aberdeen Standard Investments, April 2020.

#### Sector allocation (indicative)



Source: Aberdeen Standard Investments, April 2020.

\* Target returns are offered as strategy goals and are not referenced to past performance. There can be no guarantee the target returns will be achieved.

## What will MSPC invest in?

- **Infrastructure debt** finances social and economic projects providing investors with uncorrelated, high quality cash flows.
- **Commercial real estate loans** finance property across a range of sectors including office, industrial and retail.
- **Corporate private placements** are high quality, fixed-rate corporate debt instruments originated privately by a small group of investors.
- **Corporate loans (direct & syndicated)** provide floating-rate financing to companies that are generally more highly levered.
- **Structured credit** refers to securities that are backed by pools of numerous smaller loans, including residential mortgages (RMBS) and commercial mortgages (CMBS), among others.
- **Public corporate bonds** will be used in cases where particular issues offer relative value and to facilitate liquidity management for the Fund.

<sup>1</sup> For the GBP share class.

<sup>2</sup> Yield and spread level that is expected once the portfolio is fully invested, which could take 9-12 months following launch. Based on current and anticipated market conditions. Gross of fees and expenses.

<sup>3</sup> Quarterly subscriptions and redemptions.

<sup>4</sup> Subject to a fund-level gate. In the first 5 years, redemptions will be subject to there being offsetting subscriptions.

<sup>5</sup> Relative to public bonds of a similar credit quality and duration.

<sup>6</sup> As of 31 December 2019.

<sup>7</sup> Theoretical investment characteristics and guidelines for the fund.

<sup>8</sup> Ability to make non-GBP allocations, subject to a cap of 20%. All FX exposure to be fully hedged.

## Why ASI for private credit?

1. An established investment process and experience managing diversified private credit, based on the Secure Income & Cash Flow Fund.
2. A highly experienced team of over 24 people, with an average of approximately 18 years of industry experience, managing almost £8bn of assets<sup>6</sup>.
3. Close collaboration among underlying lending teams and integration by location, reporting lines and investment committees.
4. The support of our wider Fixed Income and Private Markets teams, managing over £134bn and over £53bn, respectively<sup>6</sup>.

## MSPC at a glance<sup>7</sup>

Expected yield	3.5%-5.0% <sup>1,2</sup>
Expected spread	c. 300bps <sup>2</sup>
Target rating	BBB- average
Quality	Investment grade focus. Senior, secured.
Duration	Fixed & floating rate. c. 4 years average duration.
Regional focus	United Kingdom <sup>8</sup>
Fund liquidity	Quarterly subscriptions and redemptions <sup>4</sup>
Fund structure	Open-ended <sup>4</sup>
NAV frequency	Quarterly
Management fee	35bps - 40bps, depending on total investment amount.

## Important Information

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Investors should be aware that past performance is not a guide to future results. The value of investments, and the income from them, can go down and you may get back less than the amount invested.

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