May
2020

ASI Global Absolute Return Strategies Fund

31 May 2020

Aberdeen Standard Investments

Objective
To generate a positive absolute return over the medium to long term (3 to 5 years or more) irrespective of market conditions, whilst reducing the risk of losses. Invested capital is however at risk and there is no guarantee that the objective will be attained over any time period.
Performance Target: To exceed the return of 6 month GBP LIBOR by 5% per annum, evaluated over rolling three year periods (before charges). The performance target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the performance target.
6 month GBP LIBOR has been chosen as a proxy for the return on cash deposits.

Portfolio Securities
- The fund invests in a broad range of assets from across the global investment universe, directly and via derivatives.
- Assets include equities (company shares), bonds, currencies, commercial property and commodities.
- The fund may also invest in other funds (including those managed by Aberdeen Standard Investments), money-market instruments and cash.

Management Process
- The management team use their discretion (active management) to make flexible allocations to multiple types of assets depending on market conditions, the price of different assets or their value relative to each other based on their analysis of future economic and business conditions.
- The team seeks to generate growth in a wide variety of ways (e.g. if market prices rise or fall). It also means they can build the portfolio to be as resilient as possible to shocks that cause markets generally to fall sharply.
- As a result of extensive diversification and during extreme equity market falls, the fund's value may be expected to fall between approximately one third and one half of the fall in global equity markets.

Derivative Usage
- The fund will make extensive use of derivatives to reduce risk, reduce cost and/ or generate extra income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management"). Derivatives can be used to generate growth, consistent with the fund's risk profile, if market prices are expected to rise (long positions) or fall (short positions). Leverage in the fund arises as a result of the use of derivatives. Examples of investment strategies implemented through derivatives are:
- An assessment of the expected level of a given stock market index;
- An assessment of one currency relative to another;
- An assessment of the direction of interest rates.

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	£3,803.5m
Base Currency	GBP
IA Sector	Targeted Absolute Return

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

Fund Information *

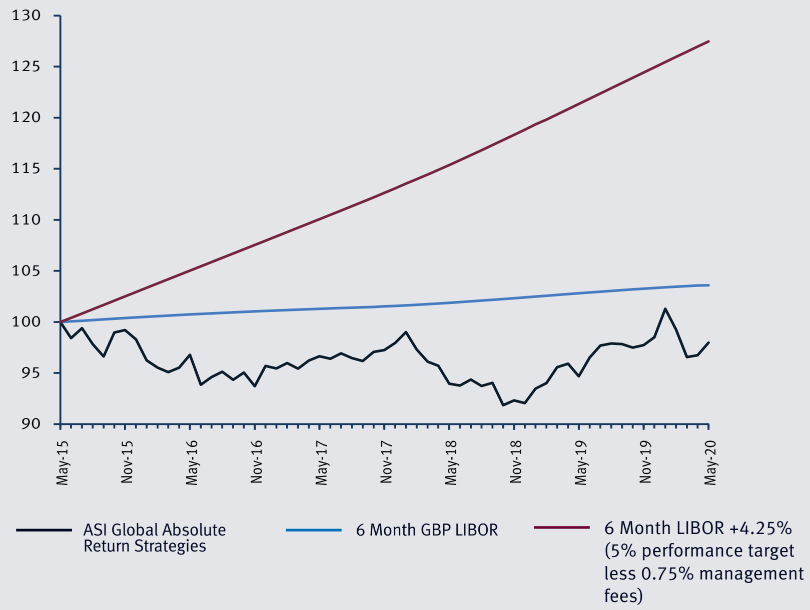
Quarterly Portfolio Risk and Return Analysis

	Strategy	Stand-alone Risk Exposure %	Weighting (risk based %)	Contribution to Returns % Q1	1 Yr
Market Returns Strategies	Short US small cap equity	3.2	22.0	1.9	1.9
	US equity	0.7	4.8	-0.9	-0.5
	Emerging markets income	0.6	4.0	0.2	1.6
	European equity infrastructure	0.6	4.0	0.2	0.6
	Short US equity technology	0.5	3.5	0.0	0.0
	Mexican government bonds	0.5	3.3	-0.8	-0.3
	EU investment grade credit	0.5	3.2	0.2	0.4
	Global REITS	0.5	3.1	-2.0	-1.9
	High yield credit	0.4	2.8	-1.2	-0.6
	Japanese equity	0.3	2.1	-0.3	-0.2
	Emerging markets equity	0.2	1.5	-0.4	-0.5
	European Equity Income	0.1	0.9	-0.5	-0.5
	US investment grade credit	0.1	0.9	-0.1	-0.1
	Indonesian government bonds	0.0	0.3	0.1	0.0
	Korean equity	0.0	0.3	-0.5	-0.5
	Contingent capital bonds	0.0	0.0	0.0	0.0
	European equity	Closed		0.0	-0.2
	Short Hong Kong equity	Closed		0.0	-0.2
	UK domestic equity	Closed		-0.4	-0.1
	UK equity	Closed		-0.3	-0.3
Directional Strategies	Long JPY v USD	1.1	7.3	0.2	0.2
	Short UK inflation	0.7	4.9	0.3	0.6
	Long US inflation	0.7	4.5	-1.0	-1.0
	Swedish interest rates	0.6	4.1	0.1	0.0
	Australian forward-start interest rates	0.5	3.5	0.5	0.3
	Long USD v THB	0.4	2.5	0.2	0.2
	US steepener	0.4	2.5	0.3	-0.2
	South African government bonds	0.3	2.0	-0.1	-0.1
	Long GBP volatility	Closed		0.0	-0.2
	Long JPY v CAD	Closed		0.0	-0.2
	US duration	Closed		0.4	0.5
	US equity volatility	Closed		-0.5	-0.5
Relative Value Strategies	US v German duration	1.5	10.3	2.9	2.9
	Short disrupted financials equity	Closed		-0.1	-0.1
	US equity large cap v small cap	Closed		0.1	0.0
FX Hedging	FX hedging	0.1	0.4	-0.1	-0.1
Cash	Cash			0.0	0.3
	Residual	0.0	0.0	-0.3	-0.8
	Stock selection	0.2	1.4	0.2	0.2
	Total	**14.8**		**-1.8**	
	Diversification	10.3			
	Expected Volatility	**4.4**			

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 31/03/2020 (%)	Year to 31/03/2019 (%)	Year to 31/03/2018 (%)	Year to 31/03/2017 (%)	Year to 31/03/2016 (%)
Retail Fund Performance	0.6	-0.9	0.3	0.0	-5.3
Institutional Fund Performance	1.0	-0.5	0.7	0.4	-4.8
Platform One	1.0	-0.6	0.7	0.3	-4.8
6 Month GBP LIBOR	0.8	0.9	0.5	0.6	0.7
Retail Share Class Performance Target	4.5	4.6	4.2	4.3	4.3
Institutional Share Class Performance Target	5.1	5.2	4.8	4.8	5.0
Platform One Share Class Performance Target	5.1	5.2	4.8	4.8	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	0.1	3.1	0.3	-4.0
Institutional Fund Performance	0.3	3.5	1.4	-2.0
Platform One	0.2	3.5	1.3	-2.2
6 Month GBP LIBOR	0.4	0.8	2.3	3.6
Retail Share Class Performance Target	2.2	4.5	14.0	24.0
Institutional Share Class Performance Target	2.5	5.0	15.8	27.5
Platform One Share Class Performance Target	2.5	5.0	15.8	27.5

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

As Covid-19 infection rates subsided, global equities clawed back further ground. Pledges of support from central banks and some easing of lockdown restrictions helped bolster investor confidence. Most indices remain in negative territory year-to-date. However, the US technology-heavy Nasdaq index is up over 6% so far this year. This reflects strong gains from Amazon, Microsoft, Netflix and other tech firms that are benefiting from the Covid-19 crisis.

Overall, global government bond markets were broadly unchanged by month-end. Corporate bonds posted positive returns (yields fell) and outperformed government bonds. Reflecting investors' more confident mood, returns from high-yield corporate bonds exceeded those from investment-grade issues.

The World Trade Organisation reported a precipitous fall in global trade extending into the second quarter, with autos shipments worst affected. US economic data was notably weak. Manufacturing and services activity declined, while unemployment rose to 14.7%, its highest level in post-war history. It was a similar picture elsewhere. In Europe, attention shifted to the European Union's €750 billion recovery plan to provide funding for member states as they emerge from the Covid crisis.

The price of oil soared around 88%, its biggest monthly advance on record. This followed massive supply cuts by world producers. Nevertheless, at around US$35 a barrel, it's still well-below the levels at the start of 2020, with no sign of an imminent resurgence in demand.

Activity

We selectively added some higher-risk, higher-return positions, as our views on the global outlook evolved. In early May, as our indicators relating to Covid-19 improved, we substantially increased our allocations to high-yield and US investment-grade corporate bonds, and Korean equities. We closed our short US equity technology position, while increasing our broad US equity market exposure.

To complement these changes, we further added to equities through more detailed strategies. We opened a global equity gold miners strategy, a basket of stocks with earnings linked to gold prices. We view gold as attractive, given the scale of monetary stimulus and its potential weakening effect on currencies. We added global equity video games and 5G strategies, where we see substantial earnings growth potential beyond the immediate boost of the 'stay at home' environment. Additionally, we added a UK equity mid-cap position, seeking to benefit from the strong track record of our in-house team.

Within our interest rate strategies, we switched exposure from Swedish interest rates to Australian interest rates. In our view, the Australian central bank has greater scope to cut rates. In Sweden, the market is pricing a return to negative interest rates but we are not confident these will be delivered. Elsewhere, we reduced our US yield curve steepener strategy, taking profits. We altered our US versus German interest rates strategy to an outright US rates position to maintain some of the protective aspects of the strategy. In our view, this offers better upside potential in an environment of very low government bond yields.

We added an emerging markets (EM) currency strategy, seeking to exploit the perception of vulnerability of certain EM currencies. We closed the position preferring the US dollar over the Thai baht, as the baht is no longer our favoured expression of the weakening EM theme. We added Swiss franc versus euro and Japanese yen versus euro strategies. These express our concerns regarding political tensions and the economic outlook in Europe.

Performance

The Global Absolute Return Strategies Fund returned 1.25% during the month (net of retail fees), compared to the benchmark 6-month LIBOR return of 0.04%.

The further recovery in global equity markets boosted our positions in US and Korean equities. These gains were partially offset by a negative contribution from our short US small-cap equity strategy. Our decision to add significant corporate bond exposure back into the portfolio over the last two months was rewarded. The revival of investor risk appetite benefited our high-yield and investment-grade corporate bond exposures, as well as our South African government bonds position. Additionally, our US yield curve steepener position posted positive returns after US interest rates moved in our favour.

The recovery in oil prices pushed up global inflation expectations, penalising our short UK inflation position. Meanwhile, our defensive yen versus euro currency pair suffered, as investors sought higher-risk assets with greater return potential.

Outlook & strategy

Our recent selective addition of risk-facing positions like corporate bonds should not be misinterpreted as a view that the economic outlook has markedly picked up. While improving Covid-19 infection and mortality trends have allowed some countries to start releasing lockdowns, we view the progress as limited. The pace of normalisation is also likely to be slow, particularly in those parts of the service sector reliant on close interaction with clients. Levels of unemployment have risen at record rates, so the potential knock-on consequences for consumption and therefore businesses are material. Mitigating this are central bank and government stimulus packages of unprecedented scale. This will underpin some assets, and it is in these areas we have aligned our positioning. We see the range of potential outcomes for economies and markets as being extraordinarily wide. They will also differ markedly according to the severity of infections, effectiveness of control measures, scale of stimulus packages and sectoral mix in each economy. Some equity markets in particular appear to already price in an optimistic recovery scenario, hence our holdings in those are relatively low. These volatile conditions do, however, offer the potential for valuable new opportunities which our team is on the alert to uncover.

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	12:00 (UK time)
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	1.32%	0.85%

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 value of investments and the income from them can fall and investors may get back less than the amount invested.

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

The use of 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 may result in the fund being leveraged (where market 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 invests 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.

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

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.

Useful numbers - Investor Services 0345 113 69 66.

www.aberdeenstandard.com

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