

# Changes to UK Investment Funds – from 7th August 2019



## Investment objective & policy changes – SLM Trust

Investment objective		Investment policy	
Existing	Proposed	Existing	Proposed
<b>SLMT American Equity Unconstrained Fund (PRN 778954)</b>			
<p>The Sub-fund aims to generate a capital return over the long term by investing in equities and equity-related securities</p>	<p>To generate growth over the <i>long term</i> (5 years or more) by investing in US equities (company shares).</p> <p><i>Performance Target:</i> To achieve the return of the S&amp;P 500 Index plus 3% per annum over rolling three year periods (before charges). The <i>Performance Target</i> is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the <i>Performance Target</i>.</p> <p><i>Performance Comparator:</i> IA North America Equity Sector Average.</p> <p>The Manager believes this is an appropriate target/comparator for the fund based on the investment policy of the fund and the constituents of the index/sector.</p>	<p><b><u>Investment Policy</u></b></p> <p>The investment policy of the Sub-fund is to invest primarily in equities and equity-related securities of companies incorporated or domiciled in the US or companies that derive a significant proportion of their revenue or profits from US operations or have a significant proportion of their operations there. Additionally, the Sub-fund may invest in equities and equity-related securities of companies listed in the US or incorporated, domiciled or listed in Canada or Latin America. “Equity-related securities” will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the Manager, influenced significantly by the stock market</p>	<p><b><u>Portfolio Securities</u></b></p> <p>The fund will invest at least 70% in equities and <i>equity related securities</i> of companies listed, incorporated or <i>domiciled</i> in the US or companies that derive a significant proportion of their revenues or profits from US operations or have a significant proportion of their assets there.</p> <p>The fund may also invest in companies listed, incorporated or <i>domiciled</i> in Canada or Latin America.</p> <p>The fund may also invest in other funds (including those managed by Aberdeen Standard Investments), <i>money-market instruments</i> and <i>cash</i>.</p>

performance of the company's ordinary shares. The Sub-fund may also invest in cash and near cash and collective investment schemes including those managed or operated by the Manager or its associates.

**Derivatives and Techniques**

The Sub-fund may use derivatives to reduce risk or cost, or to generate additional capital or income at proportionate risk ("Efficient Portfolio Management") and for hedging purposes. Usage of derivatives is monitored to ensure that the Sub-fund is not exposed to excessive or unintended risks.

**Management Process**

The Sub-fund is actively managed by the investment team who will maintain a diverse asset mix at sector and stock level, with the sector weightings within the portfolio typically a by-product of the underlying stock exposure. Their primary focus is on stock selection to try to take advantage of opportunities they have identified. Performance volatility is likely to be much greater than a typical core US equity offering.

**Management Process**

The management team use their discretion (*active management*) to maintain a concentrated asset mix at *sector* and stock level.

Their primary focus is on stock selection using research techniques to select individual holdings. The research process is focused on identifying companies where the management team have a different view of a company's prospects to that of the market, and which align with their views regarding future economic and business conditions.

In seeking to achieve the *Performance Target*, the S&P 500 Index is used as a reference point for portfolio construction and as a basis for setting risk *constraints*. The expected variation ("tracking error") between the returns of the fund and the index, is not ordinarily expected to exceed 10%. Due to the active nature of the management process, the fund's performance profile may deviate significantly from that of the S&P 500 Index.

**Derivatives and Techniques**

The fund may use *derivatives* to reduce risk, to reduce cost and/or generate additional income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management").

*Derivative* usage in the fund is expected to be very limited. Where derivatives are used, this would mainly be in response to significant

inflows into the fund so that in these instances, cash can be invested while maintaining the fund's existing allocations to company shares.

**SLMT Global REIT Fund (PRN 821701)**

The Sub-fund aims to generate a capital return over the long term by investing in listed closed ended real estate investment trusts ("REITs") or securities and companies principally engaged in real estate activities.

To generate income and some growth over the *long term* (5 years or more) by investing in listed closed ended *real estate investment trusts* ("REITs") and equities (company shares) of companies engaged in real estate activities.

*Performance Target:* To achieve the return of the FTSE EPRA Nareit Developed Index (Hedged to GBP) plus 2% per annum (before charges). The *Performance Target* is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the *Performance Target*.

The Manager believes this is an appropriate target for the fund based on the investment policy of the fund and the constituents of the index.

**Investment Policy**

The investment policy of the Sub-fund is to invest primarily in a globally diversified portfolio of these assets. The Sub-fund may also invest in cash and near cash and collective investment schemes including those managed or operated by the Manager or its associates.

**Derivatives and Techniques**

The Sub-fund may use derivatives to reduce risk or cost, or to generate additional capital or income at proportionate risk ("Efficient Portfolio Management") and for hedging purposes. Usage of derivatives is monitored to ensure that the Sub-fund is not exposed to excessive or unintended risks.

**Management Process**

The Sub-fund is actively managed by the investment team who will maintain a diverse asset mix at regional, country and stock level. Their primary focus is on stock selection using fundamental research techniques to select individual holdings where we identify a misalignment between our assessment of growth prospects and that of the market, and which align with our views regarding future economic and business conditions. The Sub-fund's holdings will typically consist of REITs, which are companies usually listed on a stock exchange that own and manage predominantly income-producing commercial or residential

**Portfolio Securities**

The fund invests at least 70% in REITs and equities and *equity related securities* of real estate related companies listed on global stock exchanges.

The fund may also invest in other funds (including those managed by Aberdeen Standard Investments), *money-market instruments* and *cash*.

**Management Process**

The management team use their discretion (*active management*) to maintain a diverse asset mix at country and stock level.

Their primary focus is on stock selection using research techniques to select individual holdings. The research process is focused on identifying companies where the management team have a different view of a company's prospects to that of the market, and which align with their views regarding future economic and business conditions.

The FTSE EPRA Nareit Developed Index (Hedged to GBP) is used as a reference point for portfolio construction and as a basis for setting risk *constraints*. The expected variation ("tracking error") between the returns of the

property. REITs are designed to offer investors income and capital growth from property assets in a tax-efficient way, with a return over the time closely aligned with direct property investment. REITs allow investors to invest in property by creating a more liquid and tax-efficient vehicle than investing in direct property markets. Non-Sterling denominated assets will typically be hedged back to Sterling.

fund and the index is not ordinarily expected to exceed 6%. Due to the fund's risk *constraints*, the intention is that the fund's performance profile will not deviate significantly from that of the FTSE EPRA Nareit Developed Index (Hedged to GBP) Index.

**Derivatives and Techniques**

The fund may use *derivatives* to reduce risk, to reduce cost and/or generate additional income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management").

Currency forwards are used to reduce (hedge) risk related to currency movements on non-Sterling assets.

Where derivatives are used, this would typically be to maintain allocations while meeting cash inflows or outflows, or to manage currency risk.

**SLMT Standard Life Japan Fund (PRN 778956)**

The Sub-fund aims to generate a capital return over the long term by investing in equities and equity-related securities.

To generate growth over the *long term* (5 years or more) by investing in Japanese equities (company shares).

*Performance Target:* To achieve the return of the MSCI Japan Index plus 3% per annum over rolling three years periods (before charges). The *Performance Target* is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will

**Investment Policy**

The investment policy of the fund is to invest primarily in equities and equity-related securities of companies incorporated or domiciled in Japan or companies that derive a significant proportion of their revenues or profits from Japanese operations or have a significant proportion of their assets there. Additionally, the Sub-fund may invest in equities and equity-related securities of companies listed in Japan. "Equity-related

**Portfolio Securities**

The fund will invest at least 70% in equities and *equity related securities* of companies listed, incorporated or *domiciled* in Japan or companies that derive a significant proportion of their revenues or profits from Japanese operations or have a significant proportion of their assets there.

The fund may also invest in other funds

achieve the *Performance Target*.

*Performance Comparator:* IA Japan Equity Sector Average.

The Manager believes this is an appropriate target/comparator for the fund based on the investment policy of the fund and the constituents of the index/sector.

securities” will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the Manager, influenced significantly by the stock market performance of the company’s ordinary shares. The Sub-fund may also invest in cash and near cash, derivatives and collective investment schemes including those managed or operated by the Manager or its associates.

**Derivatives and Techniques**

The Sub-fund may use derivatives to reduce risk or cost, or to generate additional capital or income at proportionate risk ("Efficient Portfolio Management") and for hedging purposes. Usage of derivatives is monitored to ensure that the Sub-fund is not exposed to excessive or unintended risks.

**Management Process**

The Sub-fund is actively managed by the investment team who will maintain a diverse asset mix at sector and stock level. Their primary focus is on stock selection to try to take advantage of opportunities they have identified.

(including those managed by Aberdeen Standard Investments), *money-market instruments*, and *cash*.

**Management Process**

The management team use their discretion (*active management*) to maintain a diverse asset mix at *sector* and stock level.

Their primary focus is on stock selection using research techniques to select individual holdings. The research process is focused on identifying companies where the management team have a different view of a company's prospects to that of the market, and which align with their views regarding future economic and business conditions.

In seeking to achieve the *Performance Target*, the MSCI Japan Index is used as a reference point for portfolio construction and as a basis for setting risk *constraints*. The expected variation (“tracking error”) between the returns of the fund and the index is not ordinarily expected to exceed 8%. Due to the fund’s risk constraints, the intention is that the fund's performance profile will not deviate significantly from that of the MSCI Japan Index over the *longer term*.

**Derivatives and Techniques**

The fund may use *derivatives* to reduce risk, to reduce cost and/or generate additional income or growth consistent with the risk profile of the fund (often referred to as “Efficient Portfolio Management”).

*Derivative* usage in the fund is expected to be very limited. Where derivatives are used, this

			would mainly be in response to significant inflows into the fund so that in these instances, cash can be invested while maintaining the fund's existing allocations to company shares.
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