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

September 2019

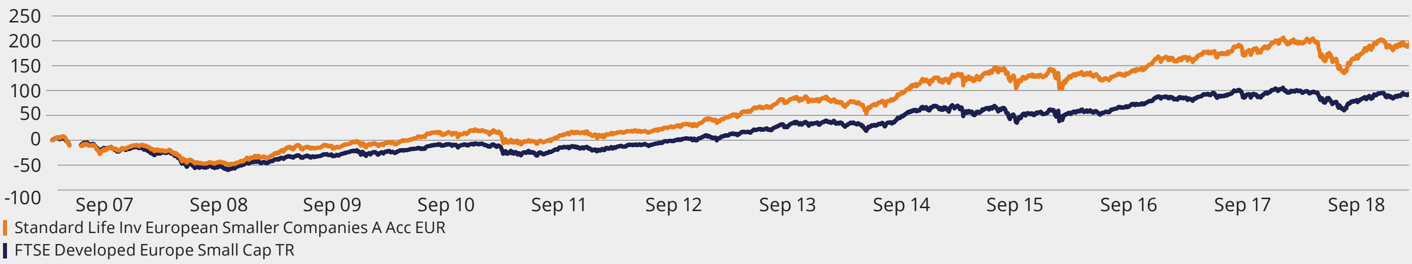
InFocus

Standard Life Investments European Smaller Companies Fund

Key features

A focus on high-quality companies	A differentiated source of returns from large-caps	Benchmark-beating returns since launch

Performance (%)



Source: Aberdeen Standard Investments, calculated using FactSet.

	12 months to 31/08/19	12 months to 31/08/18	12 months to 31/08/17	12 months to 31/08/16	12 months to 31/08/15
SLI European Smaller Coms A Acc EUR	-6,60	15,98	12,18	4,18	26,47
FTSE Developed Europe Small Cap TR EUR	-5,98	8,57	15,91	-0,28	17,74

Source: Lipper IM, Retail Acc share class, net of fees in EUR using monthly data points, 31/08/2019.
Past performance is not a guide to future results. These figures do not include the initital charge; if this is paid it will reduce performance from that shown.

The Fund is up 9.12% versus 5.29% for the index since launch (p.a.)[1]. This outperformance is due to our focus on high-quality companies that have strong earnings and sustainable growth prospects.

This year, German software developer Nemetschek was one of the standout performer. The company's results were ahead of forecasts, with margins stable despite increased capital expenditure. Management recently announced higher guidance for 2019 profits. In our view, however, this outlook is too conservative. The structural growth potential in the building-information modelling software market is particularly striking. Nemetschek also has the opportunity to expand by market segment, product and geography. As such, we think the stock has further to go.

French relationship management business Teleperformance perform found its shares in demand this year. The is delivering higher growth and margins ahead of investor expectations. This translated into upgraded earnings guidance for the year. We expect Teleperformance to continue to exceed forecasts as it shifts its business mix to higher valued-added areas.

[1] Source: Morningstar Direct, Net of fees in EUR, 31 August 2019.

Trade-war escalates

In May, European equity markets, like their global peers, suffered their first monthly sell-off this year. Triggering the fall was an escalation in the US-China trade conflict. Both sides issued a series of tit-for-tat tariff increases, which kicked-in in June. President Trump also signed an executive order banning US firms from buying telecoms equipment from China's Huawei and ZTE. Investors are worried that heightened tensions could further damage the global economy. European exporters would be particularly exposed to a spiralling trade war.

The outlook for Europe has darkened. In Germany, there were worries that the country could be teetering on the brink of recession. The economy shrank by 0.1% in the second quarter compared to the three months before. Additionally, a survey from the Ifo Institute indicated that business confidence was at its lowest level in seven years. Data from France and Spain was also worse than expected. But the European Central Bank acted, cutting rates to -0.5% in September. It also announced it would restart its bond-buying scheme (aka QE2) in November, with purchases totaling €20 billion a month. Meanwhile, the prospect of a 'no-deal' Brexit has become a real possibility. It is unclear what this could mean for markets as a whole.

A robust process for uncertain times

With conditions more challenging, we believe our quality-focus remains the best way to invest in European small-caps. When markets are turbulent, investors tend to seek quality companies that offer stable earnings. Moreover, we have found that such companies tend to be drivers of their own growth. This means that, while they are not immune to short-term macro factors, they usually outperform over the longer term. In general, we invest in businesses that have strong earnings and sustainable growth prospects. Savvy management teams that know their markets are also essential.

Take German cooking-appliance manufacturer **Rational**. This high-quality business has an enviable track record of long-term growth. It has a market leading position in supplying combi-steamers to commercial kitchens. The use of these steamers is rising rapidly because they increase profit margins.

Staying in German, we like real estate asset manager **Patrizia**. It continues to demonstrate robust growth as asset allocators

increasingly favour real estate as a way to diversify returns and enhance yield. We believe investors are underestimating the growth in assets and margin potential given its operational leverage.

In the UK, another name to highlight is private markets business Intermediate Capital. It has the potential to grow, as asset allocators increasingly turn to private markets as alternative sources of return. It is also a good way to diversify risk, especially given recent equity market upheaval.

Final thoughts...

The remainder of 2019 is likely to be volatile. Trade war hetoric and actions have hardened, feeding investor anxiety. The European economy is also flagging, while domestic politics remain volatile. Against this backdrop, we remain committed to our investment process. A quality-focus has stood us in good stead since the Fund launched. It should continue to do so as we move through the second half of the year and beyond.

"With conditions more challenging, we believe our quality-focus remains the best way to invest in European small-caps."

Andrew Paisley
Fund Manager

Important Information

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

Risk factors you should consider before investing:

- 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.
- 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 equities and equity related securities in European emerging markets. 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.
- The shares of smaller companies may be less liquid and more volatile than those of larger companies.
- The use of 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 may result in the fund being leveraged (where market 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 does not make extensive use of derivatives.
- 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 **aberdeenstandard.com**

Other Important Information

Aberdeen Standard Investments is a brand of the investment businesses of Aberdeen Asset Management and Standard Life Investments.
Standard Life Investments Global SICAV is an umbrella type investment company with variable capital registered in Luxembourg (no. B78797) at 2-4, rue Eugéne Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg.

Additional Information for Switzerland : The prospectus, the key investor information documents, the articles of incorporation, the annual and semiannual report in German, and further information can be obtained free of charge from the representative in Switzerland: Carnegie Fund Services S.A., 11, rue du Général-Dufour, CH-1204 Geneva, Switzerland, web: **www.carnegie-fund-services.ch**. The Swiss paying agent is: Banque Cantonale de Genève, 17, quai de l'Ile, CH-1204 Geneva. The last share prices can be found on **www.fundinfo.com**.

The information contained in this marketing document is intended to be of general interest only and should not be considered as an offer, or solicitation, to deal in the shares of any securities or financial instruments. It is not intended for distribution or use by any person or entity who is a citizen or resident of or located in any jurisdiction where such distribution, publication or use would be prohibited. In Spain STANDARD LIFE INVESTMENTS GLOBAL SICAV is registered with Comision Nacional del Mercado de Valores under number 814.

Before investing, investors should consider carefully the investment objective, risks, charges, and expenses of a fund. This and other important information is contained in the prospectus, which can be obtained from a financial advisor and are also available on **aberdeenstandard.com**. Prospective investors should read the prospectus carefully before investing.

Subscriptions for shares in the fund may only be made on the basis of the latest Prospectus and relevant Key Investor Information Document (KIID) which can be obtained free of charge upon request or from **aberdeenstandard.com**.

Issued by Aberdeen Standard Investments Luxembourg S.A. 35a, Avenue J.F. Kennedy, L-1855 Luxembourg. No. S00000822. Authorised in Luxembourg and regulated by CSSF.

Aberdeen Standard Investments (Switzerland) AG. Registered in Switzerland No. CHE-114.943.983. Registered Office: Schweizergasse 14, 8001 Zurich. Authorised by the Swiss Financial Market Supervisory Authority (FINMA).

Visit us online

aberdeenstandard.com

Aberdeen Standard Investments

121038591 09/19