

Aug
2018

Global Equity Unconstrained Fund

Aberdeen Standard
Investments

31 August 2018

The fund aims to provide long term growth by investing in a diversified portfolio of global equity assets. The investment team will maintain a diverse asset mix at country, sector and stock level, with the regional, country and sector weightings within the portfolio being a by-product of the underlying stock exposure. Their primary focus is on stock selection to try to take advantage of opportunities they have identified. Due to the unconstrained nature of the fund investors must be willing to accept a relatively high degree of stock specific risk.

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. 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

Equity Fund

Monthly

Fund Manager	Donal Reynolds
Launch Date	9 Dec 2014
Fund Currency	USD
Benchmark	Morningstar Offshore Global Large-Cap Blend Equity Sector
Current Fund Size	\$30.8m

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. Standard Life 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 Sector

	Fund %
Information Technology	22.9
Health Care	13.5
Financials	11.9
Industrials	11.8
Consumer Discretionary	9.8
Materials	9.4
Real Estate	6.4
Consumer Staples	5.5
Energy	3.0
Utilities	2.9
Cash and Other	1.9
Telecommunication Services	1.0

Composition by Country

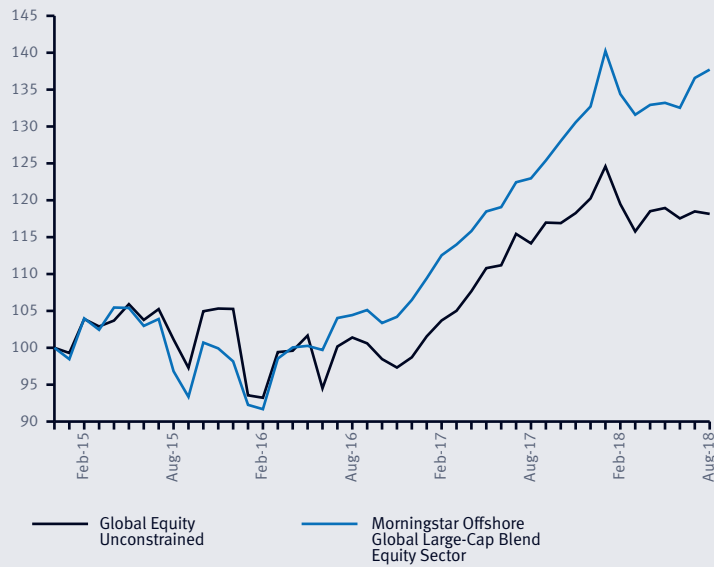
	Fund %
USA	53.5
China	7.8
UK	6.0
Netherlands	5.4
France	4.4
Japan	4.4
Germany	4.0
Australia	3.1
Italy	2.6
Finland	2.1
Ireland	1.9
Brazil	1.6
Belgium	1.3
Cash and Other	1.9

Top Ten Holdings

Stocks	Fund %
Marvell Technology	4.2
Broadcom	3.4
United Healthcare	3.4
Equinix	3.4
Alphabet	3.3
ASR Nederland	3.1
Citigroup	3.1
Treasury Wine Estates	3.1
American Tower	3.0
JXTG Holdings	3.0
Assets in top ten holdings	33.0

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 Standard Life 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	-2.3	-0.4	-0.9	-1.5	2.6
Institutional Fund Performance	-1.8	-0.3	-0.7	-1.1	3.5
Morningstar Offshore Global Large-Cap Blend Equity Sector	3.8	0.8	3.4	2.5	12.0

	3 years (%)	Since launch (%)
Retail Fund Performance	13.9	16.8
Institutional Fund Performance	16.8	20.4
Morningstar Offshore Global Large-Cap Blend Equity Sector	42.2	36.9

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.

Definitions

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

Global equities, as measured by the MSCI World AC Index, had a strong month in August, but there were significant regional differences. The US performed strongly, while other developed and emerging markets lost ground. The S&P 500 soared to a new all-time high. The index also broke the record for the longest US bull market in history, which had lasted 3,453 days by the end of August. This has been driven by a healthy US economy and robust corporate profits. The strength of the US dollar has also been a feature. Meanwhile, European share prices were weak in August due to trade concerns and ongoing geopolitical risks. The woes of the UK high street and wider retail industry continued to drag on the UK market. Similarly, it was another mixed month for Asian and emerging market equities. The US-China trade dispute continued, corporate earnings releases were mixed and Turkey and Argentina faced further financial turmoil.

Activity

We bought shares in US defence contractor Raytheon. We believe that the valuation underestimates the sustainability of its earnings growth. The backdrop is the increasingly unpredictable geopolitical environment in some parts of the world. Given this, there is scope for an increase in US military expenditure as both sides of the political divide in the US are broadly supportive of an increase to the defence budget. This should heighten the chances of Raytheon winning more military contracts. Elsewhere, we purchased shares in Baxter, a supplier to hospitals in the US. We expect to see its earnings increase as the rollout of new products drives revenues higher and profit margins improve. Its recent analysts' day highlighted the wide range of

products it is releasing, which underpinned our confidence in this growth.

We sold out of the position in Paddy Power Betfair, the UK-listed gambling company. It delivered disappointing results, which showed weakness in its core markets and a need to spend more on marketing to drive future growth. The scope for further earnings downgrades increased. Another name we sold was US retailer, Dollar Tree. We have lost confidence in the ability of management to improve revenues at its Family Dollar franchise. The recent strong rise in the company's share price gave us an opportunity to exit the position.

Performance

The month was challenging for the Fund. However, one of the bright spots was ASR Nederlands, the Dutch-listed insurer. It delivered results that were ahead of expectations, primarily driven by better investment margins in its life insurance business. We continue to like ASR as it is gaining market share in the Netherlands. We also see scope for further acquisitions that will help bolster overall returns. US railroad operator, CSX Corporation, continued to perform well after its recently announced quarterly earnings showed significant margin improvement. This was in line with our investment thesis.

Paddy Power Betfair was a major drag on the Fund's performance. Its recent disappointing results and poor outlook hit its share price. Another underperformer was Japanese commodity and electronic materials company, Mitsui Mining & Smelting. After it announced its results, there was a significant downgrade to its forecast earnings. This was due to a combination of a revaluation of its inventories, due to falling commodity

prices, and a big drop in the expected demand for the components it supplies to high-end smart phones. Our investment thesis is based on the company's ability to supply phone manufacturers outside its primary customer, Apple. We are currently reviewing this thesis.

Outlook & Strategy

A Federal Reserve (Fed) in tightening mode is putting a squeeze on global liquidity. This has led to declines in most global stock markets, except for the US. Decent economic data and strong corporate earnings growth mean the US is seen as a safe haven. Whether the Fed continues on its current path of tightening is therefore the key question for investors in the months ahead. For now, it is signalling another 3-4 interest rate rises, which suggests the pressure on liquidity is set to continue for a while longer.

The story of the equity market this year has been the reintroduction of risk and volatility. However, as we move through the remainder of 2018, stock prices will have to be justified by the merits of the underlying company cashflows, rather than by interest-rate-driven valuation. Companies that earn high returns on capital, with the ability to reinvest cashflows to generate sustainable growth are more likely to continue generating value for shareholders. The most important drivers for stocks remain solid, providing reasons to remain constructive.

As for the Fund, we believe our fundamental bottom-up investment approach remains the best way to generate robust long-term returns and we continue to shape the portfolio with as much stock-specific risk as possible. This should stand us in good stead in the event of market weakness.

Other Fund Information

	Retail Acc	Retail Dist	Institutional Acc	Institutional Dist	Currency
Bloomberg	-	-	SLGEUDA LX	-	USD
ISIN	-	-	LU1150180351	-	USD
WKN	-	-	n/a	-	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-sli-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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