

Active Equities

Research-driven, high-conviction investing giving clients access to our equity ideas worldwide

“As active equity investors, we believe that deep fundamental research and a disciplined investment process is the best approach to meet our clients’ investment needs – now and in the future.”

Devan Kaloo,
Global Head of Equities

Our active equity capabilities

Our research platform brings insights that can help drive a comprehensive range of distinct outcomes.

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Our equity philosophy

How core beliefs drive high-conviction portfolios

At the heart of every one of our active equity portfolios is a focus on fundamental research, corporate stewardship and engagement – and bringing our very best ideas to investors.

Aberdeen Standard Investments is one of the world's largest active asset managers. We are dedicated to using our resources, tools and on-the-ground expertise to build a wide range of equity portfolios.

While the range of equity strategies we offer is wide-ranging, our approach for every portfolio is driven by three core beliefs:

Fundamental research delivers insights that can be used to exploit market inefficiencies

In our view, company fundamentals ultimately drive stock prices but are often valued inefficiently. Therefore, we believe that careful research is the key to delivering insights that allow us to exploit these inefficiencies – and identify the best investment opportunities for client portfolios.

The breadth and depth of experience within our equities team enables us to conduct world-class fundamental research. We have circa 150 investment professionals in 10 countries* around the world, each engaged in fundamental stock research and insight generation.

ESG assessment and corporate engagement enhance returns

We place constructive engagement and environmental, social and governance (ESG) considerations at the heart of company research. As well as ensuring we are responsible stewards of our clients' assets, we believe that this approach can mitigate risks and enhance returns, as companies with robust ESG practices tend to exhibit long-term financial benefits.

Disciplined, active investment can deliver superior outcomes for our clients

We aim to build high-conviction portfolios where our stock-specific insights drive performance. This gives our clients direct access to our best investment ideas, which – ultimately – we believe can help deliver robust risk-adjusted returns.

* Source: Aberdeen Standard Investments, June 30, 2018.

c.150

active equity
professionals around
the world*



Fundamental research drives performance



Our equity process

Making the right decisions to build the right portfolios

Our focus on fundamental research allows us to build portfolios from the bottom up, prioritizing our highest conviction stock ideas – giving clients direct access to our best investment ideas.

Distinct but complementary approaches

We use our research-driven approach to support two distinct but complementary equity approaches, giving clients a choice of ways to generate return:

Focus on Change

We aim to identify drivers of change within a company and its operating environment that the rest of the market has yet to price in – a non-consensus insight.

Long-Term Quality

We seek to profit by investing in high-quality businesses at attractive valuations and hold them for the long term.

Research and peer review

Our scale affords coverage of a wide universe, with in-depth, locally-sourced insights from investment teams in the UK, U.S., Asia and emerging markets. We have approximately 150 highly experienced equity professionals across the world, engaged in fundamental stock research and insight generation. In addition to the cross-asset class conversations with colleagues from credit, real estate, multi-asset and strategy teams, our equity professionals benefit from ASI's specialist quant, risk and portfolio construction teams. They further utilize the outputs from the Aberdeen Standard Investments Research Institute.

A crucial stage of the process is team debate and peer review of stock insights and recommendations. Our equity teams discuss and challenge investment ideas, share insights and build the investment thesis. Importantly, all team members debate stocks and are incentivised to fully participate in the entire process.

This also ensures all our investment professionals are accountable for, and fully committed to, the stocks they recommend. This peer review aspect of our process is fundamental to what we do, as it is one of the most powerful tools to share insights, build conviction and identify risk.

Portfolio construction informed by team peer review
Portfolio risk budgets are derived from our clients' investment objectives and required outcomes. Peer review is an essential component of the construction process with our teams debating stock holdings, portfolio structure and risk profile.

Portfolio construction is built from the bottom up, prioritizing high conviction stock ideas in a risk aware framework, giving our clients direct access to our best investment ideas.



Team locations

Better insight from firsthand engagement

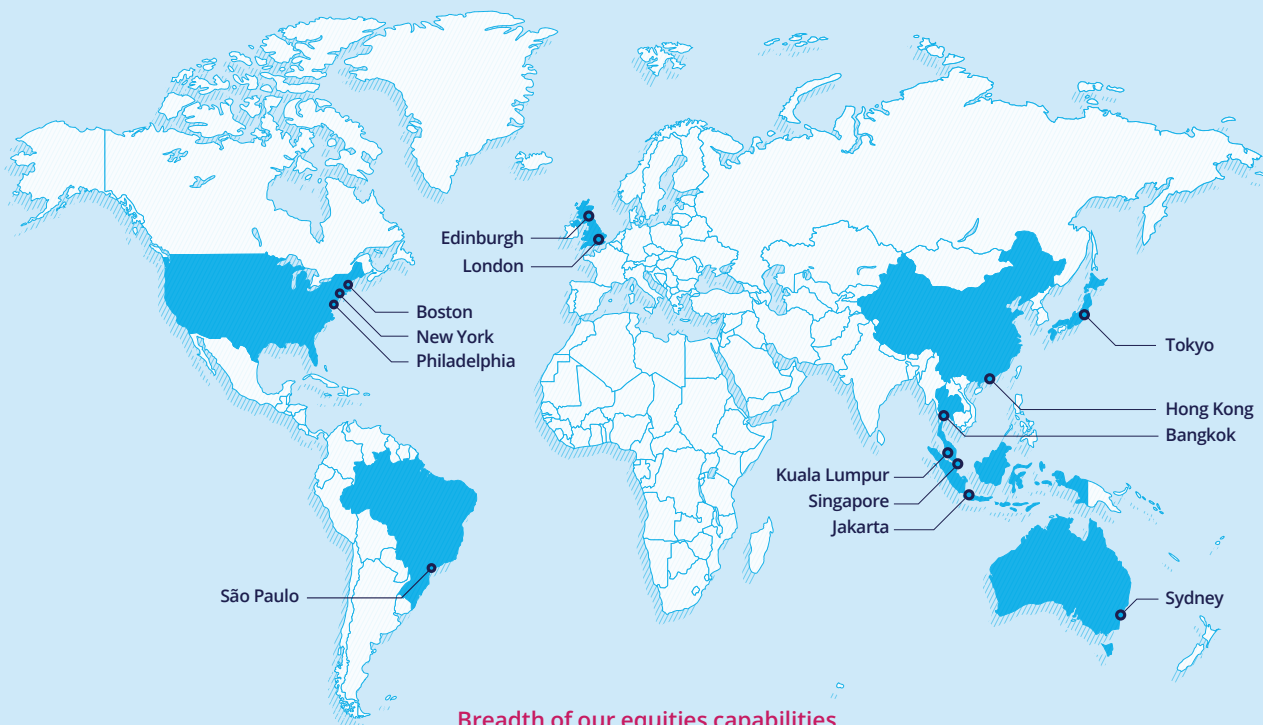
We believe that firsthand fundamental research helps drive robust outcomes from active equity investing.

To fully leverage the benefits of our considerable research resource, our equity teams use a common investment language and research framework that structures how we express our thinking on companies. This facilitates the effective and unambiguous articulation of research insights. We have also developed a proprietary research platform used by all our equity teams, giving instant access to our research globally.

Staying close to companies at every stage


We look to meet companies regularly. This allows us continually to assess the quality of their management, business strategy and balance sheet but also lets us actively engage on environmental, social and governance issues and practices.

Through this active engagement conducted by all our equity investment professionals, we aim to enhance long-term return potential and reduce downside risk in our portfolios.



Breadth of our equities capabilities

- Global
- North America
- Global emerging markets
- UK
- Europe
- Asia
- Japan
- Smaller companies



“Thanks to our significant resources, talented investment professionals and a creative, collaborative culture, we are able to conduct world-class research. This capability is enhanced by our continuous investment in technology. As a result, we have a global research platform that delivers the insights required to drive enhanced outcomes.”

Dr. Mark Vincent,
Global Head of Research


Capabilities

Our active equities strategies

Our scale affords coverage of a wide universe, with in-depth, locally-sourced insights from investment teams on the ground in the UK, the U.S., Asia and emerging markets.

Asia		Europe		Emerging Markets	
Approach					
Focus on Change	Long-Term Quality	Focus on Change	Long-Term Quality	Focus on Change	Long-Term Quality
Client Outcome					
High Active	✓	✓	✓		✓
Small Cap	✓	✓			✓
Income	✓	✓	✓	✓	
Values Led		✓			✓

Global		UK		US	
High Active	✓	✓	✓	✓	✓
Small Cap	✓	✓			✓
Income	✓	✓	✓	✓	✓
Values Led	✓	✓	✓		



“Our portfolio managers have direct support from our specialist quant, risk, data management and ESG investment teams. This breadth of support and expertise allows equity professionals to do what they do best – generate investment insights and manage client portfolios.”

Devan Kaloo,
Global Head of Equities

Sharing insight

Our fundamental research drives performance

Our proprietary research platform serves as a central source of shared information and insights, enabling instant access to our research for all our equity professionals globally.

Our disciplined research process

We structure our coverage on a sector basis, with each team member responsible for covering specific sectors within their region. Analysts are individually accountable for their stock recommendations, but we believe it is important that all team members are familiar with, and meet, the companies the team covers across all sectors.

Clear articulation of insights

All stock research is written in a common investment language and template. This allows us to efficiently structure our research, and enables us to consistently and efficiently articulate our company and stock insights and investment conclusions.

Our portfolio managers have direct support from our specialist quant, risk, data management and ESG investment teams. This breadth and depth of support and expertise allows equity professionals to do what they do best – generate investment insights and successfully manage client portfolios.

Risk aware at every stage

One of the cornerstones of our process is a practical, hands-on approach to measuring, analyzing and managing risk at every stage of our portfolio management process. Ultimately, we are looking for our best stock ideas to drive returns for clients.



c.2700

companies under
continual coverage*



7500

meetings a year with
companies in over
68 countries*



* Source: Aberdeen Standard Investments. Based on activities in 2017.

Stewardship and ESG

Positive outcomes from active ESG engagement

Environmental, social and governance (ESG) analysis is deeply embedded within our research and is a central component of our investment process.

This is because we believe that well-governed companies with active and effective risk management processes make good long-term investments.

In support of this, three levels of ESG input are reflected in our research process.

Fundamental stock-level insights

As part of their company research, our stock analysts evaluate the ownership structures, governance and management quality of the companies they cover. Our stock analysts work closely with our regionally-based ESG specialists, who provide industry-leading expertise and insight at the company level. These insights are then captured in the final stock research note.

First-hand ESG expertise

We have ESG analysts embedded in each equity team to ensure that ESG considerations are an intrinsic part of the investment decision-making process. ESG risk assessment is undertaken as part of this process.

We also continually engage with our current and potential holdings, to ensure we fully understand their future direction from a risk and an ESG perspective.

We believe this three-pronged approach enables us to deliver a truly differentiated and industry-leading level of ESG analysis and engagement.

An industry-leading ESG resource

Our central ESG team provides thought leadership, thematic and global sector insights, as well as event-driven research. The team is also heavily involved in governance and supports company-level engagements where appropriate. This helps guide and shape our overall approach to ESG.

“Put simply, we believe integrating ESG analysis into our investment process mitigates risks and adds value for our clients.”

Rod Paris,
Chief Investment Officer

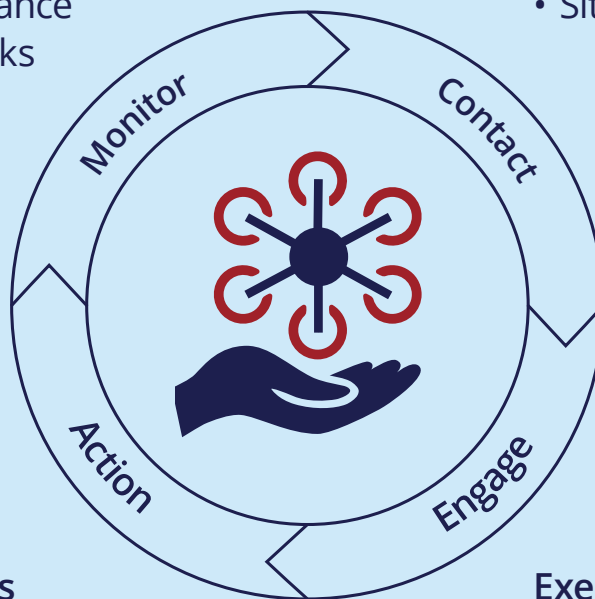
Active corporate engagement

Ongoing due diligence

- Business performance
- Company's financials
- Corporate governance
- Company's key risks and opportunities

Frequent dialogue

- Senior executives
- Board members
- Site visits



Consider all options

- Buy, sell or fight
- Seek to collaborate
- Legal action, if necessary

Exercise rights

- Always vote
- Explain voting decisions
- Attend AGM/EGMs as required

“Our integrated global research platform, allows us to support differentiated but complementary investment approaches, providing clients with a choice of ways to generate return from equity markets.”

Stan Pearson,
Head of European Equities



Solutions for clients

Distinct and complementary active approaches provide choice

Our extensive fundamental research capability allows us to support differentiated investment approaches, Focus on Change and Long-Term Quality, plus a range of possible portfolio outcomes.

Focus on Change

Our Focus on Change investment approach seeks to identify change in companies' fundamentals before the market anticipates it. We focus our extensive resources on securing and analysing information about the changing prospects of companies, concentrating on the most important factors that drive the price.

We aim to identify positive drivers of change within a company that the rest of the market has yet to price in – a non-consensus insight – and exploit this ahead of the market view coming into alignment with our own (typically within one to three years). Focus on Change is a style-agnostic investment approach, providing us with the opportunity to outperform throughout the cycle.

Long-Term Quality

Through our Long-Term Quality approach, we aim to profit by investing in high-quality businesses at attractive valuations and hold them for the long term. We believe this focus on quality companies results in more resilient portfolios, and can help to provide a degree protection when markets are falling.

We take a long-term view with this approach. Many of the top positions in our equity portfolios have been held for 10 years or more and our average holding period is more than eight years. We act as long-term owners rather than investors. We continually examine risks and opportunities before and after an investment is made, giving us a full picture of the company.

Distinct portfolio outcomes

Through our differentiated investment approaches, we can offer our clients a range of possible portfolio outcomes designed to meet their specific return objectives:

High active – high-conviction active strategies, seeking long-term alpha driven by stock selection

Smaller companies – high conviction active small- and mid-cap strategies, seeking long-term alpha driven by stock selection

Income – active strategies using a holistic, cashflow-focused approach to target a premium yield

Values led – values-led criteria for ethical, socially responsible and impact-investing strategies

IMPORTANT INFORMATION

PAST PERFORMANCE IS NOT AN INDICATION OF FUTURE RESULTS

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

Foreign securities are more volatile, harder to price and less liquid than U.S. securities. They are subject to different accounting and regulatory standards, and political and economic risks. These risks are enhanced in emerging markets countries.

Equity stocks of small and mid-cap companies carry greater risk, and more volatility than equity stocks of larger, more established companies.

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