

Aug  
2019

# ASI Global Smaller Companies Fund

Aberdeen Standard  
Investments

31 August 2019

To generate growth over the long term (5 years or more) by investing in Global small-capitalisation equities (company shares).

Please note: Our factsheets will be fully updated to reflect the 7 August 2019 changes to the Investment Objective and Policy, including benchmark use, shortly. In the interim, please see the KIID which can be found at <https://www.aberdeenstandard.com/en/uk/investor/fund-centre#literature> for full up to date information.

OEIC Fund

Equity Fund

Monthly

Fund Manager Alan Rowsell

Fund Manager Start 19 Jan 2012

Launch Date 19 Jan 2012

IA Sector IA Global

Benchmark IA Global Sector

Current Fund Size £1346.7m

Base Currency GBP

No. of Holdings 51

This document is intended for use by individuals who are familiar with investment terminology. To help you understand this fund and for a full explanation of specific risks and the overall risk profile of this fund and the shareclasses within it, please refer to the Key Investor Information Documents and Prospectus which are available on our website – [www.standardlifeinvestments.com](http://www.standardlifeinvestments.com).

Aberdeen Standard Investments has not considered the suitability of investment against your individual needs and risk tolerance. If you are in any doubt as to whether this fund is suitable for you, you should seek advice. An adviser is likely to charge for advice. We are unable to provide investment advice.

## Fund Information \*

### Composition by Sector

	Fund %
Information Technology	25.0
Industrials	22.7
Consumer Discretionary	21.2
Health Care	14.8
Financials	9.3
Consumer Staples	6.9
Cash and Other	0.1

### Top Ten Holdings

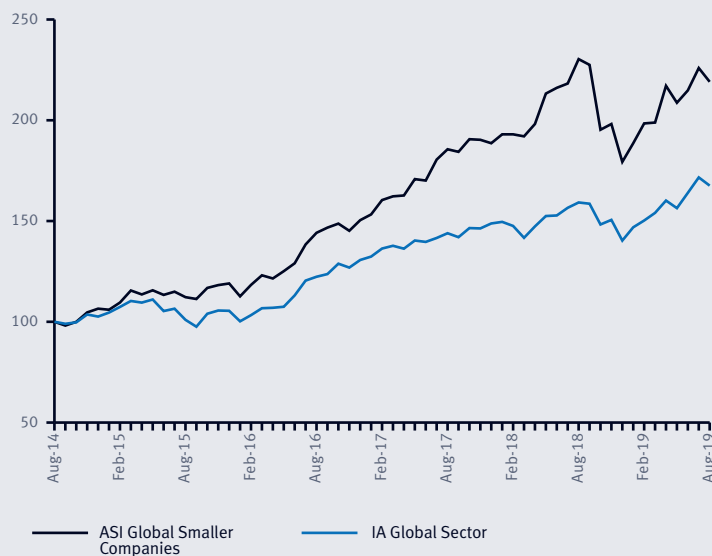
Stocks	Fund %
Teleperformance	4.5
ServiceMaster	4.0
Shenzhou International	3.5
MarketAxess	3.3
HMS	3.0
Insulet	3.0
Aspen Technology	2.8
RWS Holdings	2.8
Service Corporation International	2.7
Paylocity Holding	2.6
Assets in top ten holdings	32.2

### Composition by Country

	Fund %		Fund %
USA	44.1	Germany	2.0
UK	10.1	Brazil	1.8
Japan	9.3	Korea	1.6
Australia	7.8	Poland	1.6
Taiwan	5.3	Indonesia	1.2
China	4.9	Spain	1.1
Italy	4.6	Cash and Other	0.1
France	4.5		

## Fund Performance \*

### Price Indexed



The performance of the fund has been calculated over the stated period using bid to bid basis for a UK basic rate tax payer. The performance shown is based on an Annual Management Charge (AMC) of 0.85%. You may be investing in another shareclass with a higher AMC. The charges for different share classes are shown on the next page. For details of your actual charges please contact your financial adviser or refer to the product documentation.

Source: Aberdeen Standard Investments (Fund) and Morningstar (Sector)

### Year on Year Performance

Source: Aberdeen Standard Investments (Fund) and Morningstar (Sector)

	Year to 30/06/2019 (%)	Year to 30/06/2018 (%)	Year to 30/06/2017 (%)	Year to 30/06/2016 (%)	Year to 30/06/2015 (%)
Retail Fund Performance	-1.2	26.4	31.2	13.0	14.1
Institutional Fund Performance	-0.6	27.1	31.8	13.8	15.1
Platform One	-0.8	27.0	31.7	13.7	14.9
IA Global Sector	7.4	9.4	23.5	7.4	8.0

### Cumulative Performance

Source: Aberdeen Standard Investments (Fund) and Morningstar (Sector)

	6 Months (%)	1 Year (%)	3 Years (%)	5 Years (%)
Retail Fund Performance	10.1	-5.3	49.7	112.4
Institutional Fund Performance	10.4	-4.9	52.0	119.1
Platform One	10.4	-5.0	51.6	118.0
IA Global Sector	11.5	5.3	37.0	67.6

Note: Past Performance is not a guide to future performance. The price of shares and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

For full details of the fund's objective, policy, investment and borrowing powers and details of the risks investors need to be aware of, please refer to the prospectus.

For a full description of those eligible to invest in each share class please refer to the relevant prospectus.

The fund does not have an index-tracking objective.

#### Definitions

Cash and Other - may include bank and building society deposits, other money market instruments such as Certificates of Deposits (CDs), Floating Rate Notes (FRNs) including Asset Backed Securities (ABSs), Money Market Funds and allowances for tax, dividends and interest due if appropriate.

### Market Review

#### Rush for safe havens

It was a weak month for equities, initially triggered by Donald Trump announcing a new round of tariffs on Chinese imports, exacerbated by pro-democracy protests in Hong Kong. This raised concerns about a slowing global economy and left investors scurrying for safe-haven assets – the US dollar rallied to a new high, the list of government bonds with negative yields increased and gold surged. In equities, economically sensitive cyclical sectors such as energy, financials and materials underperformed, while defensive consumer-staples companies, with their dependable and less volatile earnings, outperformed.

The evidence continued to mount of recession ahead. Economic data weakened further, notably purchasing managers' surveys are below 50 (contracting activity) in most major economies. Furthermore, the US Treasury 2-10 year yield curve inverted – historically an accurate predictor of economic recession.

Central banks reacted by easing monetary policy around the world. The US Federal Reserve cut interest rates at the end of July, with another expected in September. Moreover, the fiscal purse-strings are now being loosened, and even the fiscally-responsible Germans are thinking about a stimulus package in response to a negative GDP print of -0.1% for Q2.

#### Activity

##### Buying winners, selling losers

We bought a new position in Sinbon Electronics. The Taiwanese company designs and manufactures cabling for a range of applications in a diverse array of industries. It has a strong track record of identifying new growth markets for its products and setting up long-term contracts.

Sinbon was funded by selling Grubhub and Kemper. After good initial

performance, Grubhub has struggled because of increased competition. Therefore, while online food ordering and delivery remains a growth market, intense competition will squeeze margins for everyone. Kemper was sold because rising competition is impacting pricing, altering our investment thesis.

#### Performance

##### Quality stocks provide some resilience

The Fund outperformed the benchmark index this month. This was due to its quality bias (relatively low debt). Many of our companies reported good earnings results for the second quarter of 2019.

The top contributor to the Fund's return was Insulet, the US maker of insulin pumps for diabetes sufferers. The company delivered excellent results that beat expectations. It benefited from the launch of a new product, improved sales outside the US and expansion into US pharmacies. MarketAxess was another top performer. The US company owns the market leading electronic corporate-bond trading platform and reaped the benefit of higher trading volumes. Investors also rewarded it for continued market-share gains and its entry into the government bond market via a recent acquisition. Elsewhere, ServiceMaster saw its shares rise after announcing good second-quarter results. The company is seeing acceleration in its US pest-control business, suggesting initiatives to improve customer service are working.

On the downside, Abiomed was a large detractor from performance as it experienced a period of slower sales growth. The US maker of heart pumps also suffered from confusion around product efficacy. While disappointing, we believe these issues will be resolved and Abiomed remains the clear market leader in heart-pump technology. Kemper also disappointed. The US specialist insurance company posted results below investor expectations. Rising competition in

auto insurance for young drivers is leading to pricing pressure. As this undermines our investment case, we decided to sell. Lastly, Appen was weak due to market weakness and profit-taking in high growth names that have performed well. Its results at the end of the month confirmed that demand for data annotation from the likes of Facebook and Google remains robust.

#### Outlook & Strategy

##### Positive catalysts ahead?

Investor sentiment has turned noticeably bearish over the summer months. The question that arises is what the catalyst(s) is to propel equity markets higher. Current key drivers are Hong Kong protests, the US-China trade war and Brexit. The issue is how these feed into leading economic indicators. Over the summer, all these drivers deteriorated – the good news is reversal is possible.

Events in Hong Kong have the potential to be the biggest concern. Any violent intervention by China is likely to force western economies to reduce activity with the country. However, given this consequence, it seems more likely that the Chinese government will seek a peaceful resolution. That would be a major positive.

The US-China trade war has the potential to be more long-running, with the possibility the US has made a permanent shift in foreign policy. However, it is also possible that this is all part of Donald Trump's re-election strategy – he seeks a deal to build momentum ahead of the November 2020 Presidential election.

As for Brexit, the UK parliament seems deadlocked and unable to find a resolution to the way forward. That said, the positive spin is that the issue is fluid; policy options are being tried and ruled out, and eventually a resolution has to be found. A general election could be the catalyst to unlock the stand-off.

## Other Fund Information

	Retail Acc	Retail Inc	Institutional Acc	Institutional Inc
Lipper	68150812	n/a	68150813	n/a
Bloomberg	SLIGSRA LN	n/a	SLIGSIA LN	n/a
ISIN	GB00B4KHN986	n/a	GB00B777SP34	n/a
SEDOL	B4KHN98	n/a	B777SP3	n/a

	Platform One Acc	Platform One Inc
Lipper	68165298	n/a
Bloomberg	SLIGSP1 LN	n/a
ISIN	GB00B7K VX245	n/a
SEDOL	B7K VX24	n/a

	Interim	Annual	Valuation Point	12:00 (UK time)
Reporting Dates	31 Aug	28 (29) Feb	Type of Share	Accumulation
XD Dates	n/a	28 (29) Feb	ISA Option	Yes
Payment Dates (Income)	n/a	30 Apr		

	Retail	Institutional	Platform One
Initial Charge	4.00%	0.00%	0.00%
Annual Management Charge	1.45%	0.85%	0.90%
Ongoing Charges Figure	1.47%	0.95%	1.05%

The Ongoing Charge Figure (OCF) is the overall cost shown as a percentage of the value of the assets of the Fund. It is made up of the Annual Management Charge (AMC) shown above and the other expenses taken from the Fund over the last annual reporting period. It does not include any initial charges or the cost of buying and selling stocks for the Fund. The OCF can help you compare the costs and expenses of different funds.

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