

January 2019

Aberdeen Standard Ex-20 Australian Equities Fund

The case for investing outside the largest 20 stocks



01 Optimise the investment universe

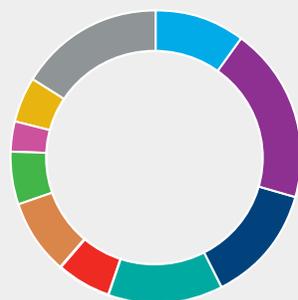
- The largest 20 stocks make up over 57% of the S&P/ASX 300 Accumulation Index by market capitalisation¹.
- Performance of the index is strongly driven by the performance of these 20 stocks.
- This creates challenges for generating significant returns above the benchmark for the many large cap Australian equities funds which have close to index weightings in the largest 20 stocks².

03 Optimise risk through diversification

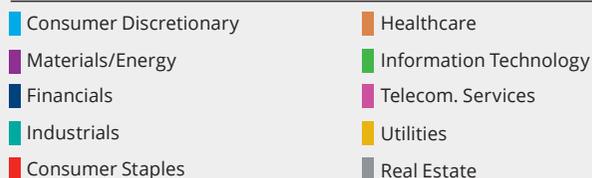
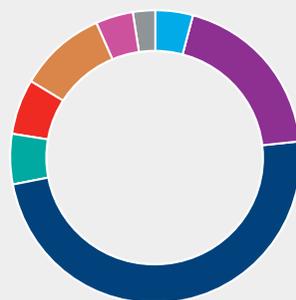
- The S&P/ASX 300 Accumulation Index is dominated by stocks in the Financials sector.
- Financial stocks make up 47% of the largest 20, but only 12% of the S&P/ASX 300 Accumulation Index (excluding the largest 20 stocks)¹.
- An Ex-20 fund can reduce risk by offering greater diversification across a more equally weighted universe.

Index by Sector

S&P/ASX 300 Accumulation Index excluding S&P/ASX 20 Leaders Index¹



S&P ASX 20 Leaders Index³



02 Optimise your exposure, avoid duplication

- The largest 20 stocks are widely held by Australian investors. They are represented in the top 10 holdings of many Australian equity funds and held directly by the growing number of direct shareholders.
- This creates a risk of overexposure to a small number of the biggest stocks in the index (e.g. the big banks, Telstra and Woolworths).
- If you hold them directly, do you need them in a fund as well?



04 Optimise opportunities for outperformance

- The largest 20 stocks are highly researched, reducing the chance for active managers to uncover or take advantage of new information.
- Our research shows that outperformance potential increases for active Australian Equity managers when they invest in a more diversified investment universe, for example one that excludes the largest 20 stocks in the S&P/ASX 300 Accumulation Index⁴.

¹Source: Aberdeen Standard Investments, 31 Dec 2018
²Source: S&P, Factset, Aberdeen Standard Investments, 31 Dec 2018
³Source: S&P, 31 Dec 2018
⁴Source: Aberdeen Standard Investments, 31 Dec 2018

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05 Why Aberdeen Standard Investments for Ex-20?

Our equities investment process is tried-and-true with a strong track record in investing in smaller Australian companies.



We conduct all of our own research. We meet with company management and know each and every company inside out.



Our team approach means investment decisions are made collectively.



We look for companies that we believe will outperform their peers over the longer term across different market cycles.

06 Fund facts

Fund name	Aberdeen Standard Ex-20 Australian Equities Fund
ARSN	088 905 426
APIR	CRS0003AU
ASX mFund code	AFZ19
Management costs comprising:	0.95% pa of the net asset value of the Fund
- Management fee	0.95% pa
- Indirect costs	0.00% pa
Buy/sell spread	+0.10%/-0.10%
Distribution frequency	Half yearly (30 June and 31 December)
Benchmark	S&P/ASX 300 Accumulation Index excluding S&P/ASX 20 Leaders Index
Minimum suggested time frame	Long term – 5 years plus
Mix of asset classes ⁵	90-100% Australian equity securities 0-10% Cash

⁵These are indicative asset allocation ranges for the Fund. If market movements, investments into or withdrawals from the Fund, or changes in the nature of an investment, cause the Fund to move outside these indicative ranges, or a limit set out in this PDS, this will be addressed by us as soon as reasonably practicable.

For more information please call our Client Services Team on 1800 636 888 or visit our website at www.aberdeenstandard.com.au

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