

Aug  
2019

# ASI Emerging Market Government Bond Fund

Aberdeen Standard  
Investments

31 August 2019

To generate income and some growth over the long term (5 years or more) by investing in US dollar denominated emerging markets government bonds.

Please note: Our factsheets will be fully updated to reflect the 7 August 2019 changes to the Investment Objective and Policy, including benchmark use, shortly. In the interim, please see the KIID which can be found at <https://www.aberdeenstandard.com/en/uk/investor/fund-centre#literature> for full up to date information.

OEIC Fund

Bond Fund

Monthly

Fund Manager	Kieran Curtis and Mark Baker
Fund Manager Start	4 Sep 2017
Launch Date	24 Oct 2012
IA Sector	IA Global Emerging Market Bond
Benchmark	JP Morgan EMBI Global Diversified Index
Current Fund Size	£26.4m

Fund Currency	GBP
No. of Positions	84
Yield to Maturity	4.8

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](http://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	99.8
Euro	0.5
Pound sterling	-0.3

### Composition by Region

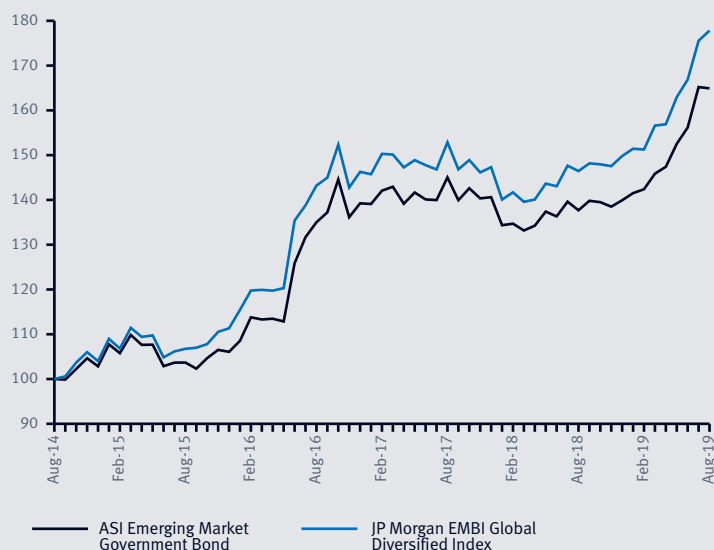
	Fund %
Africa and Middle East	37.9
Latin America	28.2
Asia	18.1
Europe	12.3
Cash and Other	3.5

### Largest Positions Relative to the Benchmark

Overweight Countries	Fund %	B'mark %	Relative %	Underweight Countries	Fund %	B'mark %	Relative %
Egypt	5.2	2.4	2.8	Chile	0.0	2.6	-2.6
Saudi Arabia	6.2	3.4	2.8	Peru	0.0	2.8	-2.8
Indonesia	7.0	4.3	2.7	Russia	0.0	3.1	-3.1
El Salvador	3.5	1.0	2.5	Philippines	0.0	3.1	-3.1
Ukraine	4.4	2.3	2.1	China	0.0	3.7	-3.7

## 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 Morningstar (Benchmark)

### Year on Year Performance

Source: Aberdeen Standard Investments (Fund) and Morningstar (Benchmark)

	Year to 30/06/2019 (%)	Year to 30/06/2018 (%)	Year to 30/06/2017 (%)	Year to 30/06/2016 (%)	Year to 30/06/2015 (%)
Retail Fund Performance	14.1	-3.2	10.8	21.7	5.3
Institutional Fund Performance	14.6	-2.7	11.3	22.3	6.6
Platform One	14.5	-2.8	11.3	22.3	6.1
JP Morgan EMBI Global Diversified Index	16.6	-3.2	9.1	29.2	9.3

### Cumulative Performance

Source: Aberdeen Standard Investments (Fund) and Morningstar (Benchmark)

	6 Months (%)	1 Year (%)	3 Years (%)	5 Years (%)
Retail Fund Performance	15.6	19.2	20.4	59.8
Institutional Fund Performance	15.8	19.8	22.2	64.9
Platform One	15.8	19.7	21.9	63.9
JP Morgan EMBI Global Diversified Index	17.6	21.4	24.2	77.8

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

August was eventful for emerging markets. The month was dominated by escalating US-China trade tensions and the announcement of the proposed re-profiling of approximately US\$100bn of Argentine debt, which increased investor concerns about the country's solvency outlook. The US announced a 10% tariff on the remaining US\$300bn worth of imports from China, prompting the Chinese authorities to suspend purchases of US agricultural products, with the yuan temporarily break through the psychological USD:7CNY level. The 10-year US Treasury yield declined by a sizeable 52 basis points (bps) to 1.50% at the end of August, following the US Federal Reserve (Fed) Chairman's dovish remarks. Oil markets continued to be affected by the trade dispute between China and the US, with demand slowing amid recession fears, with US supply also increasing. As a result, the Brent crude oil price declined by 7.27% over the month, reaching US\$60.43 per barrel at the end of August.

In hard currency debt, the JP Morgan EMBI Global Diversified index returned 0.75%, while the benchmark spread widened by 34 bps to 353bps over US Treasuries. A negative spread return was offset almost entirely by the positive effect of declining US Treasury yields. The divergence between Investment Grade (IG) and high yield

assets in emerging markets was extremely pronounced in August, with the former posting robust gains of 4.16%, while the latter fell sharply by 2.87%. By country, positive performance was led by IG names such as Qatar, Uruguay, Saudi Arabia, Panama, and Colombia among others. On the other hand, Argentina and Lebanon were the worst performers over the month. In Argentina, Alberto Fernandez, the opposition candidate, won the primary presidential election against the incumbent, President Mauricio Macri. The result shook the market, prompting the authorities to announce debt re-profiling plans, thus sending Argentine assets into free fall. Lebanon's foreign currency liquidity position continued to deteriorate, prompting rating agency Fitch to downgrade the country's rating by two notches to CCC, while S&P announced a six-month review period before potentially downgrading it from its current rating of B-.

## Activity

With political risks growing further after the country's recent primary presidential election result, we continued reduces exposure to Argentine sovereign bonds. Other sales in the period included Egypt, Costa Rica and Uruguay. On the buy-side, continued to build overweight exposure to Indonesia, Qatar and Ecuador, which are countries whose credit fundamentals we generally like.

## Performance

The Fund underperformed its benchmark in August. The biggest individual detractors in the month were all benchmark constituent countries that the Fund had zero exposure to and which generated positive returns in the month. In particular, this included Peru, Chile, Philippines, China and Russia – these are all low yielding countries that have relatively greater sensitivity to US Treasuries, which moved substantially over the period. On the positive side, leading contributors over the month included overweights in Saudi Arabia and Indonesia and zero exposure to Lebanon.

## Outlook

Emerging market growth will unsurprisingly be affected by the slowdown in developed markets, with asset prices also reflecting the economic weaknesses. However, we believe a US recession will be avoided and a benign inflation outlook should allow monetary policy easing in a number of emerging economies. Therefore, the weak economic environment and global monetary policy easing should provide opportunities in the search for yield, supporting inflows into the asset class. The key risks to our view remain continued dollar strength, persistence of US exceptionalism, a deeper China slowdown and a further escalation in trade wars.

## Other Fund Information

	Retail Acc	Retail Inc	Institutional Acc	Institutional Inc
Lipper	68180478	68190863	68190864	68190865
Bloomberg	SLIEMFA LN	SLIEMFI LN	SLIEMIA LN	SLIEMII LN
ISIN	GB00B8K56P77	GB00B83PG439	GB00B8352D40	GB00B7FCT680
SEDOL	B8K56P7	B83PG43	B8352D4	B7FCT68

	Platform One Acc	Platform One Inc
Lipper	68190866	68190867
Bloomberg	XAD9RPA LN	XAD9RPI LN
ISIN	GB00B8J3Q414	GB00B7XZ3C35
SEDOL	B8J3Q41	B7XZ3C3

	Interim	Annual	Valuation Point	12:00 (UK time)
Reporting Dates	31 Aug	28 (29) Feb	Type of Share	Income & Accumulation
XD Dates	31 Aug	28 (29) Feb	ISA Option	Yes
Payment Dates (Income)	31 Oct	30 Apr		

	Retail	Institutional	Platform One
Initial Charge	4.00%	0.00%	0.00%
Annual Management Charge	1.20%	0.65%	0.65%
Ongoing Charges Figure	1.25%	0.78%	0.82%

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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