

June 2019

# Reasons why



## Standard Life Investments Total Return Credit Fund

### 01 Innovative high-return-seeking strategy



At the Fund's core is a diversified credit portfolio of 70 – 100 best ideas from global credit markets, aiming to capture idiosyncratic credit risk to deliver a compelling return over the credit cycle.

### 02 Drawdown protection and reduced volatility

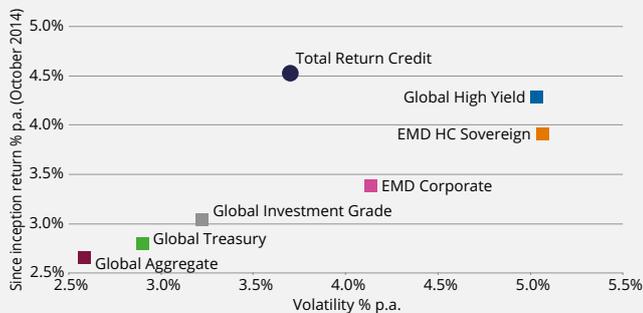


A differentiating feature of TRC is our use of drawdown protection strategies, aimed at protecting the portfolio when credit markets come under pressure. These strategies have proved highly effective and value-enhancing over the life of the Fund.

### 03 Impressive record delivering returns

#### Chart 1: Enhanced returns with reduced volatility

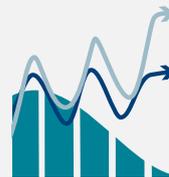
The combination of stringent fundamental analysis to unearth high-conviction ideas and tailored drawdown protection strategies has delivered better returns than higher-yielding parts of the credit market and with lower levels of volatility.



Source: Aberdeen Standard Investments, Barclays Indices: Global Aggregate, Global Aggregate Corporate, Global Treasury, Global High Yield Corporate, Emerging Market Hard Currency Aggregate Sovereign, Emerging Market Corporate (10% country capped), gross returns hedged to GBP, 31 March 2019. Performance is shown gross of fees and does not reflect investment management fees. Had such fees been deducted, returns would have been lower. Past performance is not a guide to future results

### 04 Asymmetric upside/downside capture

Measured against the Global Credit Multiverse Index\*, TRC shows 92% upside capture and only 67% downside capture. This is a consequence of our best ideas being the return generator, while the drawdown protection strategies limit any downside.



92% upside capture and only 67% downside capture



Measured against the Global Credit Multiverse



Strategies limit any downside

\*Comprises 33% global investment-grade credit, 33% global high-yield credit, 33% sovereign emerging market debt

### 05 Low interest rate sensitivity and high income generation



We manage the Fund so that its sensitivity to interest rates is low. Additionally, our focus on higher-yielding credits helps cushion against rising rates and further dampens interest rate sensitivity. This focus also makes TRC an attractive choice for income-seeking investors. The Fund's current income yield\* is around 4.6% (distributed monthly).

\*as at March 2019

### 06 Diversification benefits



TRC has near-zero correlation with government bonds and low correlation with major credit indices (varying between 0.5 – 0.8). This makes the Fund an effective diversifier in a broader fixed income or credit allocation.

# Total Return Credit Fund

## Discrete Annual Returns (%)

	31/05/2018 to 31/05/2019	31/05/2017 to 31/05/2018	31/05/2016 to 31/05/2017	31/05/2015 to 31/05/2016	31/05/2014 to 31/05/2015
Standard Life Investments Total Return Credit Fund K GBP Acc*	4.10	0.76	N/A	N/A	N/A
Standard Life Investments Total Return Credit Fund Z GBP Acc**	4.41	1.07	8.12	2.13	N/A

\* Source: Financial Express Analytics; discrete annual performance as at 31/05/2019; Total Return Credit Fund K share class in GBP; since inception 01/12/16; net of charges.

\*\* Source: Financial Express Analytics; discrete annual performance as at 31/05/2019; Total Return Credit Fund Z share class in GBP; since inception 25/09/2014; net of charges.

**Past performance is not a guide to future results.**

## Key Facts

Fund Type	Luxembourg-based SICAV
Launch date	24 September 2014
Objective	The Fund aims to provide long-term growth from capital gains and the reinvestment of income. It typically holds a portfolio of higher-yielding debt securities, including government and corporate bonds, asset-backed securities, sub-investment-grade bonds and inflation-linked bonds in either developed or emerging markets. The Fund is actively managed by our investment team, who will select securities without reference to an index to try and take advantage of opportunities they have identified. The portfolio is complemented with an active allocation to a range of market positions based on advanced derivative techniques, with the aim of reducing the Fund's overall volatility and generating additional returns.
Base currency	GBP
Constraints on credit holdings	30% country limit (except US which is 60%) 25% sector limit 3% issuer limit (ex developed market government bonds) 30% limit on hard currency emerging market sovereign debt 10% limit on local currency emerging market sovereign debt 20% limit on asset-backed securities 10% limit on CoCos and preference shares each with the total limit of 15%
Constraints on drawdown protection strategies	Maximum of 20% of the total stand-alone risk* (sum of stand-alone risks by individual strategy) within any one strategy within the drawdown protection strategies
Overall portfolio constraints	Credit exposure has to contribute at least 60% to the total stand-alone risk of the fund
ISIN code	LU1527569336
Distribution frequency	Monthly

## Important Information

- 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 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 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.
- 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 will 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 makes extensive use of derivatives.
- The Fund invests in high-yielding bonds which carry a greater risk of default than those with lower yields.
- 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](http://www.aberdeenstandard.com)

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

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