Aug
2019

Enhanced-Diversification Multi Asset Fund

AberdeenStandard Investments

31 August 2019

The fund aims to provide a long term total return through capital appreciation and income. It invests in a diversified portfolio of assets including equities, bonds, cash deposits and money-market instruments directly, via collective investment schemes and via derivatives. The fund is actively managed by our investment team and holds a portfolio of assets from both Europe and overseas, selected without reference to index weight or size, combined with strategies based on advanced derivative techniques designed to enhance portfolio diversification and thus lower volatility. The fund can take long and short positions in markets, securities and groups of securities through derivative contracts.

Past performance is not a guide to future returns and future returns are not guaranteed. The price of assets 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. The fund will use derivatives extensively to reduce risk or cost, or to generate additional capital or income at low risk, or to meet its investment objective. Usage of derivatives is monitored to ensure that the fund is not exposed to excessive or unintended risks. The value of assets held within the fund may rise and fall as a result of exchange rate fluctuations.

SICAV Fund

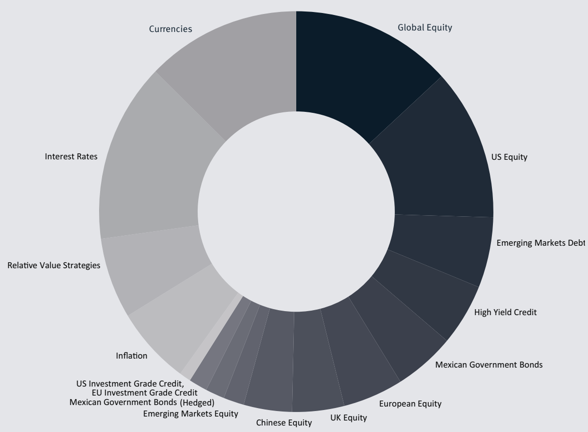
Absolute Return Fund

Monthly

Fund Manager	Multi Asset Investing Team
Fund Manager Start	20 Jul 2016
Launch Date	20 Jul 2016
Current Fund Size	$361.7m
Shareclass	USD (hedged)
Base Currency	EUR

*** Fund size calculated using the base currency in Euros converted into US Dollar using the FX rate of 1:1.10 on 31/08/2019.**
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. Please note that all risk numbers stated in the Fund Information section are calculated at the individual strategy level.
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 *



Market Return Assets	Share of total standalone risk (%)
Global Equity	13.2
US Equity	12.2
Emerging Markets Debt	5.7
High Yield Credit	5.0
Mexican Government Bonds	5.0
European Equity	4.9
UK Equity	4.3
Chinese Equity	4.0
Emerging Markets Equity	1.7
Mexican Government Bonds (hedged)	1.6
EU Investment Grade Credit	1.5
US Investment Grade Credit	0.9
Total	60.0

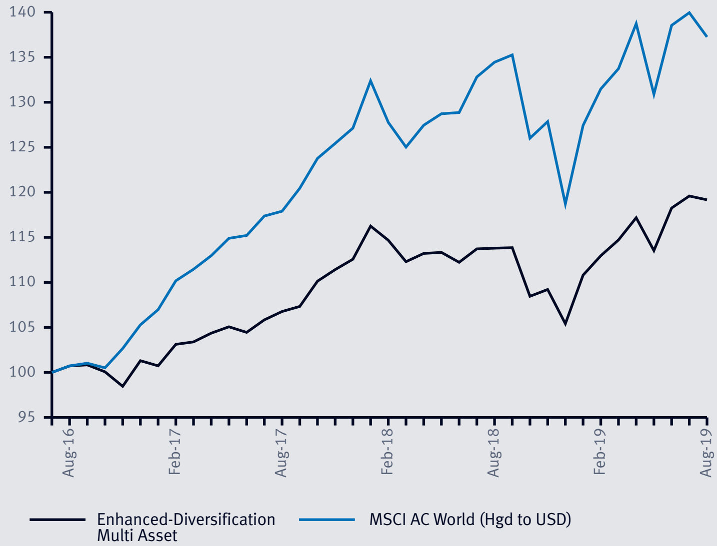
Portfolio Risk Summary	(%)
Expected EDGF Risk	5.7
Global Equity Risk	11.8

Enhanced Diversification	Share of total standalone risk (%)
Inflation	6.3
Relative Value Equity Strategies	6.5
Interest Rates	14.5
Currencies	12.7
Total	40.0

The fund information data in the tables and pie chart above are updated on a quarterly basis only (31 March, 30 June, 30 September and 31 December) unless specified otherwise.

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 0.70%. 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 Thomson Reuters DataStream (Benchmark)

Cumulative Performance

Source: Aberdeen Standard Investments (Fund) and Thomson Reuters Datastream (Benchmark)

	1 Month (%)	3 Months (%)	6 Months (%)	1 Year (%)	3 Years (%)
Institutional Fund Performance	-0.4	5.0	5.5	4.7	18.3
MSCI AC World (Hgd to USD)	-1.9	4.9	4.4	2.1	36.3

	SI (%)
Institutional Fund Performance	19.4
MSCI AC World (Hgd to USD)	37.5

Year on Year Performance

Source: Aberdeen Standard Investments (Fund) and Thomson Reuters DataStream (Benchmark)

	Year to 31/08/2019 (%)	Year to 31/08/2018 (%)	Year to 31/08/2017 (%)	Year to 31/08/2016 (%)	Year to 31/08/2015 (%)
Institutional Fund Performance	4.7	6.6	6.0	n/a	n/a
MSCI AC World (Hgd to USD)	2.1	14.0	17.1	n/a	n/a

Note: Cumulative Performance to period 31/08/2019.

Note: Performance has been calculated over the stated period on the share price performance basis, based on the given shareclass and net of fees.

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.

Market review

Global equities fell in August. The US-China trade spat simmered on, with neither party willing to cede ground. As the dispute re-escalated, investors flurried towards safe-haven assets such as developed market government bonds, the Japanese yen and gold. Towards month-end, President Trump announced a resumption of trade talks with China, expressing optimism that a deal could soon be reached. However, this failed to assuage investors' concerns, given previous 'false dawns'.

Poor economic data added to the general malaise, particularly in Europe, where exports slumped and Germany teetered on the brink of recession. Figures showed the US economy was not immune to the trade war. For instance, the US manufacturing purchasing managers' index fell to its weakest reading since September 2009. However, US retail spending remained resilient, owing to the buoyant labour market and rising wages. In the UK, parliamentary ruptures over Brexit unnerved investors. Similarly, renewed political turmoil in Italy curbed investors' appetite for risk.

In this environment, government bonds in the US, UK, Europe and Japan delivered positive returns, pushing yields down further. Corporate bonds also delivered positive returns, supported by demand for higher-yielding assets as interest rate expectations continued to drift lower. Investment-grade corporate bonds performed better than their riskier high-yield counterparts.

There were some notable movements in currency markets, including marked falls in the Chinese yuan, Australian dollar, euro and Argentinian peso. The yuan and Australian dollar suffered amid trade war concerns, as did several Asian emerging market (EM) currencies. The euro was hit by worrying economic figures and political upset in Italy. The Argentinian peso slumped 26% against the US dollar on fears the country would default on its US-denominated debt. This followed the defeat of market-friendly President Macri in primary elections. Brent crude oil shed 6.5%, reflecting concerns about weakening global growth and its effect on oil demand.

Activity

In light of the worsening global economic outlook and further escalation of the US-China trade dispute, we closed our emerging markets (EM) equity position. We also switched the funding currency for our EM debt position from US dollar into a diversified basket of currencies. We expect these changes to enhance the portfolio's resilience to increasingly volatile markets.

We closed our European forward-start interest rates position, taking profits after strong performance. We replaced it with a US interest rates strategy which, in our view, offers more scope for returns.

Performance

The Enhanced-Diversification Multi-Asset portfolio returned -0.30% (gross of fees), compared to the MSCI AC World Index return of -2.12% (net of dividend withholding tax, hedged to US$).

Market returns

With the sharp falls in equity markets across the world, our allocations to US and global equities dragged on performance. Similarly, our EM debt and equity exposures lost ground in the environment of subdued risk appetite. However, our high-yield corporate bond position delivered a positive return, supported by demand from yield-seeking investors.

Enhanced-Diversifiers

Movements in US and European interest rates were favourable for our US and European interest rates strategies. Conversely, the environment was negative for the US yield curve steepener strategy. This aims to profit from a widening difference between long-term and short-term US interest rates, but in August this difference narrowed.

Our currency pair preferring the yen over the Canadian dollar was rewarded. The yen benefitted from its safe-haven status, while economy/resource-sensitive assets like the Canadian dollar suffered. Despite the weakness in global equity markets, our US equity large-cap versus small-cap relative-value strategy contributed positively. The domestically oriented small-cap stocks trailed their globally oriented large-cap peers. Elsewhere, our exposure to Mexican government bonds – which embeds an active Mexican peso currency exposure – hampered performance. The Bank of Mexico lowered interest rates for the first time in five years to counter slowing economic growth and low inflation. This would normally be positive for Mexican bonds. However, the strategy and its embedded currency exposure were adversely affected by weak sentiment towards riskier asset classes.

Outlook

We position the portfolio based on our three-year outlook and the opportunities we see in markets. While our central view is one of continued moderate economic growth, we have downgraded our expectations amid subdued activity data and rising risks. The policies of central banks have become more supportive. This provides a degree of confidence to investors that they will act to promote growth if necessary. However, the extent to which markets are now pricing in interest rate cuts presents further challenges over the medium term. Moreover, the risks to markets posed by geopolitics remain elevated. Overall, we have positioned the portfolio for an environment of more modest growth with potential for periods of heightened volatility, while making use of diversification in order to better balance the risks as we see them.

Other Fund Information

	Retail Acc	Retail Dist	Institutional Acc	Institutional Dist	Currency
Bloomberg	-	-	SLEDDIH LX	-	USD
ISIN	-	-	LU1432321153	-	USD
WKN	-	-	n/a	-	USD

Domicile	Luxembourg
Custodian Name	The Bank of New York Mellon SA/NV, Luxembourg Branch, 2-4 Rue Eugene Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg
Auditor Name	KPMG Luxembourg, 39, Avenue John F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg

	Interim	Annual
Reporting Dates	30 Jun	31 Dec

Settlement Time	T+3
Email	LUXMB-ASI-TA@bnymellon.com
Telephone	+352 24 525 717
Share Price Calculation Time	15:00 (Luxembourg time)
Dealing Cut Off Time	13:00 (Luxembourg time)

Not all shareclasses displayed may be available in your jurisdiction.

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Additional Information for Switzerland : The prospectus, the key investor information documents, the articles of incorporation, the annual and semi-annual report in German, and further information can be obtained free of charge from the representative in Switzerland: Carnegie Fund Services S.A., 11, rue du Général-Dufour, CH-1204 Geneva, Switzerland, web: www.carnegie-fund-services.ch. The Swiss paying agent is: Banque Cantonale de Genève, 17, quai de l'Ile, CH-1204 Geneva. The last share prices can be found on www.fundinfo.com.

To find out more about our fund range, visit our website or alternatively speak to your usual contact at Aberdeen Standard Investments.

www.aberdeenstandard.com

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