

# Aberdeen Standard International Equity Fund

Monthly factsheet - performance data and analytics to 31 August 2019



## Investment objective

To provide investors with high capital growth over the medium to long term by seeking exposure to companies listed on securities exchanges around the world.

## Investment strategy

The Fund invests primarily in a concentrated portfolio of around 40-60 listed international securities (other than those listed on the Australian Stock Exchange) with the potential for capital growth and increased earning potential.

Our Global Equities Team, located in Edinburgh, Scotland, draws on the research capabilities of our regional investment teams located worldwide. Through their own proprietary research each regional team creates a concentrated regional model portfolio of best ideas.

## Performance (%)

	1 Month	3 Months	1 Year	Per annum		
				3 Years	5 Years	Since Inception <sup>1</sup>
Aberdeen Standard International Equity Fund net returns <sup>2</sup>	-0.69	5.25	6.19	10.14	7.99	5.83
Aberdeen Standard International Equity Fund gross returns <sup>3</sup>	-0.60	5.51	7.23	11.22	9.05	6.89
MSCI All Countries World Accumulation Index (ex Australia) unhedged	-0.04	7.49	7.59	13.87	13.42	7.53
Net returns <sup>2</sup> vs index	-0.65	-2.24	-1.40	-3.73	-5.43	-1.70
Gross returns <sup>3</sup> vs index	-0.56	-1.98	-0.36	-2.65	-4.37	-0.64

1. This figure represents the annualised performance of the Fund from the first full month of operation. Note that returns prior to 2002 were obtained under a different process.

2. Net performance figures are calculated using end-of-month exit prices, post standard fees, reflect the annual reinvestment of distributions and make no allowance for tax. If investing through an IDPS Provider, the total after fees performance returns of your investment in the Fund may be different from the information we publish due to cash flows specific to your portfolio and any fees charged by the IDPS Provider.

3. Gross performance figures are calculated using end-of-month exit prices, pre-fees, reflect the annual reinvestment of distributions and make no allowance for tax. These returns are provided for the purpose of wholesale investors only. Retail investors should refer to net returns.

Past performance is not a reliable indicator of future result.

## Performance review

The Fund returned -0.60% in August (before fees), underperforming the benchmark by 0.56%.

The fund underperformed the benchmark due to negative stock selection in Japan, Canada and China, though this was partially mitigated by good stock picks in the US.

At the stock level, US oilfield services Schlumberger and oil producer EOG Resources were among the key detractors as they fell in tandem with the weaker oil price. We took advantage of the share-price weakness to add to both, as we continue to believe in their long-term prospects. Japanese clinical testing device maker Sysmex declined after posting weaker-than-expected quarterly earnings due to product mix deterioration, increased expenses and a weaker yen.

In contrast, US exchange operator CME Group was a key contributor, as it posted decent results despite second-quarter revenue missing estimates, helped by solid cost control. In a sign that the integration of its Nex acquisition is on track, it expects to reduce operating expenditure further by US\$10 million for the year. Its peer Intercontinental Exchange was boosted by plans to launch bitcoin futures contracts for institutional needs in September. Cosmetics and skincare giant Estee Lauder rose after forecasting full-year revenue and profits above analysts' expectations, thanks to soaring sales of its luxury skincare products that assuaged concerns of slowing demand in China.

Top ten holdings (%)		
	Fund	Index
Visa Inc.	4.3	0.7
CME Group	3.4	0.2
Microsoft	3.2	2.2
HDFC	3.1	0.1
Samsung Electronics	3.1	0.5
AIA Group	3.0	0.3
Alphabet Inc	2.9	1.6
Estee Lauder	2.9	0.1
Nestle	2.9	0.8
TSMC	2.8	0.5
<b>Total</b>	<b>31.6</b>	<b>7.0</b>

Sector breakdown (%)		
	Fund	Index
Financials	20.7	15.9
Information Technology	18.8	16.7
Consumer Staples	15.6	8.8
Health Care	11.1	11.6
Materials	7.5	4.4
Consumer Discretionary	6.4	11.0
Industrials	6.3	10.4
Energy	6.2	5.3
Communication Services	4.9	9.1
Real Estate	0.0	3.3
Utilities	0.0	3.5
Cash	2.6	0.0
<b>Total</b>	<b>100</b>	<b>100</b>

Figures may not always sum to 100 due to rounding.

Regional breakdown (%)		
	Fund	Index
United States	39.8	57.1
Asia Pacific (ex Japan)	17.8	10.7
Europe (ex UK)	12.9	13.9
United Kingdom	12.2	4.7
Japan	7.9	7.5
Latin America	3.7	1.5
Canada	2.2	3.1
Emerging Europe & Middle East	1.0	0.9
Africa	0.0	0.7
Cash	2.6	0.0
<b>Total</b>	<b>100</b>	<b>100</b>

Figures may not always sum to 100 due to rounding.

## Key information

ASX mFund Code	AFZ04
APIR Code	EQI0015AU
Benchmark	MSCI All Countries World Accumulation Index (ex Australia) unhedged
Date of launch	July 1996
Income payable	30 June
Management costs	0.98% pa of the net asset value of the Fund comprising: Management Fee 0.98% pa Indirect costs 0.00% pa
Buy/Sell spread	+0.12%/-0.12%
Fund size	A\$87.60m
Redemption unit price	\$0.7394

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In other portfolio activity, we took advantage of share-price weakness to add to pan-Asian insurer AIA and US stock brokerage Charles Schwab. We also topped up emerging markets lender Standard Chartered as we believed that a pick-up in operational dynamics is not yet reflected in its valuations. Against these, we exited Thai lender Kasikornbank in favour of better opportunities elsewhere, as its outlook remains challenging and we expect its fees to remain under pressure.

### Market review

Global equities ended August lower in most major currencies, with most markets falling in a month that saw a re-escalation in the US-China trade war. US President Donald Trump abruptly imposed tariffs on US\$300 billion of Chinese imports not yet subject to duties after trade talks stalled, but eventually bowed to pressure and delayed some in view of the year-end shopping season. Subsequently, after Beijing countered with additional tariffs on US\$75 billion of American goods, Mr Trump bumped up the quantum of existing levies. The US also officially labelled China a currency manipulator. On a brighter note, the US and Japan agreed on a trade deal.

On the policy front, while the Federal Reserve cut rates for the first time in a decade, its signal that this was a one-time adjustment rather than the start of an easing cycle hampered stocks. Elsewhere, central banks in India, Thailand and New Zealand also lowered rates in response to deteriorating growth. In the UK, new Prime Minister Boris Johnson attempted to suspend parliament to thwart those who oppose a no-deal Brexit, pressuring the pound further. Meanwhile, the Italian prime minister said he will step down, dampening domestic stocks.

### Outlook

The latest round of tit-for-tat tariffs in the on-again, off-again US-China trade talks underlines a shift in what is driving financial markets, from monetary policy to trade policy. The slowdown in global manufacturing triggered by trade uncertainty appears to be spiralling out to affect other sectors, labour markets and consumption. Monetary policy easing across most parts of the world should provide some support. But in most cases, it will likely be reactive and gradual, and not substantial enough to change the global economy's current trajectory.

Against this backdrop of unpredictable trade and political developments, we remain focused on our quality approach. We regularly review the investment case for all our holdings to assess whether their structural growth drivers are still intact. Their clear economic moats, robust balance sheets and stable cashflows give us confidence that the portfolio will be resilient in spite of market fluctuations.

### Important information

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