Nov
2018

Global Absolute Return Strategies Fund

30 November 2018

Aberdeen Standard Investments

The Standard Life Investments Global Absolute Return Strategies Fund aims to provide positive investment returns in all market conditions over the medium to long term. The fund is actively managed, with a wide investment remit to target a level of return over rolling three-year periods equivalent to cash plus five per-cent a year, gross of fees. It exploits market inefficiencies through active allocation to a diverse range of market positions. The fund uses a combination of traditional assets (such as equities and bonds) and investment strategies based on advanced derivative techniques, resulting in a highly diversified portfolio. 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.

Unit Trust

Absolute Return Fund

Monthly

Fund Manager	Multi Asset Investing Team
Fund Manager Start	29 Jan 2008
Launch Date	29 Jan 2008
Current Fund Size	£12,624.1m
Base Currency	GBP
IA Sector	Targeted Absolute Return

Benchmark	6 Month GBP LIBOR
Target	6 Month GBP LIBOR +5% per annum over rolling 3 year periods, gross of fees

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 the Portfolio Risk and Return Analysis table is only updated on a quarterly basis.

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 *

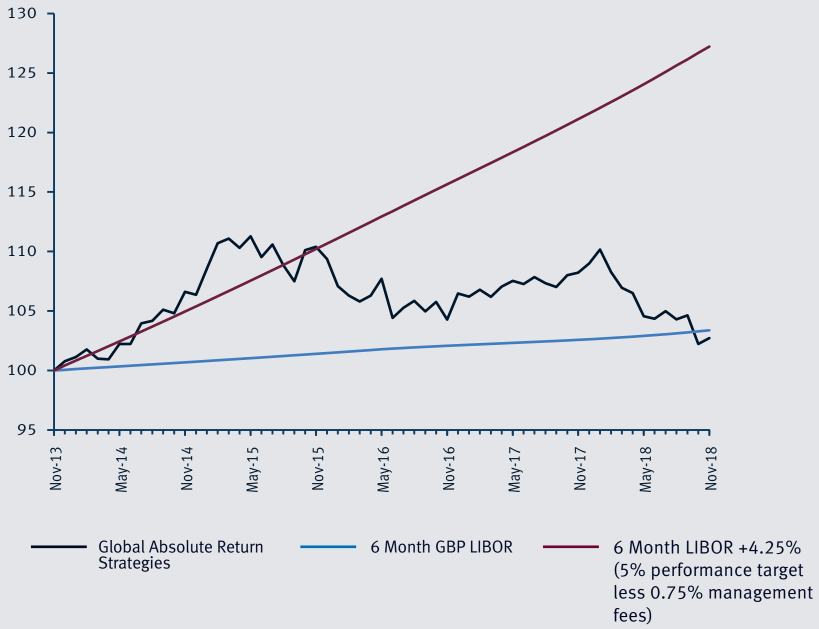
Quarterly Portfolio Risk and Return Analysis

	Strategy	Stand-alone Risk Exposure %	Weighting (risk based %)	Contribution to Returns % Q3	1 Yr
Market Returns Strategies	Global equity oil majors	1.3	10.1	0.0	0.0
	Japanese equity	1.1	8.0	0.3	0.1
	Emerging markets income	0.9	7.0	-0.1	-0.4
	US equity	0.9	6.5	0.9	2.1
	Global REITs	0.6	4.6	0.0	0.6
	Brazilian government bonds	0.5	3.8	0.0	0.0
	European equity banks	0.4	3.1	-0.1	-0.1
	High yield credit	0.2	1.8	0.1	0.1
	European equity	0.2	1.3	-0.1	0.2
	Equity option premium	0.1	1.0	0.1	0.1
	UK equity	0.0	0.2	0.0	0.0
	Korean equity	Closed		0.0	-0.3
Directional Strategies	Long JPY v AUD	0.8	5.8	-0.1	0.0
	Canadian interest rates	0.6	4.4	-0.1	-0.1
	Australian forward-start interest rates	0.6	4.4	0.0	0.3
	Long USD v KRW	0.4	3.2	0.0	0.0
	Long USD v EUR currency options	0.2	1.9	0.0	0.2
	Short US interest rates	Closed		0.1	0.1
	Long INR v CHF	Closed		-0.2	0.0
Relative Value Strategies	US real yields v Japanese interest rates	1.1	8.6	-0.1	0.0
	Emerging markets v Brazilian equity	1.0	7.4	-0.3	-0.1
	UK v German duration	0.6	4.5	0.0	0.0
	US equity large cap v small cap	0.4	2.9	0.3	-0.4
	US equity large cap v technology	0.3	2.6	0.0	0.0
	Swedish flattener v Canadian steepener	0.2	1.5	0.0	0.1
	EuroStoxx50 v S&P variance	0.1	1.0	0.0	0.0
	Asian v S&P variance	0.1	1.0	0.1	0.0
	HSCEI v FTSE variance	0.1	0.4	0.0	0.0
	European equity banks v Eurostoxx50	Closed		0.0	-1.6
	Oil majors v global equity	Closed		-0.1	0.5
FX Hedging	FX hedging	0.2	1.4	0.0	0.0
Cash	Cash			0.1	0.2
	Residual	0.0	0.0	0.1	-0.3
	Stock selection	0.3	2.0	-0.4	-0.8
	Total	**13.1**		**0.4**	
	Diversification	8.9			
	Expected Volatility	**4.1**			

We calculated the totals using actual (unrounded) returns. We then rounded the figures for the purposes of this presentation.

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 in the chart is based on an Annual Management Charge (AMC) of 0.75%. You may be investing in another shareclass with a higher AMC. The charges for different share classes are shown later in the “Other Fund Information” section of the factsheet. For details of your actual charges please contact your financial adviser or refer to the product documentation.

The performance comparator shown in the chart expresses the fund's performance target after deduction of Annual Management Charges. It is calculated as the annual equivalent of 6 Month GBP LIBOR +5% per annum over rolling 3 years after deduction of a Annual Management charges. The benchmark is 6 Month GBP LIBOR, a proxy for the returns of cash.

Fund performance is shown after deduction of Annual Management Charge and expenses. The Performance Comparators are calculated as the annual equivalent of the fund's Target less the relevant Annual Management Charge for each share class as outlined in the Other Fund Information section of this factsheet.

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

Year on Year Performance

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

	Year to 30/09/2018 (%)	Year to 30/09/2017 (%)	Year to 30/09/2016 (%)	Year to 30/09/2015 (%)	Year to 30/09/2014 (%)
Retail Fund Performance	-2.6	1.6	-2.8	1.7	7.2
Institutional Fund Performance	-2.2	2.0	-2.4	2.3	7.9
Platform One	-2.3	1.9	-2.4	2.3	7.9
6 Month GBP LIBOR	0.7	0.5	0.7	0.7	0.6
Retail Share Class Performance Comparator	4.4	4.2	4.3	4.2	4.2
Institutional Share Class Performance Comparator	5.0	4.7	5.0	5.0	5.0
Platform One Share Class Performance Comparator	5.0	4.7	5.0	5.0	5.0

Cumulative Performance

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

	6 Months (%)	1 Year (%)	3 Years (%)	5 Years (%)
Retail Fund Performance	-1.9	-5.4	-8.0	0.3
Institutional Fund Performance	-1.7	-5.1	-6.9	2.7
Platform One	-1.8	-5.1	-7.0	2.6
6 Month GBP LIBOR	0.4	0.8	1.9	3.3
Retail Share Class Performance Comparator	2.3	4.5	13.5	23.4
Institutional Share Class Performance Comparator	2.5	5.0	15.4	27.2
Platform One Share Class Performance Comparator	2.5	5.0	15.4	27.2

Fund Performance *(Continued)

Note: 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.

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

Monthly Investment Review and Outlook

Market review

Global equity markets delivered mixed performance in November, with investor sentiment dampened by worries about geopolitics and the impact of trade tensions on global economic growth. At a regional level, stocks in the US, Japan and emerging markets (EM) closed higher, while European and UK equities lost ground.

Geopolitical developments remained a key influence on investor sentiment. In particular, the ongoing US-China trade spat continued to fuel worries about global growth. In US mid-term elections, the Democrats took control of the House of Representatives, which will likely make it harder for President Trump to extend his stimulus plans. As widely anticipated, the US Federal Reserve left interest rates unchanged, while a speech from its chairman was interpreted as an indication that the central bank may leave rates closer to the current level. Meanwhile, UK Prime Minister Theresa May and the European Union (EU) finally struck a deal over the terms of the UK's withdrawal from the EU. However, the deal faces overwhelming opposition from the House of Commons which, given the absence of alternative proposals, raises the odds of a 'no-deal' Brexit.

Global government bonds delivered positive returns (yields fell), as concerns about world growth fuelled demand for less risky assets. Yields on UK government bonds ended lower (prices rose) after a volatile month driven by Brexit and fluctuations in the British pound. The yield on US 10-year Treasuries fell to just under 3%, and yields on German government bonds also edged down. Corporate bond markets delivered negative returns (yields rose) as investors worried about high levels of corporate debt in an environment of slowing growth and rising US interest rates.

The global economy continued to show sharp regional divergence. US data remained solid and consumer confidence high, despite some softening of the housing market on account of higher interest rates. By contrast, signs of economic weakness persisted in Europe, with disappointing third-quarter growth and signs of slowdown in both services and manufacturing. EU consumer confidence also fell short of expectations.

Oil prices declined, with Brent crude closing below US$60/barrel on fears that global trade wars will curb demand at a time when oil supply, particularly in the US, is growing.

Activity

We closed our Australian interest rates position after it had delivered positive returns in line with our expectations. Furthermore, while there have been signs of a slowdown in the housing sector, Australia's economic growth has been better than expected. We believe this could put pressure on the central bank to raise interest rates, which would work against this position. Similarly, we exited our global REITs (real estate investment trusts) position as this too had performed in line with our expectations. We currently prefer equities to REITs, as equities offer a better way to position for a recovery in risk assets.

Performance

The Global Absolute Return Strategies Fund returned 0.48% (net of retail fees) during the month, compared to the benchmark 6-month LIBOR return of 0.08%.

In the US, the technology-heavy Nasdaq 100 Index extended its losses on continued fears about the impact of trade tariffs on global demand and the technology supply chain. However, the more broadly-based S&P 500 Index regained some ground, aided by relatively encouraging economic data and, to some extent, the conclusion of the mid-term elections. Consequently, our US equity and US equity large-cap versus technology positions delivered positive returns, as did our equity option premium strategy. These positives were partially offset by our global equity oil majors strategy, which was negatively impacted by the declining oil price.

The positive environment for global government bonds benefited our Canadian interest rates and US real yields strategies. Among our currency strategies, our preference for the US dollar over the Korean won hampered performance, as did our preference for the Japanese yen over the Australian dollar. The won and the Australian dollar strengthened at the prospect of a US-China trade deal as well as mounting expectations that US interest rates would rise at a slower pace next year than had hitherto seemed likely. Additionally, the Bank of Korea's decision to raise interest rates provided some support for the won. Our long US dollar versus euro currency options strategy also came under pressure, as dollar-euro volatility declined.

Elsewhere, our EM income strategy fared well, driven mainly by strong performance from the high-yielding bonds of emerging economies like Indonesia, Turkey, Colombia and South Africa, countries considered on balance to have prudent and sustainable policy measures.

Outlook

Our central expectation is for continued modest broad-based global growth, albeit with regional variations. Fiscal policy and the changing monetary policies of central banks will be important drivers of asset returns, especially as the pace of change in policies remains uncertain. The US is moving to a tighter monetary environment, albeit on a gradual incline. Improving data in Europe may reduce the European Central Bank's appetite for monetary easing. However, it will likely remain cautious in the near term given the elevated levels of uncertainty around the process of the UK's withdrawal from the EU. Japan, meanwhile, is likely to remain on a loose monetary path. Geopolitical tensions are still elevated and, on many metrics, asset prices look expensive. We will seek to exploit the opportunities that these conditions present by implementing a diversified range of strategies across multiple asset classes.

Other Fund Information

	Retail Acc	Retail Inc	Institutional Acc	Institutional Inc
Lipper	65111167	n/a	65111168	n/a
Bloomberg	SLIGARA LN	n/a	SLIGARS LN	n/a
ISIN	GB00B28S0093	n/a	GB00B28S0218	n/a
SEDOL	B28S009	n/a	B28S021	n/a
Fund Launch Date				

	Platform One Acc	Platform One Inc
Lipper	68165478	n/a
Bloomberg	U222GAR LN	n/a
ISIN	GB00B7K3T226	n/a
SEDOL	B7K3T22	n/a

	Interim	Annual
Reporting Dates	30 Sep	31 Mar
XD Dates	n/a	31 Mar
Payment Dates (Income)	n/a	31 May

Valuation Point	7:30 am
Type of Share	Accumulation
ISA Option	Yes

	Retail	Institutional
Initial Charge	4.00%	0.00%
Annual Management Charge	1.30%	0.75%
Ongoing Charges Figure	1.31%	0.84%

The Ongoing Charge Figure (OCF) is the overall cost shown as a percentage of the value of the assets of the Fund. It is made up of the Annual Management Charge (AMC) shown above and the other expenses taken from the Fund over the last annual reporting period. It does not include any initial charges or the cost of buying and selling stocks for the Fund. The OCF can help you compare the costs and expenses of different funds.

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Risk Factors

The fund invests in securities which are subject to the risk that the issuer may default on interest or capital payments.

The fund price can go up or down daily for a variety of reasons including changes in interest rates, inflation expectations or the perceived credit quality of individual countries or securities.

The fund invests in equities and equity related securities. These are sensitive to variations in the stock markets which can be volatile and change substantially in short periods of time.

The fund may invest in emerging market equities and / or bonds. Investing in emerging markets involves a greater risk of loss than investing in more developed markets due to, among other factors, greater political, tax, economic, foreign exchange, liquidity and regulatory risks.

Investing in derivatives carries the risk of reduced liquidity, substantial loss and increased volatility in adverse market conditions, such as a failure amongst market participants. The use of derivatives will result in the fund being leveraged (where economic exposure and thus the potential for loss by the fund exceeds the amount it has invested) and in these market conditions the effect of leverage will be to magnify losses. The fund makes extensive use of derivatives.

The fund invests in high yielding bonds which carry a greater risk of default than those with lower yields.

All investment involves risk. This fund offers no guarantee against loss or that the fund's objective will be attained.

Inflation reduces the buying power of your investment and income.

The fund could lose money if an entity (counterparty) with which it does business becomes unwilling or unable to honour its obligations to the fund.

In extreme market conditions some securities may become hard to value or sell at a desired price.

The fund could lose money as the result of a failure or delay in operational processes.

www.standardlifeinvestments.co.uk

Useful numbers -
Investor Services
0345 113 69 66.

Call charges will vary.

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