

January 2019

InFocus



Aberdeen Global Select Emerging Markets Bond Fund

Key Features

Flexibility to select the most attractive investments across the whole emerging market debt (EMD) universe

Access to the Emerging Markets (EM) growth story, including frontier markets

Emphasis on research, supported by a well-resourced and stable investment team with deep experience and established local networks

Performance

Performance del fondo dal lancio
% 100 = 15 agosto 2001 (data di lancio)



Fonte: Aberdeen Standard Investments, BPSS, Datastream al 30 novembre 2018. Mostra i rendimenti lordi in USD di Aberdeen Standard SICAV I - Select Emerging Market Bond Fund (classe di azioni A Acc. USD) dal lancio (15 agosto 2001); Benchmark: JP Morgan EMBI Global Diversified USD

Annual returns (%) - year ended 30/11	2018	2017	2016	2015	2014
Aberdeen Global Select Emerging Markets Bond Fund	-8.4	11.6	12.2	-4.6	3.0

Performance Data: Share Class A Acc

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

Benchmark is for comparison purpose only. This fund is not managed against a specific benchmark.

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.

Investment Approach

The Aberdeen Global Select Emerging Markets Bond Fund's investment objective is to achieve a combination of income and growth by investing mostly in bonds issued by governments, companies or other bodies in emerging markets (EM) countries. These are typically countries that are still developing their economies. The bonds may be of any credit quality and sometimes in the local currencies of the countries where they are issued; the value of investments will therefore be affected by the movements, up or down, of those currencies. The Fund is intended for investors who are willing to accept a high level of risk.

The 'one-stop' EMD solution

The asset allocation decision within Emerging Market Debt (EMD) has become a more complex one over the last few years as the investable universe has broadened. EMD is not one homogenous asset class, but rather it is made up of three distinct subsets: hard currency sovereign debt, hard currency corporate debt and local currency sovereign debt. Traditionally, investors have allocated separate mandates to these three EMD segments.

A key differentiator of the Aberdeen Global Select Emerging Markets Bond Fund however is its ability to invest across all segments, providing a single integrated 'one-stop' 'blended' EMD allocation solution for investors.

Emphasis on Fundamental research

Given the range of additional risk factors to consider, including political, geopolitical and corporate governance risks, effective research in the EMD context is of paramount importance. In this regard, we feel the strength and depth of our dedicated EMD team is a key differentiating factor. With over 39 investment professionals subdivided across regional and sector specialisations, our resources enable us to undertake detailed fundamental research and give us the confidence to take positions with a high degree of conviction. A specific example of this ability is the team's early involvement and proven success in smaller frontier debt markets.

Since its inception in August 2001, the Fund has placed an emphasis on detailed fundamental research and taking high conviction positions. This has helped it to outperform its reference benchmark, JP Morgan EMBI Global Diversified USD by 2.12%¹ on an annualised gross basis.

Access to the EMD growth story

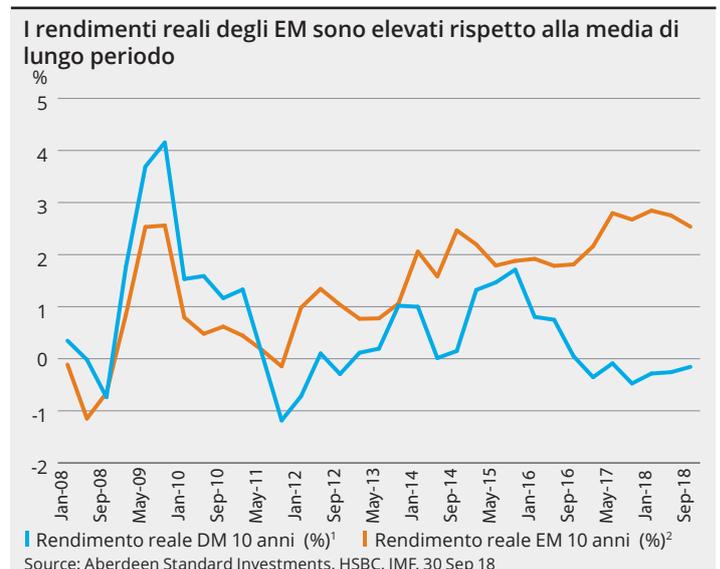
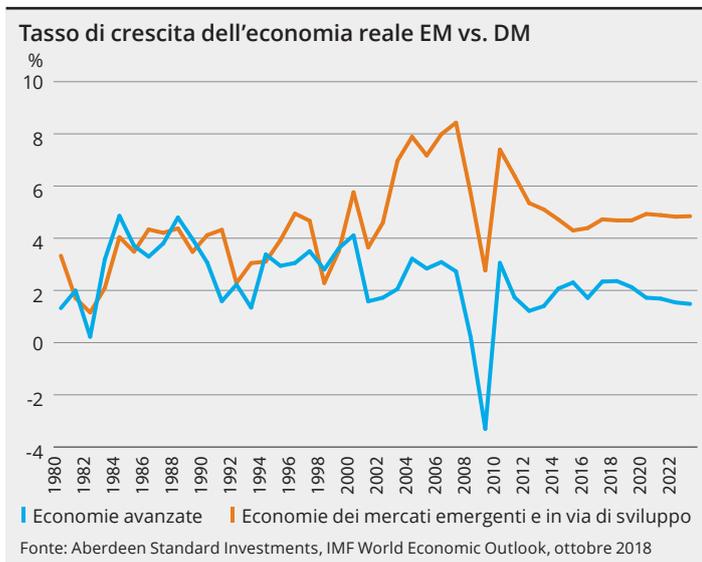
The long term case for allocating to EMD is well established. Fuelled by powerful secular factors such as urbanisation and the rising middle class, EMs have been growing at a significantly faster pace than their developed counterparts for the past few decades. Importantly, this growth advantage looks very likely to be sustained in coming years with the International Monetary Fund (IMF) expecting emerging economies to grow by an annual real rate of 5.0% until 2023, while annual growth of developed countries slows from 2.5% to 1.5% over the same period. In turn, this superior growth also means a rising EM contribution to global

economic growth, with around 40% of global growth expected to come from China and India alone in the coming years.

The reality is that most investor allocations do not adequately reflect the altered global growth structure. The case for EMD is further enhanced by the opportunities for improved portfolio diversification as well as improved valuations, with the EM real yield differential over developed market real yields close to a 10-year high. Furthermore, it is worth remembering that compared to EM equities, EMD offers a fundamentally less risky way of accessing the EM growth story, owing to its higher positioning in the capital structure.

EMD outlook

The key challenge for EMD in the past six months has been navigating the environment of rising US Treasury yields, which effectively makes all risk assets relatively less attractive for investors. In turn, rising US interest rates have placed upward pressure on the US dollar, which has been another headwind for EMD, particularly for issuers with large foreign debts and for investors in local currency bonds. However, looking ahead, with the overall benchmark index yield recently reaching a post-global financial crisis high of 7%, we think a good deal of the adjustment to tightening global liquidity is probably complete. This is particularly so because the US economy is widely expected to slow down in the second half of 2019, allowing the Fed to pause its hiking cycle. With the likelihood of further US dollar strength also constrained by elevated US fiscal and trade deficits, we feel the prospects for EMD should improve in 2019.



¹ PPP weighted average of Germany, Japan, UK and the US. For illustrative purposes only
² PPP weighted average of Brazil, China, India, Indonesia, Mexico, Poland, Russia, S. Africa and Turkey



"A key distinguishing feature of the Aberdeen Global Select Emerging Market Bond Fund is its flexibility to select the most attractive investments from across the whole EMD universe, thereby providing a 'one-stop' EMD portfolio solution."

Brett Diment
 Global Head of Emerging Market Debt,
 Aberdeen Standard Investments

Important Information

Aberdeen Standard Investments is a brand of the investment businesses of Aberdeen Asset Management and Standard Life Investments.

Please consider these risk factors:

- The value of investments and the income from them can go down as well as up and investors may get back less than the amount invested. Past performance is not a guide to future results.
- Bonds are affected by changes in interest rates, inflation and any decline in creditworthiness of the bond issuer. The fund's portfolio may have significant exposure to bonds that typically have lower ratings. Bonds that produce a higher level of income usually also carry greater risk as such bond issuers may not be able to pay the bond income as promised or could fail to repay the capital amount used to purchase the bond. Where a bond market has a low number of buyers and/or a high number of sellers, it may be harder to sell particular bonds at an anticipated price and/or in a timely manner.
- Contingent convertible bonds can automatically convert into shares or be written down if the financial strength of the issuer falls in a certain way. This may result in substantial or total losses of the bond value.
- Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. This may mean your money is at greater risk.
- 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 www.aberdeenstandard.com

Other important information

For professional investors (in Switzerland qualified investors) only – not for use by retail investors.

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121035034 01/19 | DH: GB-230419-87998-3