

Nov
2018

Emerging Market Debt Fund

Aberdeen Standard
Investments

30 November 2018

The fund aims to provide income and some capital growth over the longer term by investing primarily in bonds issued or guaranteed by governments, financial institutions or companies in emerging markets. The majority of the fund will be invested in bonds denominated in US Dollars. The fund is actively managed by our investment team, who will select bonds to try to take advantage of opportunities they have identified.

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 may use derivatives 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

Bond Fund

Monthly

Fund Manager	Kieran Curtis and Mark Baker	No. of Positions	75
Fund Manager Start	4 Sep 2017	Yield to Maturity	7.0
Launch Date	18 Mar 2014		
Benchmark	JP Morgan CEMBI Broad Diversified Index		
Current Fund Size	\$43.1m		
Fund Currency	USD		

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.

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 *

Composition by Currency Breakdown

	Fund %
US Dollar	100.1
Indian Rupee	0.1
Euro	-0.2

Composition by Region

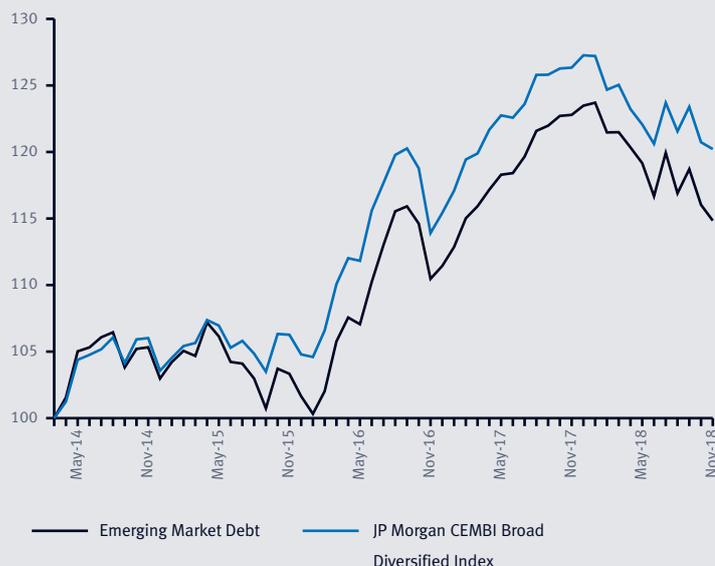
	Fund %
Latin America	36.1
Africa and Middle East	33.2
Europe	13.7
Asia	13.1
Cash and Other	3.9

Largest Positions Relative to the Benchmark

Overweight Countries	Fund %	B'mark %	Relative %	Underweight Countries	Fund %	B'mark %	Relative %
Vietnam	2.9	0.4	2.5	Chile	0.0	2.8	-2.8
Kenya	3.2	0.7	2.5	Colombia	0.0	3.0	-3.0
Saudi Arabia	2.4	0.0	2.4	Philippines	0.0	3.3	-3.3
Argentina	5.2	2.9	2.3	Russia	0.0	3.4	-3.4
El Salvador	3.2	1.0	2.2	China	0.5	4.1	-3.6

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 0.65%. 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)

	YTD (%)	1 month (%)	3 months (%)	6 months (%)	1 year (%)
Retail Fund Performance	-7.9	-1.1	-2.0	-4.2	-7.5
Institutional Fund Performance	-7.0	-1.0	-1.8	-3.6	-6.5
JP Morgan CEMBI Broad Diversified Index	-5.5	-0.4	-1.1	-1.5	-4.8

	3 years (%)	Since launch (%)
Retail Fund Performance	6.9	10.1
Institutional Fund Performance	11.1	16.1
JP Morgan CEMBI Broad Diversified Index	13.1	22.0

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.

The fund does not have an index-tracking objective.

Definitions

Yield to Maturity - gives an indication of the total expected return from a bond if it is held to maturity. It reflects both the interest payments made to the bondholder and any capital gain or loss at maturity. It is based on a snapshot of the portfolio on specified date. It does not include any impact from charges.

Cash and Other - may include bank and building society deposits, other money market instruments such as Certificates of Deposits (CDs), Floating Rate Notes (FRNs) including Asset Backed Securities (ABSs), Money Market Funds and allowances for tax, dividends and interest due if appropriate.

Market Review

In November, the 10-year US Treasury yield peaked at 3.24% before falling to 3.01%. The US dollar slightly appreciated against most major currencies. With increased US oil supply offsetting OPEC production, the oil price dropped by over 20% to USD58.7 per barrel. This prompted some talk that OPEC may seek to cut supply by as much as a further two million barrels per day to rebalance the oil market.

In terms of supply, Emerging Market (EM) bond issuance picked up from well-known issuers, including Nigeria, which issued USD2.8bn across three tranches in seven-, 12- and 30-year bonds, and Russia which issued EUR1bn in seven-year bonds. Kazakhstan raised funds in Euros for the first time, issuing EUR1.05bn in two tranches of bonds. Turkey also came back to the market with an issuance of EUR1.5bn in seven-year bonds.

The JP Morgan EMBI Global Diversified index returned -0.42%, while the benchmark spread widened by 29 basis points (bps) to 395bps over US Treasuries. EM hard currency bonds' negative credit performance outweighed the positive impact of declining US Treasury yields, resulting in a negative overall return. In terms of credit quality, investment grade bonds significantly outperformed high yield assets. One of the best performing assets was Mozambique, helped by a restructuring deal for its 2023 Eurobonds that was announced at the beginning of the month. Meanwhile, a third quarter economic review showed

that Zambia's budget execution was on track; this, together with prospects for an International Monetary Fund programme, was supportive for the country's bonds.

At the other end of the spectrum, Venezuela, Nigeria, Ghana and Lebanon all provided negative returns. In the case of Ghana, there were concerns about its fiscal position given increasing public-sector spending and limited revenue collection. Nigerian bonds were depressed by lower oil prices, while Lebanese bonds were adversely affected by news that government formation talks were hitting roadblocks

Activity

We used the recent pronounced weakness in oil prices to add oil-related credits at more attractive levels. In particular, we participated in the new seven-year issue from Nigeria, and added new positions in Angola and National Oil and Gas Authority (NOGA), the state-owned oil and gas company of Bahrain. We reduced our exposure to Argentina.

Performance

Our EM sovereign external debt strategy returned -0.65%, underperforming the JP Morgan EMBI Global Diversified Index by 23bps.

The main contributors to excess returns in November included our off-benchmark exposure to Gulf Cooperation Council (GCC) countries such as Qatar (+3bps) and Saudi Arabia (+3bps), as well as our

overweight exposure to Indonesia (+5bps) and El Salvador (+4bps). The main detractors to excess returns included our underweight in highly-rated issuers such as Poland (-4bps) and China (-8bps), which performed well relative to the rest of the market

Outlook

We choose to maintain a pro-risk stance as EM asset valuations appear attractive and macro fundamentals as a whole are much more stable than widely appreciated. However, it remains as necessary as ever to be discerning in terms of country and asset selection.

On the global macro front, the picture is more encouraging. With the US and China agreeing a 'truce' on further tariff increases at the G20 summit near the end of the month, there was increased hope that this could be followed by a more comprehensive trade agreement. It remains to be seen however if both sides will be prepared to compromise. On the oil front, EM hard currency credit performance is typically positively correlated with oil prices so the upcoming OPEC meeting could also be key to seeing how amenable member countries are to cutting production in order to support prices.

With the US Federal Reserve having apparently shifted to a more data-dependent stance, our conviction has strengthened that we are approaching an end to the current US monetary tightening cycle. This should support EM assets overall, including by providing a less punitive environment for weaker credit stories.

Other Fund Information

	Retail Acc	Retail Dist	Institutional Acc	Institutional Dist	Currency
Bloomberg	-	-	SLEMDDA LX	-	USD
ISIN	-	-	LU0390465630	-	USD
WKN	-	-	AORFM9	-	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 24 525 716
Share Price Calculation Time	15:00 (Luxembourg time)
Dealing Cut Off Time	13:00 (Luxembourg time)

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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'Île, 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 Standard Life Investments.

www.aberdeenstandard.com

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