

Changes to UK Investment Funds – from 7th August 2019



Investment objective & policy changes – Standard Life Investments Global Absolute Return Strategies Fund (to be renamed ASI Global Absolute Return Strategies Fund)

Investment objective		Investment policy	
Existing	Proposed	Existing	Proposed
<p><u>Objective & Investment Policy</u></p> <p>The investment objective of the Scheme is to deliver a positive absolute return in the form of capital growth over the medium to longer term in all market conditions. The level of return the Scheme aims to generate over rolling three-year periods is equivalent to the return from cash plus five per cent a year, gross of fees. Invested capital is however at risk and there is no guarantee that the objective will be attained over this or any time period.</p> <p>The current investment policy of the Scheme is to invest in permitted derivative contracts</p>	<p>To generate a positive absolute return over the medium to long term (3 to 5 years or more) irrespective of market conditions, whilst reducing the risk of losses. Invested capital is however at risk and there is no guarantee that the objective will be attained over any time period.</p> <p>Performance Target: To exceed the return of 6 month GBP LIBOR plus 5% per annum, evaluated over rolling three year periods, before charges. The performance target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the performance target.</p>	<p>See existing investment objective.</p>	<p><u>Portfolio securities</u></p> <ul style="list-style-type: none"> • The fund invests in a broad range of assets from across the global investment universe, directly and via derivatives. • Assets include equities (company shares), bonds, currencies, commercial property and commodities. • The fund may also invest in other funds (including those managed by Aberdeen Standard Investments), money-market instruments and cash. <p><u>Management Process</u></p> <ul style="list-style-type: none"> • The management team use their discretion (active management) to make flexible allocations to multiple types of assets depending on market conditions, the price of different assets or their value relative to each other based on their analysis of future economic and business conditions. • The team seeks to generate growth in a wide variety of ways (e.g. if market prices rise or fall). It also means they can build the portfolio to be as resilient as possible to shocks that cause markets generally to fall sharply.

<p>(including futures, options, swaps, forward currency contracts and other derivatives), transferable and fixed interest securities, cash and other collective investment schemes. Use may also be made of borrowing, efficient portfolio management (including hedging) and stock lending.</p> <p>The Scheme may, subject to and in accordance with the FCA Rules, take long and short positions in markets, securities and groups of securities through derivative contracts.</p>	<p>6-month GBP LIBOR has been chosen as a proxy for the return on cash deposits.</p>		<ul style="list-style-type: none"> As a result of extensive diversification and during extreme equity market falls, the fund's value may be expected to fall between approximately one third and one half of the fall in global equity markets. <p><u>Derivatives and Techniques</u></p> <ul style="list-style-type: none"> The fund will make extensive use of derivatives to reduce risk, reduce cost and/ or generate extra income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management"). Derivatives can be used to generate growth, consistent with the fund's risk profile, if market prices are expected to rise ("long positions") or fall ("short positions"). Leverage in the fund arises as a result of the use of derivatives. Examples of investment strategies implemented through derivatives are: <ul style="list-style-type: none"> An assessment of the expected level of a given stock market index; An assessment of one currency relative to another; An assessment of the direction of interest rates.
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