

Nov
2018

Emerging Market Local Currency Debt Fund

Aberdeen Standard
Investments

30 November 2018

The fund aims to provide a return over the longer term from a combination of income, capital appreciation and foreign currency appreciation. The fund will achieve this by investing primarily in bond securities and emerging market currencies. The majority of bonds will be denominated in local currency and issued or guaranteed by governments, financial institutions or companies in emerging markets. The fund is actively managed by our investment team, who will select bonds, currencies and who may invest a proportion of the fund's assets in other bonds and/or money market instruments 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	Modified Duration	4.7
Launch Date	19 Jun 2013		
Fund Currency	USD		
Benchmark	JPMorgan GBI-EM Global Diversified Index		
Current Fund Size	\$519.8m		
Yield to Maturity	7.8		

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 Region

	Fund %
Latin America	36.6
Asia	25.7
Central and Eastern Europe	25.0
Africa and Middle East	10.9
Cash and Other	2.2
North America	-0.4

Top Ten Currency Exposures

	Fund %
Indonesian Rupiah	12.3
Mexican Peso	10.8
Brazil Real	9.8
South African Rand	8.5
Czech Koruna	8.1
Colombian Peso	7.7
Russian Ruble	7.6
Polish Zloty	7.1
Turkish lira	6.9
Thai baht	5.4
Total	84.2

Largest Positions Relative to the Benchmark

Overweight Countries	Fund %	B'mark %	Relative %	Underweight Countries	Fund %	B'mark %	Relative %
India	2.9	0.0	2.9	Czech Republic	1.9	4.0	-2.1
Brazil	12.2	10.0	2.2	Poland	7.1	9.1	-2.1
South Africa	10.9	8.8	2.1	Thailand	5.4	8.3	-2.9
Russia	8.8	7.2	1.6	Chile	0.0	3.1	-3.1
Philippines	1.8	0.3	1.5	Romania	0.0	3.2	-3.2

Fund Performance *

Price Indexed



Performance has been calculated over the stated period on the share price performance basis, based on the institutional shareclass and net of fees. For your relevant charges please contact your Aberdeen Standard Investments Sales Representative.

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	-7.7	2.4	4.1	-4.6	-7.2
Institutional Fund Performance	-7.0	2.5	4.3	-4.2	-6.5
JPMorgan GBI-EM Global Diversified Index	-7.4	2.8	3.4	-3.9	-5.6

	3 years (%)	5 years (%)	Since launch (%)
Retail Fund Performance	8.5	-9.3	-11.4
Institutional Fund Performance	11.3	-5.5	-7.3
JPMorgan GBI-EM Global Diversified Index	14.7	-6.5	-10.0

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.

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.

Modified Duration - gives an indication of a bond's sensitivity to a change in interest rates. 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.

Investment Review and Outlook

Market Review

The JP Morgan GBI-EM Global Diversified index (unhedged in USD terms) returned 2.81% in November, its best monthly performance of the year so far apart from January. Both local currency bonds and currencies generated positive returns during the month. On a country basis, Turkey, South Africa and Indonesia were positioned at the top of the returns table, both in interest rate and currency returns. Lower oil prices and dovish comments from the US Federal Reserve supported local currency assets in all these countries. In the case of Turkey, it also benefited from increasing signs of ongoing economic adjustment to its weaker currency, while Indonesian bonds were supported by limited supply into year-end.

On the negative side, Argentina, Brazil and Mexico were the worst performers in November. In Mexico, there is considerable uncertainty about the policies that will be pursued under the new presidency of Andres Manuel Lopez Obrador. Argentine assets continued underperforming on the back of political risks going into next year's presidential election and the country's unavoidable economic recession. In Brazil, asset prices were negatively impacted by scepticism

regarding the new president's ability to deliver pensions reforms

Activity

With growing evidence that a sharply devalued currency is rectifying Turkey's external economic imbalances (it recorded current account surpluses in each of the last three months to October), we steadily increased our exposure to Turkey over the course month. We also added some exposure to Peru, where thanks to its modest external financing needs and low inflation, the central bank has been able to keep policy interest rates at an eight-year low. On the sell-side, we reduced exposure to Russia, the Czech Republic and Hungary.

Performance

Our EM local currency debt strategy returned 2.36% in November 2018, underperforming the JP Morgan GBI-EM Global Diversified Composite (Unhedged USD) Index by 45bps. The biggest contributor to excess returns was our off-benchmark exposure to India, which contributed 17bps. The main detractors to relative performance included our underweight to Turkey (-28bps), and overweight exposure in Argentina (-13bps).

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	SLICDAA LX	SLICDAI LX	SLICDDA LX	SLICDDI LX	USD
ISIN	LU0913259262	LU0913259346	LU0913259429	LU0913259692	USD
WKN	A1T9LG	A1T9LH	A1T9LL	A1T9LM	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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