March 2021

InFocus

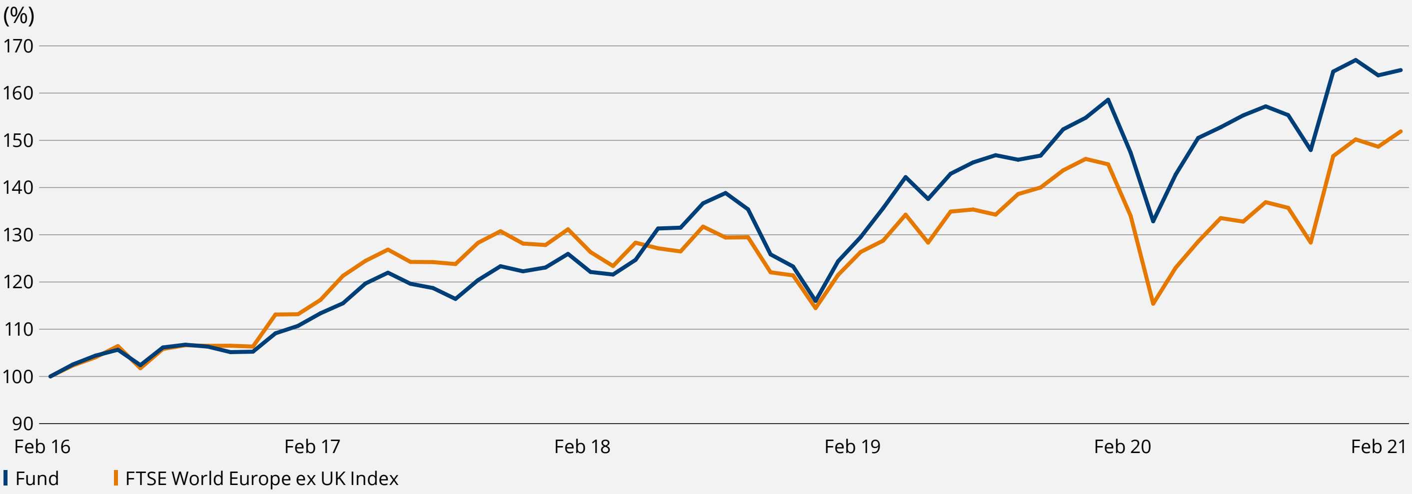
Aberdeen Standard SICAV I – European Equity (ex-UK) Fund

Key features

Disciplined focus on high-quality companies across pan-European markets	ESG fully embedded within our company research and a key criteria to determine quality companies	Highly selective portfolio, containing c.30 of our best stock ideas

Performance

Monthly Performance EUR



Source: Aberdeen Standard Investments, BPSS, Thomsons Reuters Datastream as of 28 February 2021. Performance is shown gross of fees in EUR for the Aberdeen Standard SICAV I – European Equity (ex UK) Fund and does not reflect Investment management fees. Had such fees been deducted, returns would have been lower.

Despite a challenging first few weeks of the year, Fund performance over the last 12 months, as well as the medium to long-term, remains strong and consistently well ahead of the benchmark. This reflects the benefits of investing in what we believe to be the best companies in Europe. Such an approach provides an attractive mix of upside capture and downside protection.

What performed well and what didn't?

Good stock selection, particularly our focus on high-quality companies, has driven performance over the past challenging 12 months and long-term. This approach lagged in the first-half of January as lowly valued and cyclically exposed areas rallied. Nonetheless, experience tells us that such rallies tend to be short-lived. We therefore maintain our Long Term Quality focus.

Looking at performance, **ASML** was a standout performer since our last update. The company recently delivered strong results, thanks to better-than-expected underlying chip manufacturing. The announcement that TSMC, one of its largest customers, planned to increase capital expenditure by 30-40% ahead of expectations was also a major positive. **Siemens Energy**, recently spun out of Siemens, also contributed to returns. We have confidence in an improving end-market picture for its Procter & Gamble and Siemens Gamesa operations. The market agrees and shares have climbed. Lastly, Nordic broking business **Nordnet** was another highlight after the company successfully went public towards the end of 2020. It has a superior proposition and is seeing strong growth in customers.

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In terms of detractors from performance, a position in **Hannover Re** weighed on relative portfolio returns. At the moment, Covid-19 uncertainties are overshadowing meaningful improvement in property and casualty insurance pricing.

How have we positioned the portfolio?

We purchased **Intermediate Capital Group**, an alternative asset manager specialising in private debt and equity. It has an excellent track record of investing in unlisted assets and benefits from a strong tailwind of increasing allocation into this area. The earnings quality of the group has improved in recent years as management has strived for a better balance of earnings. This is a high-quality business that should add a different exposure to the portfolio The valuation was also attractive given the significant growth opportunities ahead.

We added **Weir Group** to the portfolio to increase our weight to higher-quality cyclicals. The company has agreed to sell its oil & gas services business, which we think has two benefits. One, it removes a challenging operation. Two, it reduces the group's debt to much more comfortable levels. The remaining business is an extremely high-quality global mining services operation.

By contrast, we exited **Croda** and **Campari**, and reduced **Wolters Kluwer** on valuation grounds.

Recent ESG (environmental, social and governance) engagement

ESG analysis is an integral of our company research and investment decision-making. A major component of this process is actively engaging with our investee companies.

For example, we recently met with the management team of **Atlas Copco**. We discussed the critical role of its compressor and vacuum products in improving its customers' energy efficiency and carbon footprint. As energy-intensive industrial sectors increasingly look to decarbonise their operations, this should strengthen the company's customer relationships and growth prospects.
This was a productive meeting and confirmed our positive view on the company.

Where next for markets?

We retain a cautious stance given the sheer scale of uncertainty, with the outlook now more balanced than at any time in the past few years. There are reasonable arguments to be made for inflation, deflation and a second-half cyclical boom. There is also the potential for growth stocks to disappoint, more unconventional economic trends to take hold and for fears around sovereign creditworthiness to recur. Against this backdrop, we are thinking more probabilistically, ensuring our portfolio is more balanced to a wider range of outcomes rather than backing any single economic scenario.

To that end, we have added more cyclicality and interest rate exposure to the portfolio. We will not deviate from our philosophy of long-term investing in the highest quality businesses we can find. However, with a more balanced portfolio we would expect to continue to prosper in more difficult market conditions. This also gives us the opportunity to participate a little more in some of the upside scenarios that might develop.

Annual returns (%) - year ended 28/02

	2021	2020	2019	2018	2017
AS SICAV 1 - European ex UK Equity Fund	11.88	13.80	6.04	7.72	13.37
FTSE World Europe ex UK Index	13.36	6.05	0.01	8.72	16.20

Performance Data: Share Class A Acc EUR.
Source: Lipper, Basis: Total Return, NAV to NAV, net of annual charges, gross Income reinvested, (EUR).
The fund was created as a sub fund of Aberdeen Standard SICAV I on 24/03/2006 by the conversion of Aberdeen International European Opportunities Fund. The historical track record reflects that of Aberdeen International European Opportunities Fund launched 27/04/1992. 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.

"Despite its political and economic challenges Europe remains a very attractive market for the bottom up stock picker."

Ben Ritchie
Head of European Equities
Aberdeen Standard Investments

Important Information

Risk factors you should consider before investing:

- The value of investments and the income from them can go down as well as up and you may get back less than the amount invested. Past performance is not a guide to future results.
- 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 invests in equity 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.
- 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.**
- Investment objective: The Fund aims to achieve a combination of growth and income by investing in companies listed on stock markets across Europe (excluding the UK). The Fund aims to outperform the FTSE World Europe ex UK Index (EUR) benchmark before charges.

The fund is a sub-fund of Aberdeen Standard SICAV l, a Luxembourg-domiciled UCITS fund, incorporated as a Société Anonyme and organized as a Société d'Invetissement á Capital Variable (a "SICAV").

In Switzerland for Aberdeen Standard SICAV I these documents along with the Fund's articles of association can be obtained from the Fund's Representative and Paying Agent, BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, CH 8002 Zürich, Switzerland (Tel. 058 212 63 77).

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