August 2020

Reasons Why

Australian equities

Why Australia?

Australia is well positioned to capture growth due to its unique mix of resources and high-value services

- With China continuing to expand ahead of Western economies and a key trading partner for Australia; demand for natural resources such as iron ore and LNG will continue to support Australia's largest exports.
- Rising income and consumption in developed and emerging economies around the world will continue to desire high quality education, healthcare and financial services from Australia.

Favorable macro backdrop; forms the basis for a strong recovery

- Low government debt has allowed Australia to respond to the current pandemic with substantial support to the economy. (Government debt ratio stands at 43% of GDP. This compares to 103% in the US).
- Mining has provided Australia a substantial cushion against the global slowdown. Iron ore sales to China have remained resilient through the pandemic, providing Australia with record trade surplus in March.
- With strong institutions through a highly credible central bank and prudential oversight, 28 years of consecutive economic growth has proven Australia's robustness in responding to global economic downturns and headwinds.

Highly skilled workforce reinforce Australia's economic prosperity and job creation

- A multi-lingual and multicultural workforce has allowed entrepreneurship to flourish; ranking 5th in global entrepreneurship[1] and a robust start-up ecosystem.
- With 43% of the workforce having tertiary qualification,[2] Australia's highly skilled workforce has created a diverse range of industries and invested over $21 billion in R&D, placing it among the world's leading innovative countries.

Why Aberdeen Standard Investments Australian equities?

- Dedicated team of seven based in Sydney with an average experience of 12 years, leveraging the support and insights of more than 150 equity managers based around the world and other asset classes within ASI.
- We are long-term investors, not speculators, aiming to identify outstanding companies that can deliver meaningful long term gains.
- Clear focus on high quality sustainable growth companies that have demonstrated strong operating momentum.
- ESG integrated: critical to protecting and enhancing the value of the portfolios we manage on behalf of clients.

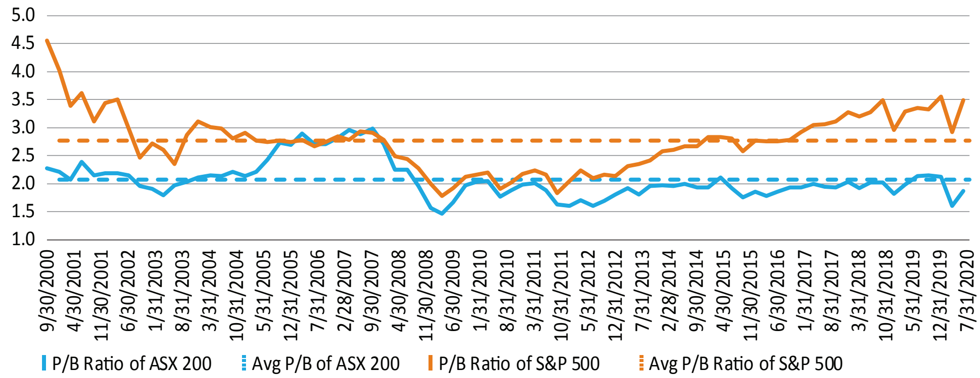
[1] ABS Global Entrepreneurship and Development Institute, Global Entrepreneurship Index ending August 2020.
[2] www.austrade.gov.au

Why now?

- Australia's COVID-19 response was well managed, one of the few countries to have flattened the infection curve at a relatively low number, limiting the downturn relative to other countries. Australia's economic activity will be one of the first to recover globally with better visibility into an improved earnings profile.
- Valuations remain reasonable. Price to Book levels are near GFC lows and well below the 20 year average. Current P/B is at 1.70 versus the 20 year average of 2.07. In comparison with the S&P 500, the current P/B of 3.17 sits above its 20 year average of 2.78.
- Dividend yield remains attractive at 3%–5% supported by a relatively high payout ratio. Retaining its high yield status against US, UK, and Japan, averaging 4.53%. (see chart).
- Attractive entry point for foreign investors as the Australian Dollar continues to trade well below 20 year average, with the potential for FX gains.

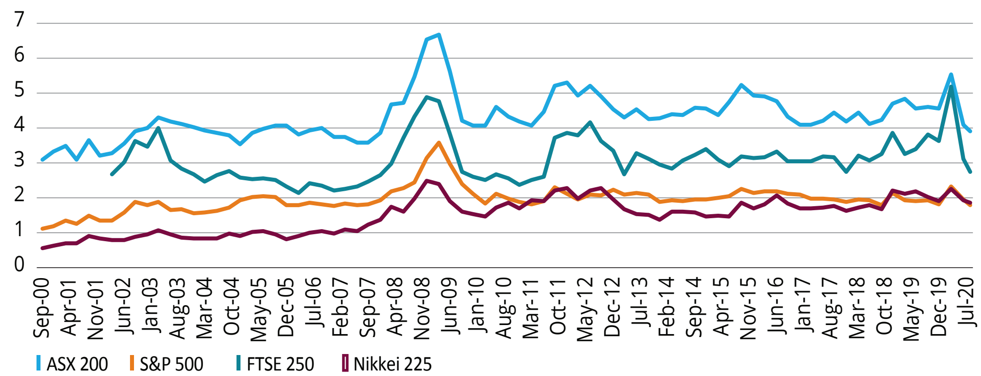
Australian equities

P/B of ASX 200 and S&P 500



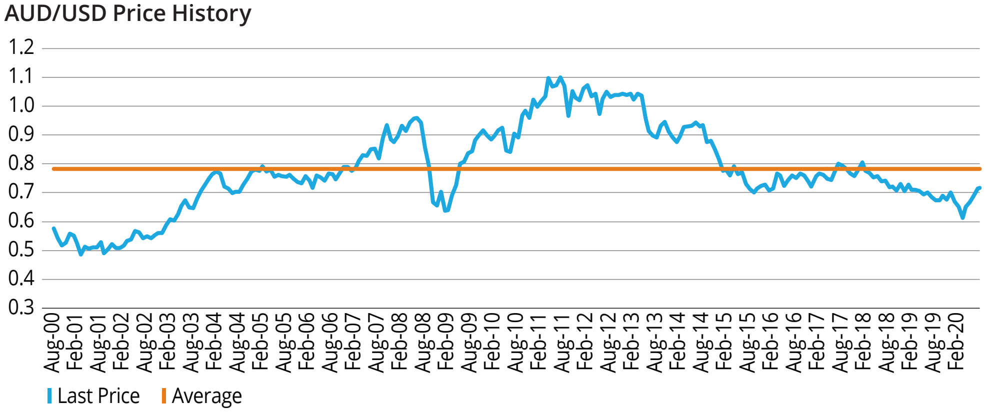
Source: Bloomberg. As of July 31, 2020. For illustrative purposes only. S&P 500 is an unmanaged index considered representative of the
US stock market. ASX 200 is an unmanaged index considered representative of the Australian stock market.

12 months Dividend Yield last 15 years



Source: Bloomberg. As of July 31, 2020. For illustrative purposes only. S&P 500 is an unmanaged index considered representative of the US stock market. ASX 200 is an unmanaged index considered representative of the Australian stock market. FTSE 250 is a capitalisation-weighted index consisting of the 101st to the 350th largest companies listed on the London Stock Exchange. Nikkei 225 is a price-weighted average of 225
top-rated Japanese companies listed in the first section of the Tokyo Stock Exchange.

AUD/USD Price History



Source: Bloomberg. As of July 31, 2020. For illustrative purposes only.

Visit us online
aberdeeniaf.com

IMPORTANT INFORMATION

Closed-end funds are traded on the secondary market through one of the stock exchanges. The Company's investment return and principal value will fluctuate so that an investor's shares may be worth more or less than the original cost. Shares of closed-end funds may trade above (a premium) or below (a discount) the net asset value (NAV) of the Company's portfolio. The net asset value (NAV) is the value of an entity's assets less the value of its liabilities. The market price is the current price at which an asset can be bought or sold. There is no assurance that the Fund will achieve its investment objective. Past performance does not guarantee future results.

International investing entails special risk considerations, including currency fluctuations, lower liquidity, economic and political risks, and differences in accounting methods; these risks are generally heightened for emerging market investments. There are also risks associated with investing in Australia, including the risk of investing in a single-country fund. Concentrating investments in the Australia region subjects the Fund to more volatility and greater risk of loss than geographically diverse funds.

Equity stocks of small and mid-cap companies carry greater risk, and more volatility than equity stocks of larger, more established companies.

The above is for informational purposes only and should not be considered as an offer, or solicitation, to deal in any of the investments mentioned herein. Aberdeen Standard Investments (ASI) does not warrant the accuracy, adequacy or completeness of the information and materials contained in this document and expressly disclaims liability for errors or omissions in such information and materials.

Some of the information in this document may contain projections or other forward looking statements regarding future events or future financial performance of countries, markets or companies. These statements are only predictions and actual events or results may differ materially. The reader must make his/her own assessment of the relevance, accuracy and adequacy of the information contained in this document, and make such independent investigations, as he/she may consider necessary or appropriate for the purpose of such assessment.

Any opinion or estimate contained in this document is made on a general basis and is not to be relied on by the reader as advice. Neither ASI nor any of its agents have given any consideration to nor have they made any investigation of the investment objectives, financial situation or particular need of the reader, any specific person or for any loss arising whether directly or indirectly as a result of the reader, any person or group of persons acting on any information, opinion or estimate contained in this document.

ASI reserves the right to make changes and corrections to its opinions expressed in this document at any time, without notice.

Accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the reader, any person or group of persons acting on any information, opinion or estimate contained in this document.

In the United States, Aberdeen Standard Investments is the marketing name for the following affiliated, registered investment advisers: Aberdeen Standard Investments Inc., Aberdeen Asset Managers Ltd., Aberdeen Standard Investments Australia Ltd., Aberdeen Standard Investments (Asia) Ltd., Aberdeen Capital Management, LLC, Aberdeen Standard Investments ETFs Advisors LLC and Standard Life Investments (Corporate Funds) Ltd.

Aberdeen Standard Investments