Aberdeen Standard Emerging Market Local Currency Debt Fund

Monthly factsheet - performance data and analytics to 30 June 2020

Investment objective

To outperform the benchmark, the J.P. Morgan GBI-EM Global Diversified Index (Australian dollar unhedged), over rolling three year periods, by investing primarily in emerging market currencies and emerging market local currency-denominated debt and debt-related securities.

Investment strategy

The Fund will invest in the Underlying Fund and may hold up to 5% of its assets in money market instruments, cash or collective investment schemes investing in money market instruments or cash.

The Underlying Fund's investment objective is long term total return and to outperform the JP Morgan GBI-EM Global Diversified Index (USD) benchmark before charges. The Underlying Fund seeks to achieve its investment objective by investing primarily in emerging market currencies and emerging market local currency-denominated debt and debt related securities. These include bonds as well as inflation linked bonds issued by governments, supranational institutions or government-related bodies. The Underlying Fund may hold investment grade and sub-investment grade corporate bonds issued in non-emerging market countries world wide. The Underlying Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives (including, but not limited to, currency forwards, interest rate and credit default swaps) and collective investment schemes. The Underlying Fund may use derivatives for the purpose of meeting its investment objective and for efficient portfolio management (including hedging).

Performance (%)

				Per annum		
	1 Month	3 Months	1 Year	3 Years	5 Years	Since Inception[1]
Aberdeen Standard Australian Local Currency EMD Fund net returns[2]	-2.55	-1.33	N/A	N/A	N/A	-3.74
Aberdeen Standard Australian Local Currency EMD Fund gross returns[3]	-2.49	-1.15	N/A	N/A	N/A	-3.11
J.P. Morgan GBI-EM Global Diversified Index AUD Unhedged	-3.13	-2.38	N/A	N/A	N/A	-3.76
Net returns[2] vs index	0.58	1.05	N/A	N/A	N/A	0.02
Gross returns[3] vs index	0.64	1.23	N/A	N/A	N/A	0.65

1. This figure represents the annualised performance of the Fund from the first full month of operation.
2. Net performance figures are calculated using end-of-month exit prices, post standard fees, reflect the annual reinvestment of distributions and make no allowance for tax. If investing through an IDPS Provider, the total after fees performance returns of your investment in the Fund may be different from the information we publish due to cash flows specific to your portfolio and any fees charged by the IDPS Provider.
3. Gross performance figures are calculated using end-of-month exit prices, pre-fees, reflect the annual reinvestment of distributions and make no allowance for tax. These returns are provided for the purpose of wholesale investors only. Retail investors should refer to net returns.
Past performance is not a reliable indicator of future results.

Performance review

The Fund returned -2.49% in June (before fees), outperforming the benchmark by 0.64%.

The Fund outperformed the benchmark over the period. This was mainly due to good country

Important information overleaf

AberdeenStandard Investments

Regional Exposures (%)

	Fund
Latin America	35.5
Asia	30.2
Europe	20.3
Africa	8.8
Cash and Other*	5.1
Total	**100.0**

Figures may not always sum to 100 due to rounding.
* The Cash & Other classification includes cash and may also contain interest rate swaps and FX forward positions.

Top 10 currency exposures (%)

	Fund
IDR	13.3
RUB	10.8
MXN	10.2
CZK	8.4
THB	8.3
ZAR	7.6
BRL	7.5
MYR	7.2
COP	6.4
HUF	5.7
Total	**85.4**

Top ten bond holding (%)

	Fund
FEDERATIVE REPUBLIC OF BRAZIL (BRL 10.000, 1-Jan-2027)	6.0
REPUBLIC OF CHILE (CLP 4.500, 1-Mar-2026)	5.2
KINGDOM OF THAILAND (THB 1.250, 12-Mar-2028)	3.9
REPUBLIC OF SOUTH AFRICA (ZAR 8.250, 31-Mar-2032)	3.5
GOVERNMENT OF MEXICO (MXN 8.500, 31-May-2029)	3.4
RUSSIAN FEDERATION (RUB 6.900, 23-May-2029)	3.0
REPUBLIC OF INDONESIA (IDR 8.375, 15-Sep-2026)	3.0
REPUBLIC OF HUNGARY (HUF 3.000, 27-Oct-2027)	2.5
MALAYSIAN GOVERNMENT (MYR 3.480, 15-Mar-2023)	2.4
GOVERNMENT OF MEXICO (MXN 10.000, 5-Dec-2024)	2.3
Total	**35.2**

Portfolio analytics

	Fund
Modified Duration (years)	5.80
Yield to Maturity (%)	5.06

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selection, which more than offset less favourable curve positioning of the portfolio.

On a country level, the biggest positive contribution was from an overweight in Chile, which reflected the Fund's heavy exposure to the country's shorter dated bonds which outperformed its longer dated bonds, which have significant index weightings. The second biggest contributor was off-benchmark exposure to Ukraine, which benefited from the continuing sentiment recovery that boosted all higher yielding assets. Other contributors included overweights in Indonesia and the Dominican Republic. On the downside side, there were negative contributions from being underweight in Hungary, Thailand and Turkey.

Towards the end of the period, we added exposure to Mexico sovereign bonds, which should be a beneficiary of both the recent sharp recovery in oil prices and the expected rebound in the US economy in the second half of the year. In addition, we increased our overweight exposure to Chile, specifically by buying its 2030 bonds which have lagged shorter dated bonds of the same issuer. We also added further exposure to Ukraine, which would benefit from continued sentiment recovery. On the sell side, following the good performance of recent months amid recovering oil prices, we trimmed some of our overweight exposure to Russia, by selling its 2029 and 2030 bonds. Over the period, we also sold the long-dated 2048 bonds of South Africa and the 2031 bonds of Hungary.

Market review

Local-currency emerging market debt as measured by the JP Morgan GBI-EM Global Diversified index (unhedged in Australian dollar terms) returned -3.13%, with the yield of the index declining by 3 basis points (bps) to +4.51% by the end of the month. With spreads grinding lower, June was effectively the third consecutive month of recovery for emerging market debt, following the historic declines of late March, when coronavirus fears peaked

Sentiment was helped by continued emergency financing from the International Monetary Fund (IMF) for less developed countries. Meanwhile, comments from the US central bank suggested that more monetary and fiscal help may be coming for the US economy. Another important positive factor, especially for oil exporting emerging markets, was the continuing strong recovery in the oil price, which rose by +17% in June and is up by over +80% since the end of March. However, some Less positive factors in the background were signs of resurging virus cases in some parts of the world and re-escalating tensions between the US and China.

Outlook

Financial markets have been hit hard by the coronavirus pandemic. The unprecedented collapse in global activity warranted an equally unprecedented policy response, with emerging market countries rolling out strong fiscal and monetary-policy support measures, including increased healthcare spending, employment support schemes, tax reliefs and deferrals, loans and loan guarantees, policy-rate cuts, foreign-exchange interventions and liquidity provision. Going forward, it will be important to monitor the progress of the pandemic as economies start to re-open and relax lockdown restrictions, with clear roadmaps and articulate policy responses needed at each stage of the crisis. A global recession, domestic containment measures, disruptions in international trade, lower commodities prices and a collapse in tourism will lead to a recession across most emerging markets. Some countries will be particularly vulnerable due to their delayed response to the pandemic – such as Russia, Brazil, Mexico, Hungary and Turkey.

While all countries will suffer in the near term, the scale, duration and persistence of the shock will vary depending on which countries have the strongest containment and the most effective policy responses relative to their pre-existing imbalances. As such, this will require an even more granular approach to differentiating between countries with stronger fundamental positions and those whose existing challenges and imbalances will be exacerbated further by this crisis.

Key information

APIR Code	**EQI0699AU**
Benchmark	**J.P. Morgan GBI-EM Global Diversified Index AUD Unhedged**
Date of launch	**12th August 2019**
Income payable	**30 June**
Management costs	**Management Cost: 0.98% pa of the net asset value of the Fund, comprising: Management Fee 0.75% Indirect Costs of 0.23% pa**
Buy/Sell spread*	**+1.44%/-1.44%***
Fund size	**A$15.30m**
Redemption unit price	**$0.9895**

*We may vary or waive the buy/sell spreads without notice when it is appropriate to protect the interests of existing investors and if permitted by law.

Liquidity and maturity profile of the Fund
We reasonably expect that we will be able to realise at least 80% of the assets of the Fund, at the value ascribed to those assets in calculating the Fund's net asset value, within 10 days.

Your withdrawal proceeds will be electronically deposited into your nominated Australian bank account, normally within 7 Business Days of the receipt and acceptance of the withdrawal request.

However in some circumstances, for example where the assets of the Fund are not readily realisable so as to meet the withdrawal, we are permitted by the Constitution to take a longer period of time to pay the withdrawal request.

OTC Derivative counterparties engaged
• The Fund did not engage directly with any OTC derivative counterparties between 1 July 2019 and 30 June 2020.

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Key Service Providers

Registry	**RBC Investor Services Trust**
Administrator	**State Street Australia Limited**
Custodian	**State Street Australia Limited**
Auditor	**KPMG**

The key service providers did not change between 1 July 2019 and 30 June 2020.

Contact us

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