

# Absolute Return Global Bond Strategies (ARGBS)

## Q1 2020 Strategy Profile

### At a glance

- **Strategy Assets:**  
\$1,565.2m<sup>1</sup>
- **Strategy Inception:**  
Apr 01 2011
- **Return Target:**  
Cash plus 3% p.a. over rolling three-year periods<sup>2</sup>
- **Benchmark:**  
USD 3 Month LIBOR
- **Number of Positions:**  
20-30
- **Risk Parameters:**  
Max 40% standalone risk to any risk bucket\*  
Max 30% to any individual position
- **Expected Risk Characteristics:**  
2-4% annualized volatility

<sup>1</sup>Source: Aberdeen Standard Investments (as at end March 2020). Includes portfolios outside GIPS composite

<sup>2</sup>Target returns are offered as strategy goals and are not referenced to past performance. There can be no guarantee the target returns will be achieved.

\*Risk buckets: Credit, Duration, Curve, Inflation, Currency, Volatility and Cross Market. See Investment Process section for additional information.

### Why ASI for Multi-Asset?

- Experienced team with a long term track record in multi-asset investing
- Breadth of resources to research and invest in fixed income markets globally
- Industry leading risk management framework integrated into portfolio construction process
- Infrastructure and experience of investing in both cash and derivative markets

### Strategy summary

ARGBS seeks to generate an annualized return of cash plus 3% over rolling three year time periods (gross of fees) with as little risk as possible. It seeks returns through discretionary allocations to unconstrained global fixed income opportunities.

### Investment philosophy

Our **Focus on Change** investment philosophy is built around identifying change before it is anticipated by other investors. We believe that:

- Markets are driven by investors with predominately short time horizons. This means markets show significant inefficiency and cyclical over longer

### Our investment approach

- Deploy 20-30 global fixed income ideas, each offering solid return potential based on our three-year view
- Idea Generation includes extensive research and risk analysis using our Focus on Change philosophy, including broad global macro-economic and fundamental analysis, quantitative research and valuation modelling
- Ideas are reviewed, debated and approved by the Strategic Investment Group (SIG), which comprises our most experienced investors - review based on conviction of return expectation, diversification potential and liquidity
- Approved ideas can then be selected by the Portfolio Managers with the aim to achieve the least risk, consistent with meeting the target return over a rolling three-year timeframe
- All positions expected to perform well in our central view of the future, but we also strive to ensure the portfolio will be resilient if the outcome is materially different
- The most efficient and effective implementation of approved ideas can include derivatives and/or cash securities such as stocks or bonds.

timeframes. Opportunities may potentially be exploited by patient investors able to cope with short-term instability.

- The market is not efficient at pricing in fundamentals when they are undergoing, or face the prospect of, material change.
- Different fundamental factors matter in different circumstances or stages of the investment cycle.

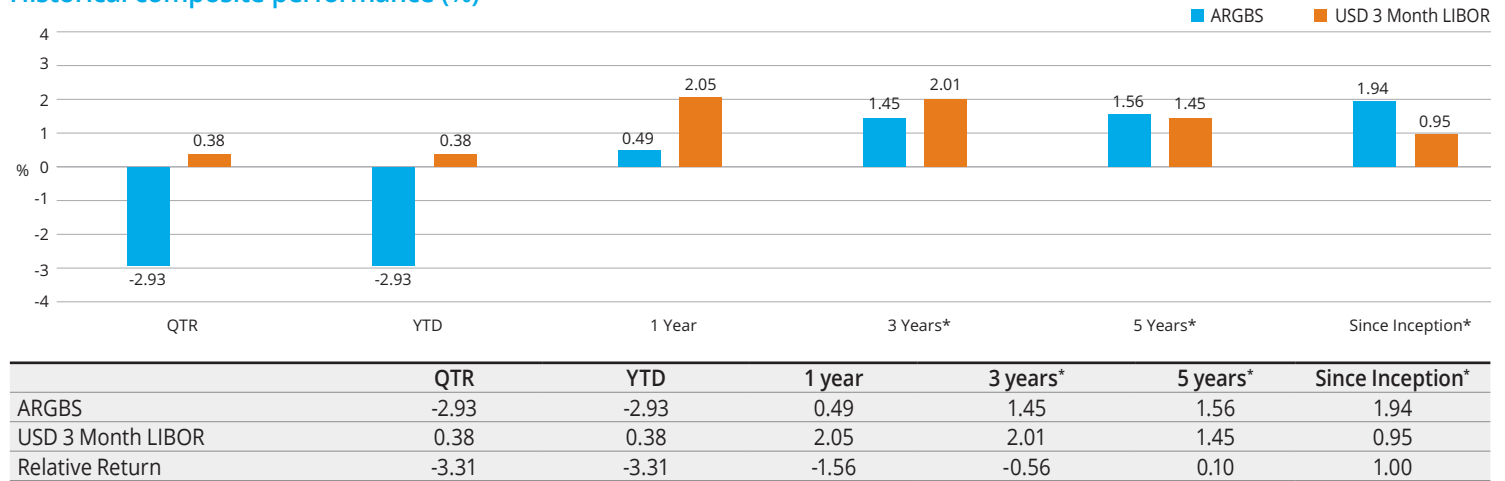
### Key differentiators

- **Focus on Change** approach is applied globally across asset classes
- Broad investment freedom offers multiple return opportunities irrespective of market conditions
- Investment time frame is extended to exploit non-consensus insight
- Return focus and risk minimization closely aligns to client requirements
- Embedded Risk Management dedicated to constructing durably diversified, liquid and risk efficient portfolios
- Depth and diversity of talent to generate strong investment ideas

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### Historical composite performance (%)



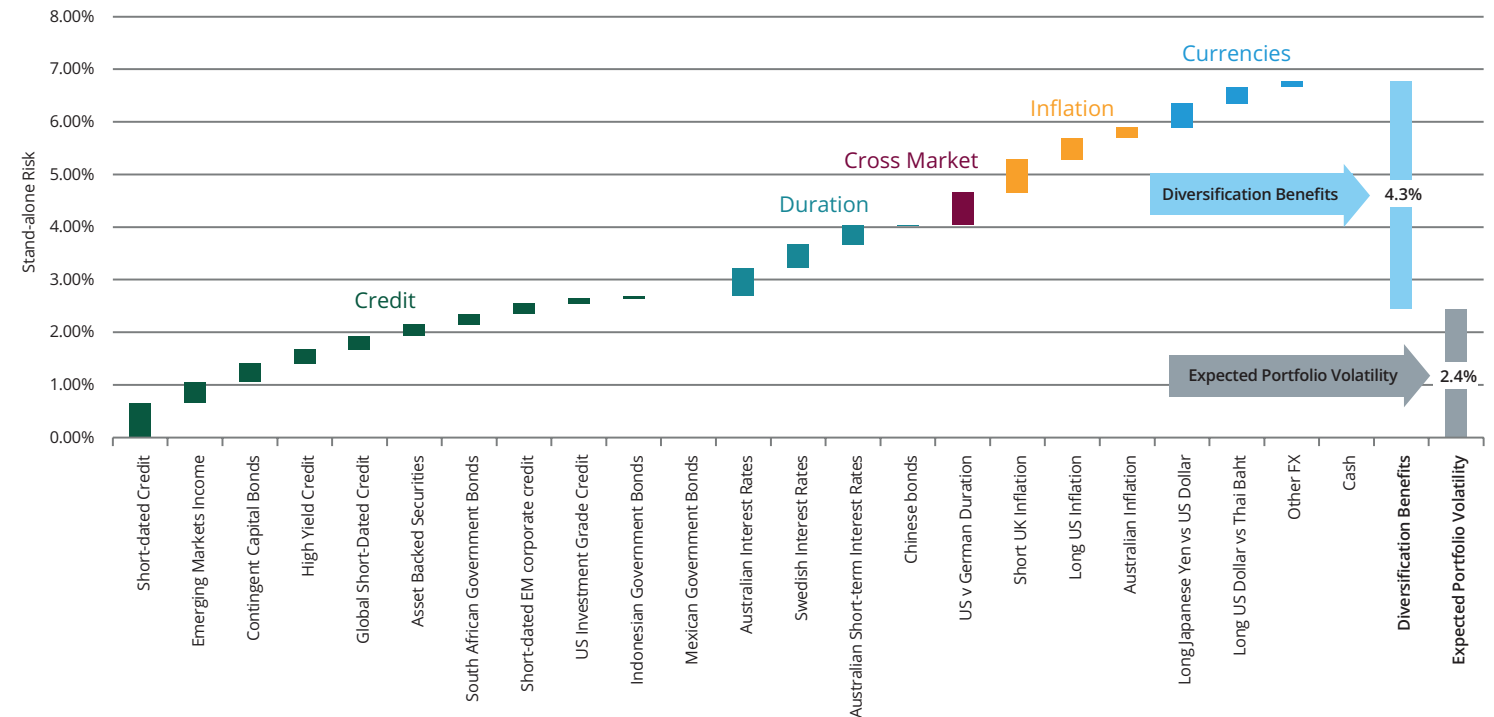
\*Returns are annualized. Inception date: Apr 01 2011 Source: Aberdeen Standard Investments.

### Composite calendar year returns (%)

Year ending	2019	2018	2017	2016	2015	2014
ARGBS	7.27	-0.03	0.46	2.21	2.41	1.32
USD 3 Month LIBOR	2.33	2.31	1.26	0.75	0.31	0.22
Relative Return	4.94	-2.34	-0.80	1.47	2.11	1.09

Source: Aberdeen Standard Investments (strategy) and Thomson Datastream (benchmark). Returns are in US Dollars. Performance is gross of fees and does not reflect advisory fees, had such fees been deducted, returns would have been lower. Net performance can be found in the composite presentation at the end of this document. Please see Important Disclosures at the end of this document. **Past performance is not a guide to future performance.** The information on this page is supplemental to the Composite's GIPS Report contained at the end of this document.

### Risk contribution as at March 31, 2020



Source: Sungard APT. Stand-alone risk is a statistical measure of the expected annualized return volatility of the strategy multiplied by the current nominal percentage weight of the strategy within the total portfolio.

# Absolute Return Global Bond Strategies (ARGBS)

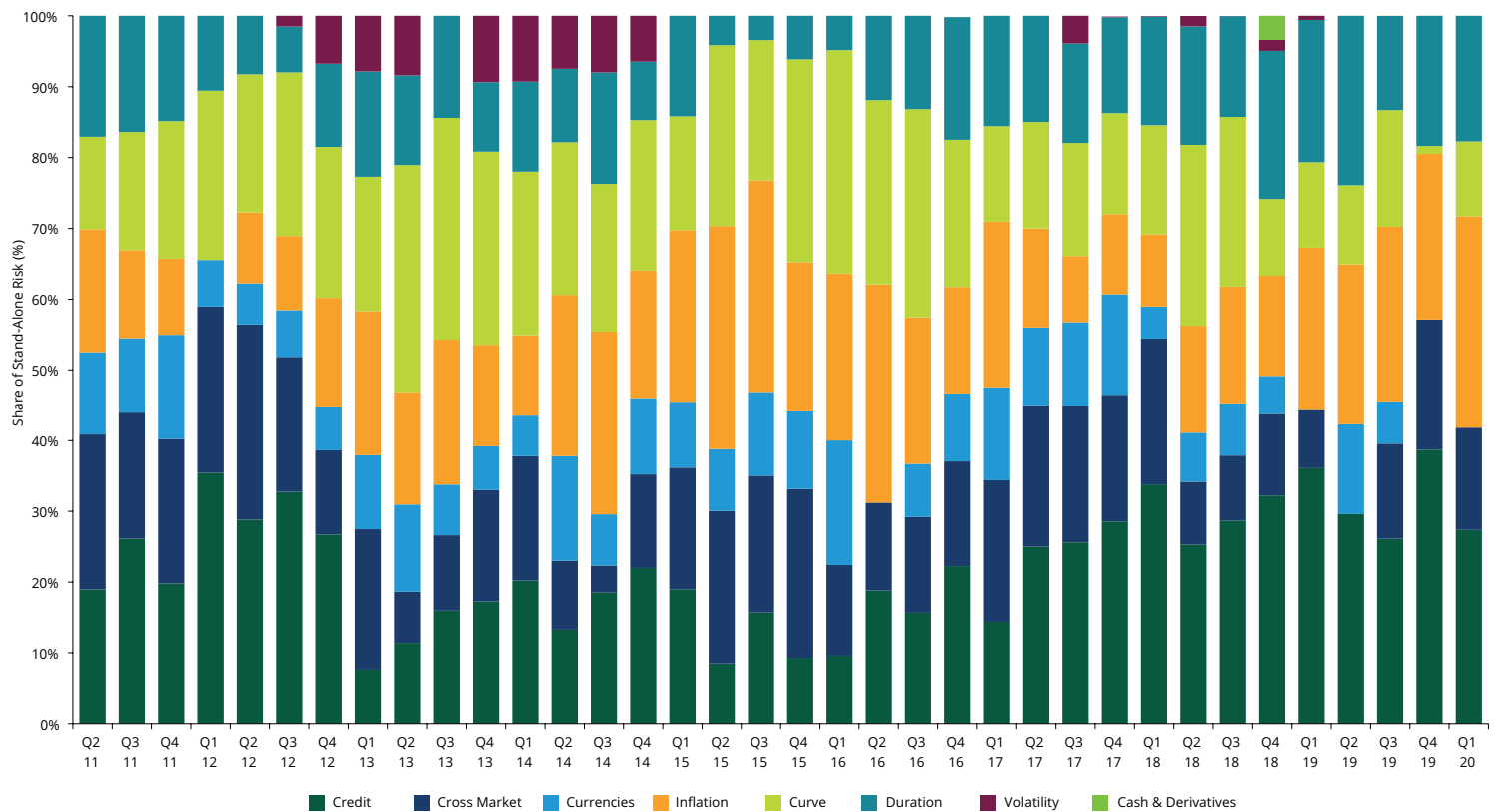
## Q1 2020 Strategy Profile

### Performance and risk analytics

Analytics	%
Realized Volatility**	2.48
Value at Risk	3.80
Maximum Drawdown*	-6.50
Sharpe Ratio*	0.40
Duration	3.79 years

\*Since Inception: Apr 01 2011 \*\*Annualized Source: Aberdeen Standard Investments, as at end March 2020

### Historical risk allocation



Source: Aberdeen Standard Investments sample ARGBS portfolio as at end March 2020. The above strategy exposures are for illustrative purposes only to visualize the approach of changing risk allocation in a portfolio over a stated period of time. Stand-alone risk is a statistical measure of the expected annualized return volatility of the group of strategies multiplied by the current nominal percentage weight of the strategy within the total portfolio.

Unless stated otherwise, portfolio data and statistics are based upon the total assets of a single Representative Account which is included in the Composite for the periods shown. This account was chosen because it is unrestricted and fairly represents the overall style of the manager as described. The above information is supplemental to the Composite's GIPS® Report contained at the back of this document.

Representative account is a Luxembourg registered pooled vehicle used for illustrative purposes only. The portfolio profile is current as of the period and may change based on the activity of the portfolio manager. Your portfolio may not have the same characteristics and allocations. The above is supplemental information and supplements the composite presentations (as provided in the GIPS disclosures) which can be found at the end of the document.

A full list of holdings is available upon request. This information should not be considered a recommendation to purchase or sell any security. Your portfolio may not include these securities. This information should not be considered a recommendation to purchase or sell any security. There is no assurance that any securities discussed herein will remain in the portfolio at the time you receive this report or that securities sold have not been repurchased. Securities discussed do not represent the entire portfolio and in the aggregate may represent only a small percentage of the portfolio's holdings.

Foreign securities are more volatile, harder to price and less liquid than U.S. securities. They are subject to different accounting and regulatory standards, and political and economic risks. These risks are enhanced in emerging markets countries.

Diversification does not ensure a profit or protect against a loss in a declining market. Indexes are unmanaged and have been provided for comparison purposes only. No fees or expenses are reflected. You cannot invest directly in an index.

# Absolute Return Global Bond Strategies (ARGBS)

## Q1 2020 Strategy Profile

### Composite information

Firm: Aberdeen Standard Investments Composite Name: Absolute Returns Global Bond Strategy Reporting Currency: USD Composite Inception: Apr 01 2011 As of: Mar 31 2020

Year	Composite Return Gross (%)	Composite Return Net (%)	Benchmark Return (%)	Composite St Dev (%)	Benchmark St Dev (%)	No. of Portfolios*	Dispersion (%)	Market Value at end of Period	Firm Assets (%)	Total Firm Assets (Legacy History)
3 Months	-2.93	-3.07	0.38			<=5 (<=5)		1,564,872,315		
Year to date	-2.93	-3.07	0.38			<=5 (<=5)		1,564,872,315		
1 Year	0.49	-0.11	2.05			<=5 (<=5)		1,564,872,315		
2 Years p.a.	1.66	1.05	2.27			<=5 (<=5)		1,564,872,315		
3 Years p.a.	1.45	0.84	2.01	3.33	0.15	<=5 (<=5)		1,564,872,315		
4 Years p.a.	1.83	1.22	1.72	3.03	0.19	<=5 (<=5)		1,564,872,315		
5 Years p.a.	1.56	0.95	1.45	2.81	0.23	<=5 (<=5)		1,564,872,315		
7 Years p.a.	1.61	1.01	1.11	2.58	0.25	<=5 (<=5)		1,564,872,315		
Since inception p.a.	1.94	1.33	0.95	2.48	0.24	<=5 (<=5)		1,564,872,315		
2019	7.27	6.63	2.33	1.72	0.16	<=5 (<=5)		1,828,483,908		
2018	-0.03	-0.63	2.31	1.55	0.19	<=5 (<=5)		2,441,897,779	0.40	606,245,078,792
2017	0.46	-0.14	1.26	1.88	0.12	<=5 (<=5)		2,522,196,550	0.81	310,707,867,689
2016	2.21	1.60	0.75	1.91	0.07	<=5 (<=5)		1,614,103,419	0.54	296,725,036,221
2015	2.41	1.80	0.31	1.98	0.02	<=5 (<=5)		1,481,155,394	0.44	335,244,612,729
2014	1.32	0.71	0.22	1.73	0.03	<=5 (<=5)		861,381,980	0.25	345,453,084,900
2013	3.77	3.16	0.27			<=5 (<=5)		791,712,436	0.32	248,389,468,750
2012	2.06	1.45	0.44			<=5 (<=5)		373,824,508	0.17	217,691,673,950
2011 (Apr)	1.23	0.77	0.26			<=5 (<=5)		281,604,586	0.15	191,669,627,227

Note: Where a calendar year return is shown the annualized standard deviation presented is of 36 monthly returns to the calendar year end. \*Throughout period

### Definition of the firm

Aberdeen Standard Investments ("ASI" or "the Firm") is defined as all portfolios managed globally by the asset management entities of Standard Life Aberdeen plc excluding Private Equity, Aberdeen Standard Capital and Lloyds Syndicate portfolios. ASI is the global brand name of the investment businesses of Aberdeen Asset Management plc and Standard Life Investments under which all products are now marketed. The Firm inception date is 1st January 2018; and includes track records that either were, or were part of, legacy compliant firms, some of which are compliant from earlier dates: Aberdeen Asset Management plc (compliant from 1st January 1996); Standard Life Investments (compliant from 1st January 1996); and Aberdeen Property (compliant from 1st January 2013). Composite returns, start date and composite and firm assets reported prior to acquisitions represent those of the legacy firm which managed the product at the time. Changes in the firm organisation, investment style or personnel have not caused alterations of historical composite performance. Compliant Presentations produced during the period between the annual period end and the date of release to the market of ASI's financial results will not contain the Firm assets or % of Firm assets for that annual period end. The total Firm assets is material non-public information before the official results release date and to release it in GIPS Compliant Presentations would be against the law: and where laws and/or regulations conflict with the GIPS standards, firms are required to comply with the laws and regulations and make full disclosure of the conflict in the compliant presentation. ASI claims compliance with the Global Investment Performance Standards (GIPS) and has prepared and presented this report in compliance with the GIPS standards. ASI has been independently verified for the periods to 31st December 2018. The verification report is available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. The effective date of compliance is 1st January 1996. The inception date of the composite is 31/03/2011 and it was created on 01/09/2011. A complete list of the Firm's composites, and policies for valuing portfolios, calculating performance and preparing compliant presentations, is available on request. There are no minimum

asset levels set below which portfolios are not included in a composite. All returns are presented on an all-inclusive basis and as such all capital gains interest income and withholding taxes have been taken into account in market valuations and returns. All indices are on a gross of tax basis apart from FTSE UK indices which are net of Withholding Tax. There are no Non-Fee-Paying portfolios included in any composite. The Daily True Time Weighted Rate of Return methodology has been used from 2001 apart from unithised Cash, Property, GARS and Myfolio products where NAV performance is used. Prior to this NAV performance was used for all products. The dispersion of annual returns is measured by the range of the portfolio returns represented within the composite for the full period. Dispersion is not calculated for composites with less than five accounts for the whole period. Additional information on policies for calculating and reporting returns is available on request. Gross returns are presented before management, performance, custodial and other fees but after all trading expenses. Net returns are calculated after the deduction of the highest portfolio investment management fee. Past performance is not an indication of future results.

### Composite description

The composite includes funds that invest in a portfolio of permitted derivative contracts (including futures options swaps forward currency contracts and other derivatives) fixed interest securities and cash.

### Primary index description

3 Month US Libor.

### Representative fee description

The standard annual fee applicable to the composite can range from 0.45% to 0.60%, but individual fees are negotiated on an account basis.

### Derivative instruments

Derivatives may be used to vary exposure to markets and express views on the direction of currencies interest rates sectors and securities to enhance capital return limit downside volatility and preserve capital.

**PAST PERFORMANCE IS NOT AN INDICATION OF FUTURE RESULTS.**

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