

November 2017

Standard Life Investments Global Absolute Return Strategies Fund (GARS) Guide

AberdeenStandard
Investments

Standard Life Investments has not considered the suitability of investment against your individual needs and risk tolerance. To help you understand this fund, please read the Key Investor Information Document or Prospectus, or seek assistance from your professional adviser. 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.

The value of investments within the Fund can fall as well as rise and is not guaranteed – you may get back less than you invest. The GARS Fund makes extensive use of derivatives for the purpose of efficient portfolio management and to meet its investment objective. The sterling value of overseas assets held in the Fund may rise and fall as a result of exchange rate fluctuations. For a full list of risks, please refer to the prospectus.

A smoother investment journey

Most investment funds make money when financial markets are going up, but are likely to lose money when they are falling. This can be worrying, particularly for more risk-averse investors.

What is different about GARS?

Our Global Absolute Return Strategies Fund ('GARS' for short) differs from most other funds in several ways. The most important of these is that it aims to make money from markets that are going down as well as those that are going up.

Positive long-term returns – we aim to provide a return that when averaged over a three-year period is equivalent to cash* +5% a year, before fees, although we cannot guarantee this will be achieved. Depending on market movements and the fund managers' decisions, there will be years when we deliver more or less than this target, and we may even lose money.

Smoother investment journey – we aim to deliver GARS' return target with as little risk to your money as possible. The return target

for GARS is similar to the return that has historically been achieved from a long-term investment in global equities. However, we expect GARS to be much less volatile (a measure of how much prices rise and fall) than investing in equities. In fact, we expect GARS to show less than half the volatility of global equities.

How does GARS work?

The way GARS invests also differs from most other funds.

Spreading risk – by investing across many different markets and types of investment, we are able to spread risk much further. We deliberately choose investments for GARS that are not all affected by the same things.

Potential to make money in falling markets – GARS' managers can access a wide range of investment tools and techniques to try and make money even if investment markets are falling (for example, through 'Relative Value' strategies we can seek to profit from differences between markets or securities, irrespective of market direction). However, when markets behave very differently from our managers' expectations, then GARS is unlikely to make money.

*By cash, we mean the rate high-street banks lend to one another. You can check this rate at the Bank of England's website (www.bankofengland.co.uk); annual average Sterling 6-month mean interbank lending rate - IUAAVSMA).

How we take care of your money

Over 60 skilled investment professionals with an average of 15 years' industry experience manage GARS.

They are split into three groups who work closely together to choose the right investments for GARS:

- **strategists**
- **investment managers**
- **investment risk experts.**

Strategists

The job of our strategists is to give advice on 'big picture' world developments that might affect our investment decisions. For instance, how news about US jobs might signal a change in US interest rates.

Investment managers

Our investment managers search for investment opportunities they believe will make money given the big picture. They find their ideas from many different sources: for instance, from the findings of

our strategists or from our equity, bond and commercial property experts. Our investment managers thoroughly analyse each idea before they consider it for GARS. We use our own tried and tested methods to help us find good investments. We also continually check the investments we already hold, to make sure each one is still suitable.

Investment risk experts

The aim of our risk experts is to ensure that the investment managers thoroughly understand the risk implications of each opportunity. This helps the managers choose investments for GARS that give you as smooth a journey as possible.

More about GARS and how it works

We aim for GARS to grow your money more steadily and smoothly than traditional investment funds. To help us achieve this, we designed GARS so that it can access money-making opportunities in a broad range of market conditions, including potentially times when markets are falling. Therefore, GARS has a very wide choice of investments, which can spread risk, making it more resilient during times when markets are unsteady.

GARS' managers also use a much more varied selection of tools and techniques, including derivatives, than is available to many other funds. These allow us to invest so that, even if prices on investment markets fall, GARS still has the possibility of making money – although it can also lose money, depending on the managers' investment decisions.

The investments held in GARS fall into four main types



Market return

We spread your money across shares, bonds and real estate in different countries, choosing what we believe to be the most attractive investment opportunities.

The state of the world and its financial markets changes frequently. Therefore, we review our choices and make changes where necessary, to ensure the countries and markets we have chosen are still suitable for the current conditions.



Security selection

We carefully and thoroughly analyse individual shares and bonds before we decide whether or not to buy them for GARS. We use our own tried and tested investment process to help us do this. We frequently review the investments we already hold in GARS, to check they are still suitable.



Directional strategies

Some markets can fluctuate around more or less the same level from one decade to the next. In between times though, they still go up and down. For instance, in June 2013, £1 was worth around US\$1.5, roughly the same as in December 1992.

However, between those dates, the two currencies moved up and down a lot. For example, at times in 2008, £1 was worth more than US\$2. We are able to make money from these upward and downward movements of markets that over very long periods of time may appear to be quite static.



Relative value strategies

We can take advantage of differences between two markets or two groups of investments. For instance, if we expect US banks to do better than US consumer staples companies, we can invest to make money from this view. Importantly, the way we invest means that, even if the share prices of both banks and consumer staples in the US fall, we can still make money as long as the shares of US banks fall less than those of US consumer staples companies.

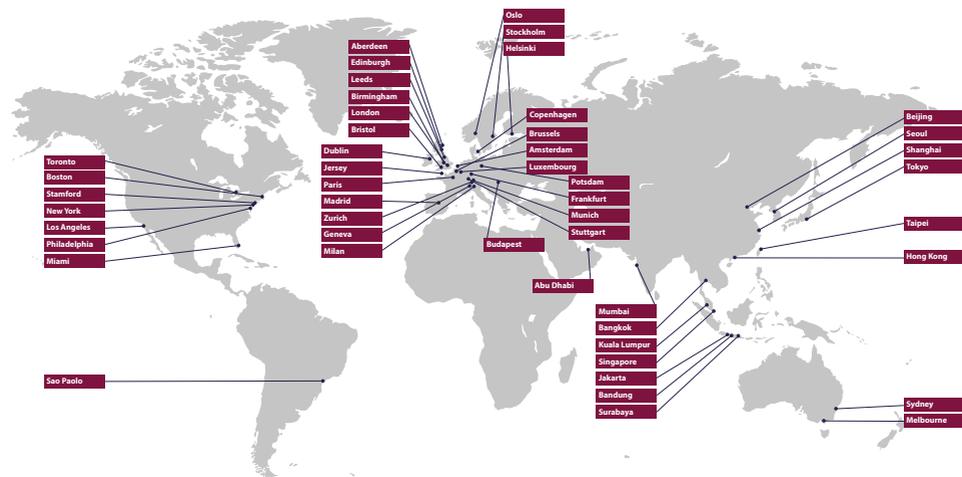
The team managing GARS

The GARS team is split into three groups. These groups work closely together to choose the right investments for GARS.



Aberdeen Standard Investments - Our global reach

A presence in 49 locations keeps us close to our client-base.



Diversification across the asset base

Together we are responsible for approximately £570 billion* of assets managed on behalf of clients globally.

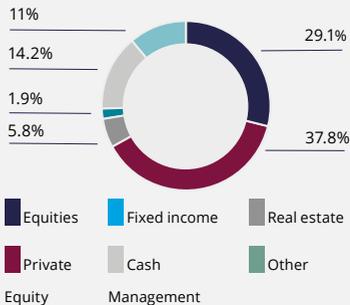
The breadth of our expertise can be seen by the diverse range of investments we are entrusted to manage.

* Data as at 30 September 2017, Source: Standard Life Aberdeen plc

Strategic partnerships and joint ventures

- UK** Lloyds Bank, Phoenix
- North America** John Hancock, Manulife
- Asia** Bosera, Heng An Standard Life, Mitsubishi UFJ Trust & Banking, Sumitomo Mitsui Trust Bank
- India** HDFC AMC
- Australia** Challenger

Assets under Management – by asset class**



**Data as at 30 June 2017, Source: Standard Life plc, Aberdeen Asset Management PLC

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