Aberdeen Standard Capital Bridge Fund

(Formerly Standard Life Wealth Bridge Fund)

Annual Long Report
For the year ended 31 July 2020

Contents

* Collectively, these items comprise the Manager’s Report for the purposes of the rules contained in the Collective Investment Schemes Sourcebook (‘the Sourcebook’).

Fund Profile and Information

Manager
Ben Ward

Launch date
27 January 1994

FCA Product Reference Number
The fund's FCA Product Reference Number is 165234.

Investment objective
To generate growth over the long term (5 years or more) by investing in a diversified portfolio of equities (company shares) and bonds (loans to governments or companies).

Performance Target: To exceed the ARC Private Client Indices (PCI) Steady Growth Net Return Index per annum after charges over rolling 3 year periods. The performance target is the level of performance the management team hopes to achieve for the fund. There is however no certainty or promise that it will be achieved.

The manager believes this is an appropriate target for the fund since it reflects the risk and return profile that private clients expect and aligns with the investment policy of the fund.

Investment policy
Portfolio Securities
- The fund invests at least 70% in global equities, corporate investment grade bonds and government bonds issued anywhere in the world.
- The fund may hold other securities and asset classes (e.g. supranational and other types of bonds and listed real estate) issued anywhere in the world.
- 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 identify holdings based on an analysis of global economic and market conditions (for example, interest rates and inflation) and analysis of a company's prospects and creditworthiness compared to that of the market.
- They focus on selecting companies and bonds and ensuring that the allocation of assets meets the fund's objectives.
- In seeking to achieve the performance target, a composite index, details of which are provided below, is used as a reference point for portfolio construction and as a basis for setting risk constraints. The expected variation ("tracking error") between the returns of the fund and the composite index, is not ordinarily expected exceed 4%. Due to the fund's risk constraints, the intention is that the fund's performance profile will not deviate significantly from that of the composite index over the longer term.
- Composite Index: 30% FTSE All-Share Index, 45% FTSE World ex UK Index, 10% FTSE Actuaries UK Conventional Gilts All Stocks Index, 10% ICE BofAML Sterling Non-Gilts Index , 5% 1 Month GBP LIBOR Index.

Derivatives and Techniques
- The fund may use derivatives to reduce risk, reduce cost and/or generate additional income or growth consistent with the risk profile of the fund (often referred to as "efficient portfolio management").
- Derivative usage in the fund is expected to be limited. Where derivatives are used, this would mainly be to manage expected changes in interest rates, companies share prices, currencies or creditworthiness of corporations or governments.
- The fund may also invest in other funds which may use derivatives extensively although these investments shall be in line with fund's overall risk profile.

Reporting dates	
Interim	31 January
Annual	31 July

Distribution record dates	
Interim	31 January
Annual	31 July

Payment dates	
Two dealing days before	
Interim	31 March
Annual	30 September

Keeping you informed
You can keep up to date with the performance of your investments by visiting our website aberdeenstandardcapital.com. Alternatively, ifyou would rather speak to us, please call 0345 113 6966 (+44 (0) 1268 445 488 if outwith the UK) between 8:30am and 5:30pm Monday to Friday.

Fund Profile and Information
Continued

Fund Information			
Manager	**Registered office**	**Correspondence address**	**Directors of the Manager**
Aberdeen Standard Fund Managers Limited	Bow Bells House 1 Bread Street London EC4M 9HH	PO Box 12233 Chelmsford Essex CM99 2EE	Mr Jamie Matheson Mr Gary Marshall Ms Allison Donaldson Mr Aron Mitchell Ms Carolan Dobson
Investment Adviser	**Registered office**	**Sub-Adviser**	**Registered office**
Standard Life Investments Limited	1 George Street Edinburgh EH2 2LL	Aberdeen Standard Capital Limited	1 George Street Edinburgh EH2 2LL
Trustee	**Registered Office**	**Correspondence address**	
Citibank Europe plc	1 North Wall Quay Dublin Ireland	UK Branch Office Citigroup Centre Canada Square Canary Wharf London E14 5LB	
Registrar	**Independent auditor**		
SS&C Financial Services Europe Limited SS&C House St Nicholas Lane Basildon Essex SS15 5FS	KPMG LLP St Vincent Plaza 319 St Vincent Street Glasgow G2 5AS		

Significant Events

- On 7 August 2019 the fund changed its name from the Standard Life Wealth Bridge Fund to Aberdeen Standard Capital Bridge Fund. Additionally at this time the Investment Objective and Policy ("IOP") of the fund was updated to reflect regulatory changes and improve the clarity of the wording. Further details of these changes can be found at https://www.aberdeenstandard.com/en/uk/investor/fund-centre/investor-communications.

Investors will be aware of the COVID-19 outbreak and that the outlook for many capital markets has been volatile since 31 July 2020, the year-end of Aberdeen Standard Capital Bridge Fund. Whilst the impact of COVID-19 was reflected in fund operations and global markets at year end, the continued efforts to mitigate the pandemic through global lockdowns and government interventions have resulted in prolonged market uncertainty. As a result, the NAV of the fund has fluctuated since the year-end. The subsequent events note within the financial statements provides a quantification of this fluctuation in NAV.

The Management Company has delegated various tasks to Aberdeen Standard Investments Investor Protection Committee (IPC). The IPC is responsible for ensuring the fair treatment of investors. The IPC undertakes daily reviews of the following:

- Market liquidity across each asset class and fund;
- Asset class bid-offer spread monitoring;
- Review of fund level dilution rate appropriateness;
- Review of daily subscriptions / redemptions to anticipate any potential concerns to meet redemption proceeds;
- Any requirement to gate or defer redemptions;
- Any requirement to suspend the / a fund(s);
- Any fair value price adjustments at a fund level.

The Management Company has also evaluated, and will continue to evaluate, the operational resilience of all service providers.

Fund Profile and Information
Continued

As at 26 October 2020, the fund has not been suspended and based on the Manager's assessment of the factors noted above, has adequate financial resources to continue in operation.

Developments and prospectus updates for the year ended 31 July 2020

- On 7 August 2019 as part of the merger of Standard Life plc and Aberdeen Asset Management plc, we harmonised our supplier relationships which resulted in changes to the Trustee's remuneration and expenses. The details of the new rates are included within the prospectus dated 7 August 2019. The changes do not result in a material impact to the fund;
- On 31 March 2020 the Transfer Agent of the fund changed its name from DST Financial Services Europe Limited to SS&C Financial Services Europe Limited and updated its mailing address as a result of this. There was no impact to the fund as a result of this change;
- The list of funds managed by the Manager was updated, where appropriate;
- Performance and dilution figures were refreshed, where appropriate;
- The list of sub-custodians was refreshed, where appropriate.

Assessment of Value

In 2017 the Financial Conduct Authority (FCA) published the final Asset Management Market Study. This introduced (among other reforms) new governance rules with the aim of enhancing duty of care and ensuring the industry acts in investors' best interests. The rules were outlined in the FCA Policy Statement PS18/8 and came into effect from 30 September 2019. As a result, Aberdeen Standard Fund Managers Limited is required to perform a detailed assessment on whether our funds are "providing value to investors". The resulting findings will be published within 4 months of the fund year end date and can be found on the 'Fund Centre' pages of our website.

Statement of Manager's Responsibilities

The Collective Investment Schemes sourcebook published by the FCA, ('the COLL Rules') require the Manager to prepare financial statements for each interim and annual accounting period which give a true and fair view of the financial position of the fund and of the net income and net gains or losses on the property of the fund for the period.

In preparing the financial statements the Manager is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the fund or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The Manager is responsible for the management of the fund in accordance with its Trust Deed, the Prospectus and the COLL Rules.

Manager's Statement

The Manager is Aberdeen Standard Fund Managers Limited which is authorised and regulated by the Financial Conduct Authority for investment business.

Aberdeen Standard Capital Bridge Fund is an Authorised Unit Trust Scheme under section 243 of the Financial Services and Markets Act 2000.

The fund is certified under the Undertaking for Collective Investment in Transferable Securities (UCITS) directive allowing the Manager to market the fund in member states of the European Union subject to relevant local laws.

Distributions are made from positive net revenue where gross revenue exceeds expenses and tax. The total return consists of investment and currency gains and losses in addition to net revenue. In situations where the fund has a negative total return but a positive net revenue position, there will be a distribution.

Names and addresses of the Manager, Trustee, Registrar, Investment Adviser and Independent Auditor are contained on page 2 of the Annual Long Report. The investment objective of the fund is disclosed within the fund Profile and Information, and the investment activities are disclosed within the Investment Report. Copies of the most recent Prospectus are available online at aberdeenstandardcapital.com.

We hereby certify the Annual Long Report on behalf of the Directors of Aberdeen Standard Fund Managers Limited.

Aron Mitchell
Director
Aberdeen Standard Fund Managers Limited
26 October 2020

Gary Marshall
Director
Aberdeen Standard Fund Managers Limited
26 October 2020

Statement of the Trustee's Responsibilities in Respect of the Scheme and Report of the Trustee to the Unitholders of the Aberdeen Standard Capital Bridge Fund for the Year ended 31 July 2020

The Trustee is responsible for the safekeeping of all the property of the fund which is entrusted to it and ensuring proper registration of tangible moveable property, and for the collection of income that arises from all such scheme property.

It is the duty of the Trustee to take reasonable care to ensure that the fund is managed and operates in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook ('the Sourcebook'), the Financial Services and Markets Act 2000, as amended, and the Trust Deed and the Prospectus of the fund, concerning: the pricing of and dealing in fund Units; the application of income of the scheme; and the fund investment portfolio and borrowing activities.

Having carried out procedures and enquiries considered duly necessary to discharge our responsibilities as Trustee of the scheme, based on information and explanations provided to us, we believe that, in all material respects, the Manager:

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the scheme's units and the application of the scheme's income in accordance with the Sourcebook, the Trust Deed and Prospectus;

(ii) has, observed the investment and borrowing powers and restrictions applicable to the scheme; and

(iii) has, otherwise, ensured the proper operation of the fund.

Citibank Europe PLC, UK Branch
London
26 October 2020

Independent Auditor's Report to the Unitholders of Aberdeen Standard Capital Bridge Fund ('the fund')

We have audited the financial statements of the fund for the year ended 31 July 2020 which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the Related Notes and Distribution Tables of the fund and the accounting policies set out on pages 25 to 27.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the financial position of the fund as at 31 July 2020 and of the net revenue and the net capital gains on the property of the fund for the year then ended; and
- have been properly prepared in accordance with the Trust Deed, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the fund in accordance with, UK ethical requirements including the FRC Ethical Standard.

We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Manager has prepared the financial statements on the going concern basis as they do not intend to liquidate the fund or to cease their operations, and as they have concluded that the fund's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Manager's conclusions, we considered the inherent risks to the fund's business model and analysed how those risks might affect the fund's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the fund will continue in operation.

Other information

The Manager is responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in the Manager's Report for the financial year is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

- proper accounting records for the fund have not been kept; or
- the financial statements are not in agreement with the accounting records.

Manager's responsibilities

As explained more fully in their statement set out on page 4, the Manager is responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the fund or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Unitholders of Aberdeen Standard Capital Bridge Fund ('the fund')
Continued

Auditor's responsibilities
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities
This report is made solely to the fund's unitholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the fund's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the fund and the fund's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Eilidh McGowan

Eilidh McGowan
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
319 St Vincent Plaza
Glasgow
G2 5AS

26 October 2020

The Registrar of the Fund

The Manager is the Registrar of the Aberdeen Standard Capital Bridge Fund. The Manager has delegated certain aspects of the registrar's operational duties to SS&C Financial Services Europe Limited ("SS&C Limited"). Prior to 31 March 2020, SS&C Limited were known as DST Financial Services International Limited ("DST Limited").

The Registrar is responsible to the Trustee for the maintenance of a register of unitholders in the fund. This register can be inspected free of charge at the offices of SS&C Limited at SS&C House, St Nicholas Lane, Essex, SS15 5FS.

The Registrar is also responsible for the distribution of tax vouchers to unitholders at the addresses recorded on the register.

Investment Report
Manager: Ben Ward

Environment

The twelve months to the end of July 2020 has been characterised by a broad range of market environments including what can only be described as a black swan event, which took us from extraordinary highs to a historical collapse in the global economy. 'Unprecedented' quickly became part of everyday parlance to describe the unfolding pandemic and the breadth of government and central bank policies announced. Every aspect of what we considered to be 'normal' was challenged by the impact and response to the COVID-19 pandemic. For the fortunate, life was defined by an uncertain hiatus in our freedom of movement and an abrupt halt to the economy.

Stepping back briefly, the outlook for global growth deteriorated over the summer months of 2019, reflected in bond yields reaching historical lows and negative returns from equities. However, the autumn signalled better economic data and removed some of the political uncertainty. The year came to a roaring close and equities recovered their earlier losses. Financial markets embraced the glad tidings brought by the promise of a first-phase resolution to the US-China trade war. Nearer to home, there was the landslide election of a Conservative government. Regardless of your politics, this event gave investors hope that we are nearing the end of economic uncertainty caused by the Brexit process. It also removed the threat of nationalisation of UK utility companies. Good tidings indeed, and against a backdrop of supportive monetary policy and contained inflation, equity markets rallied into the year-end.

US tariffs on China were scheduled to increase on 15 December. However, a phase one trade deal avoided that outcome and provided significant relief for equity markets. The fact that the US didn't additionally impose tariffs on European Union auto exports also helped support equities. How long the trade peace will last is anyone's guess, but the market ended the final quarter cheered that the worst case scenario for trade had, at least for now, been avoided.

So we entered 2020 riding high, after a year of extraordinary returns. We expected a far more subdued year ahead but foresaw a stable outlook. Markets quickly shrugged off a couple of days of heightened geopolitical risk after General Suleimani was killed by US forces in early January. However, soon after, news of a virus epidemic started to emerge from China. I'm sure many of you, like us, assumed it was an Asian problem, serious and sad but not something that would reach our shores. After all, SARS, MERS and others had left us relatively unscathed. How wrong we were. It would have been impossible to think at the start of this year that airports would be shut, road traffic would fall by over 80% or capital cities would empty. Neither would we expect goats to be roaming the deserted high streets of Llandudno and other major towns. Against this unrecognisable backdrop, the equity market highs reached in mid-February were followed by the most precipitous declines since the 1930s, for the US at least. The western world followed China into economic and societal lockdown. Bond markets rapidly moved from panic, as liquidity dried up, to fear of missing out – FOMO frenzy – after governments stepped in. Within our investment universe, gilts provided the only positive return during this period.

The performance of different equity sectors was staggering during this period of volatility, as quality growth and defensives outperformed energy and finance by 20-30%. Healthcare, technology, consumer staples and utilities led the field, as investors rotated into what they perceived as most resilient for the dark days ahead. Energy faced not just a widespread and abrupt halt in demand but also the structural challenges of keeping global warming in check. If this wasn't challenging enough, March ended with the Russian, Saudi and US oil producers in a stand-off over production levels. Elsewhere, financials fell as interest rates found new depths and companies drew on their credit facilities. This stretched the capital positions of some banks to levels requiring central bank support. It also put them in a position where regulators are dictating terms (i.e. dividend cuts). Not surprisingly, miners, industrials, real estate and consumer discretionary stocks underperformed, as investors factored in a deep recession ahead.

Equity markets rebounded in the second quarter of 2020 almost as rapidly as they fell in the first. Indeed, the US equity market recorded its best quarter since 1998 and the NASDAQ ended the period at a new high. Yet economists tell us we are facing the worst recession in generations. Large swathes of the economy still face considerable uncertainty and disruption, to the point that we talk of a 'new normal'.

You might rightly ask, 'how on earth does this reflect reality?' As nonsensical as this may appear, there is some rationale to support a rebound in risk assets, like equities. Firstly, the equity market is itself an indicator of the future. The values of individual stocks are fundamentally based on their future cash flows and their ability to create value. The lights were switched off for large parts of the economy in March and significant uncertainty persists in many areas. However, we have not been pitched into indefinite darkness. Investors are starting to see past the near-term disruption. Companies are providing increasing visibility on how the pandemic has affected them and how they are adapting for the future. This has resulted in a broad range of outcomes. We cannot of course underestimate the societal impact of the coronavirus and life-changing impact it has had on many. However, from an investment perspective, visible data, no matter

Investment Report
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how bad, is better than speculation and the void of uncertainty we faced in March. Therefore, the headline equity market returns belie significant divergence in the performance of individual sectors, reflecting the broad range of resilience they have to COVID-19 and their outlooks.

Secondly, the pace and extent of the rally has been fuelled by unprecedented levels of monetary and fiscal stimulus. Across western economies, interest rates are at historic lows and central bank actions remains supportive. Meanwhile, governments have announced enormous stimulus packages that have helped to support income levels while economies have remained shut. Finally, as we are all aware, economies are gradually opening up. Even as I write, hairdressers and pubs in England are opening up for the first time in months. Throughout the quarter, investor sentiment was extraordinarily sensitive to this type of news, alongside falling infection rates. Both provided hope of a return to (a new) normality.

The scale of the rally surprised us. We anticipated a pullback at some point to reflect the significant uncertainty around the full fallout of the coronavirus pandemic. Questions remain around the pace of reopening, the impact of a second wave of infections and how quickly fiscal support will be rolled back? For this reason, we maintained exposure to risk assets but didn't actively increase it. Once again our quality, sustainable growth approach performed well relative to the benchmark. The focus on quality, resilient growth, which served our clients well in 2019, and in the market falls earlier this year, continues to drive returns. This was despite the rally being punctuated by periods in which lower-quality holdings, most sensitive to the economic cycle, led the market. These are the stocks that fell most earlier in the year, and are the types we typically avoid.

Performance

The fund ended the period +4.4%, which was 7.7% ahead of the benchmark return of -3.3%. In what was a very volatile period for markets being underweight the strongest part of its benchmark fixed income was costly, however, the off benchmark allocation to alternatives and strong equity stock selection more than made up for this decision. In what was a very strong period for the fund, its equities produced a positive return of 5.1% in period whilst the benchmark lost 6.7%. Equity stock selection was particularly noteworthy from the financials, utilities, consumer services and technology sectors.

Within financials, it was partly a case of what the fund didn't own that worked in its favour. For example, the fund benefited from being significantly underweight banks, which did not rise with the market in 2019 and then fell precipitously in the first quarter of 2020. In contrast, the holdings in real estate investment trusts proved defensive and produced positive returns for sterling-based investors throughout the period. For example, the areas in which American Tower (mobile phone masts) and Equinix (data centres) operate continues to benefit from the structural growth of telecommunications and the demand for data. These areas have not been materially impacted by COVID-19. Similarly, both the payment network companies held, Mastercard and Visa, demonstrated their resilience throughout. Despite its negative impact on global growth, the pandemic is likely to add further impetus to the trend towards a cashless society.

Technology was the best-performing sector globally over the period, led by hardware and semiconductors. These trade-sensitive markets benefited from the announcement of a phase-one trade agreement between the US and China. This news was positive for the positions in Taiwan Semiconductor Manufacturing (TSMC) and ASML. In addition, the accelerated rollout of 5G and subsequent upgrades to 5G penetration estimates was reflected in TSMC's increased capex guidance. Perhaps more pertinent to the performance of the broader technology sector, however, was the broad recognition that these stocks offer significant resilience given their growth is underpinned by structural trends, many of which accelerated during the pandemic. For example, cloud computing, remote working tools as well as longer term digital transformation plans. The funds void in Apple was costly.

Already benefitting from the structural growth of ecommerce before the pandemic accelerated this trend, Amazon.com grew by nearly 60% in the year. We added Chinese competitor Alibaba in the period and it was also a beneficiary of the same trends, whilst our voids in leisure and tourism which were rocked by the pandemic contributed to make consumer services a very strong sector for the fund.

Within Utilities, the fund continued to benefit from diversification into renewable energy, which resulted in positive stock selection of Enel, Ørsted and NextEra Energy. In addition, the overweight allocation to this relatively strong sector also added to the active return.

Government bonds delivered a positive return as yields found historical lows on two occasions during the period, most recently when the Bank of England surprised the market with a cut in interest rates in response to the pandemic. Therefore, a lower allocation to fixed income than the benchmark detracted from the fund's relative return. This was the main detractor of relative performance over the period.

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Activity

During the period, we added a number of companies with strong structural growth investment cases. These included Ping An Insurance. Ping An generates nearly 80% of its profit from its insurance businesses. Its banking business and growing technology operations also make material contributions to profits. Programmes such as the one-child policy mean that China will soon be saddled with an aging population. In 2017, seniors made up 17% of the population at 240 million people. This will reach 250 million in 2020, and growing. We know this population is under-served by life insurance products. A recent survey (Tsinghua University) highlighted that only 9% had retirement plans in place, while 69% said they had not yet started planning. Ping An has 1.4 million sales agents on the ground in China, as well as innovative technology solutions. It is, therefore, incredibly well positioned to benefit from continued growth in demand.

We also introduced a position in Alibaba, a key beneficiary of the growth of e-commerce in China. Alibaba is the #1 player, with a 65% market share and operating several e-commerce platforms catering to different wealth brackets.

With the outbreak of the coronavirus and the sharp fall in the markets, we took the opportunity to initiate positions in certain stocks on our wish list.

One example was West Pharmaceuticals Services (WPS). This is a high-quality, mid-cap, US company that provides drug containment services. It works with global pharmaceutical companies to provide containers for the delivery of liquid-form drugs throughout their lifecycle, from trial to clinical use. WPS's containers need high technological specification to ensure the drugs they carry do not change composition over time or are affected by extreme conditions. Their use requires regulatory approval in the same way that the drugs they carry do, and significant patents protect the company's proprietary technology. All this creates high barriers to entry, yet the cost of its products is low (average 10c). In addition, its overall revenues are predominantly recurring and locked in for several years with each contract. The same aging demographic trends that drive healthcare-spend underpin WPS's growth. It is also supported by the increasing focus on biological drugs (over small compounds) and increasing innovation in therapeutic areas, e.g. gene therapy and immuno oncology. Its balance sheet is strong (net cash) and its management has a good track record. A recent call with management confirmed they are currently working closely with pharmaceutical companies on COVID-19 vaccination/treatments.

We also purchased Hermes International, another stock that historically merits a rich valuation. The luxury accessories and apparel retailer has a long heritage and very strong brand, which supports enduring pricing power. Another purchase was Alstom, the French industrial company that has transformed itself into one of the leading providers of rail equipment. The company should benefit from increasing urbanisation and shifting consumer sentiment towards greener modes of transport. It will also be supported by fiscal spend on infrastructure, the replacement of aging equipment and market liberalisation within the rail industry. The company has exited its legacy power business and bolstered its balance sheet.

In order to fund these purchases, we sold out of stocks in which we had less conviction or felt were vulnerable to the damage inflicted by the coronavirus. Schlumberger is a case in point. It is one of the leading players in oil field services, a sector we believe to now be under even greater structural pressure. We reduced our banking holdings by selling HSBC and Citigroup during the year in favour of less macroeconomic-driven beneficiaries of a cashless society, namely Mastercard and Visa.

We increased the fund's exposure to corporate bonds during the period as we looked for defensive stable returns. We took profit from our UK government bond positions in March after they provided the diversification we owned them for.

Outlook

Although at an early stage, the global recovery from the pandemic is under way, leading to broad-based improvements in business and consumer confidence. As the relaxation of social distancing came earlier than we anticipated, we have revised up our 2020 growth forecasts. We expect the global economy to contract by approximately 7.4% this year, compared to the 10% contraction we anticipated at the end of the last quarter. The labour market fallout is also likely to be more moderate than we initially feared. Short-hours and furlough schemes have meant smaller increases in unemployment than otherwise implied by the sheer scale of the shutdown. However, we acknowledge that these schemes are likely to be providing a shield that is delaying an element of unemployment yet to come. Indeed, more recently, we have started to see a rise in unemployment as companies face bankruptcy, particularly in the travel, leisure and retail sectors.

Overall, we anticipate a healthy rebound in growth and expect the global economy to grow 7.8% in 2021 and 4.1% in 2022. We think inflation will remain muted in the short term. However, questions remain over its long-term outlook, given the increase in money supply created by the extraordinary levels of monetary and fiscal stimulus. Governments need to walk a narrow tightrope between opening economies quickly enough to support the expansion, but not so quickly as to invite a second wave of infections. This will be

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a fragile recovery. Therefore, we believe governments need to keep fiscal policy accommodative while rotating support towards spending that boosts long-term growth and social and environmental goals.

Relative to the economic outlook, both equity and credit markets have rallied strongly, fuelled by the unprecedented levels of stimulus. Volatility will likely remain a feature as investors digest coronavirus transmission rates and the ebb and flow of lockdown restrictions over the coming months, and the subsequent risk to the economic outlook. Companies will start to report their second-quarter earnings shortly, which will provide much-needed visibility of the full impact of the lockdown over this period. We will also see the costs required to maintain operations in the 'new normal' and how confident management teams are for the months ahead.

As highlighted, resilience is the bedrock of our quality, sustainable growth approach. We continue to engage with company management to understand the measures they are taking to remain resilient in such a fluid and uncertain environment. Rather than focus just on short-term market noise, we continue to concentrate on companies underpinned by long-term structural growth. We seek to identify businesses that will benefit from shifting trends, while avoiding those where change will be detrimental. Experience has taught us that companies that have strong balance sheets and can create value by generating cash flow in excess of their operational requirements, tend to generate stronger and more sustainable returns. In addition, they are usually better positioned to invest in their business and to distribute earnings to shareholders. As a result, these types of companies merit long-term positions in portfolios, regardless of shorter-term sentiment.

Risk and reward profile

Synthetic Risk & Reward Indicator

Lower risk Typically lower rewards						Higher risk Typically Higher rewards
1	2	3	**4**	5	6	7

This indicator reflects the volatility of the fund's unit price over the last five years which in turn reflects the volatility of the underlying assets in which the fund invests. Historical data may not be a reliable indication for the future.

The current rating is not guaranteed and may change if the volatility of the assets in which the fund invests changes. The lowest rating does not mean risk free.

The fund is rated as 4 because of the extent to which the following risk factors apply:

- 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.

All investment involves risk. This fund offers no guarantee against loss or that the fund's objective will be attained.

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.

Inflation reduces the buying power of your investment and income.

The value of assets held in the fund may rise and fall as a result of exchange rate fluctuations.

The fund could lose money if an entity (counterparty) with which it does business becomes unwilling or unable to honour its obligations to the fund.

In extreme market conditions some securities may become hard to value or sell at a desired price. This could affect the fund's ability to meet redemptions in a timely manner.

The fund could lose money as the result of a failure or delay in operational processes and systems including but not limited to third party providers failing or going into administration.

Comparative Tables

	2020 pence per unit	2019 pence per unit	2018 pence per unit
Income Units			
Change in net assets per unit			
Opening net asset value per unit	303.80	290.32	283.51
Return before operating charges*	17.22	21.14	14.12
Operating charges	(3.15)	(2.93)	(2.88)
Return after operating charges*	14.07	18.21	11.24
Distributions	(4.28)	(4.73)	(4.43)
Closing net asset value per unit	313.59	303.80	290.32
* after direct transaction costs of:	0.18	0.19	0.18
Performance			
Return after charges	4.63%	6.27%	3.96%
Other information			
Closing net asset value (£'000)	38,799	38,758	41,446
Closing number of units	12,372,359	12,757,732	14,276,052
Operating charges	1.04%	1.04%	1.02%
Direct transaction costs	0.06%	0.07%	0.06%
Prices			
Highest unit price	326.7	310.4	295.0
Lowest unit price	255.5	255.2	265.7

The closing net asset value (£'000) divided by the closing number of units may not calculate to the closing net asset value per unit (p) due to rounding differences. The published closing net asset value per unit (p) is based on unrounded values and represents the actual price.

The return after charges figures are based on the accounting NAV, as the financial statements are produced at a valuation point that is different from the published daily NAV.

Operating charges are expenses associated with the maintenance and administration of the fund on a day to day basis that are actually borne by the unit class.

Highest and Lowest prices are based on official published daily NAVs.

Comparative Tables
Continued

	2020 pence per unit	2019 pence per unit	2018 pence per unit
Z Units (Accumulation)			
Change in net assets per unit			
Opening net asset value per unit	78.17	72.90	69.57
Return before operating charges*	4.31	5.30	3.35
Operating charges	(0.03)	(0.03)	(0.02)
Return after operating charges*	4.28	5.27	3.33
Distributions	(1.74)	(1.77)	(1.65)
Retained distributions on accumulation units	1.74	1.77	1.65
Closing net asset value per unit	82.45	78.17	72.90
* after direct transaction costs of:	0.05	0.05	0.04
Performance			
Return after charges	5.48%	7.23%	4.79%
Other information			
Closing net asset value (£'000)	115,476	102,046	103,003
Closing number of units	140,052,226	130,542,575	141,293,046
Operating charges	0.04%	0.04%	0.02%
Direct transaction costs	0.06%	0.07%	0.06%
Prices			
Highest unit price	85.25	79.18	73.36
Lowest unit price	66.49	64.28	65.92

The closing net asset value (£'000) divided by the closing number of units may not calculate to the closing net asset value per unit (p) due to rounding differences. The published closing net asset value per unit (p) is based on unrounded values and represents the actual price.

The return after charges figures are based on the accounting NAV, as the financial statements are produced at a valuation point that is different from the published daily NAV.

Operating charges are expenses associated with the maintenance and administration of the fund on a day to day basis that are actually borne by the unit class.

Highest and Lowest prices are based on official published daily NAVs.

Comparative Tables
Continued

	2020 pence per unit	2019 pence per unit	2018 pence per unit
Z Units (Income)			
Change in net assets per unit			
Opening net asset value per unit	65.82	62.89	61.43
Return before operating charges*	3.62	4.47	2.92
Operating charges	(0.03)	(0.03)	(0.01)
Return after operating charges*	3.59	4.44	2.91
Distributions	(1.45)	(1.51)	(1.45)
Closing net asset value per unit	67.96	65.82	62.89
* after direct transaction costs of:	0.04	0.04	0.04
Performance			
Return after charges	5.45%	7.06%	4.74%
Other information			
Closing net asset value (£'000)	331,083	325,182	337,229
Closing number of units	487,142,158	494,012,589	536,207,657
Operating charges	0.04%	0.04%	0.02%
Direct transaction costs	0.06%	0.07%	0.06%
Prices			
Highest unit price	71.06	67.51	64.14
Lowest unit price	55.42	55.45	57.63

The closing net asset value (£'000) divided by the closing number of units may not calculate to the closing net asset value per unit (p) due to rounding differences. The published closing net asset value per unit (p) is based on unrounded values and represents the actual price.

The return after charges figures are based on the accounting NAV, as the financial statements are produced at a valuation point that is different from the published daily NAV.

Operating charges are expenses associated with the maintenance and administration of the fund on a day to day basis that are actually borne by the unit class.

Highest and Lowest prices are based on official published daily NAVs.

Portfolio Statement
as at 31 July 2020

Holding	Investment	Market value £'000	Percentage of total net assets
Bonds (12.62%)		**66,623**	**13.71**
Euro Denominated Bonds (0.77%)		**6,285**	**1.29**
Corporate Bonds (0.77%)		**6,285**	**1.29**
between 5 and 10 years to maturity			
2,500,000	ABN Amor 2.875% 2028	2,355	0.49
1,175,000	Altice France 5.875% 2027	1,130	0.23
1,800,000	CaixaBank 3.5% 2027	1,663	0.34
1,300,000	Matterhorn Telecom 3.125% 2026	1,137	0.23
Sterling Denominated Bonds (10.37%)		**48,510**	**9.99**
Corporate Bonds (6.78%)		**35,539**	**7.32**
less than 5 years to maturity			
1,000,000	Barclays 10% 2021	1,070	0.22
1,100,000	BMW 0.875% 2022	1,103	0.23
937,000	Close Brothers 2.75% 2023	972	0.20
1,000,000	Digital Stout 4.25% 2025	1,142	0.24
1,543,000	Eastern Power Networks 5.75% 2024	1,817	0.37
2,143,000	Fidelity National Information Services 2.602% 2025	2,316	0.48
860,000	Lloyds Banking Group 2.25% 2024	894	0.18
1,800,000	MetLife Global Funding I 1.125% 2021	1,814	0.37
1,500,000	NatWest 5.125% 2024	1,737	0.36
750,000	UBS 1.25% 2020	752	0.16
between 5 and 10 years to maturity			
1,500,000	HSBC 5.75% 2027	1,814	0.37
1,800,000	Nationwide Building Society 3.25% 2028	2,100	0.43
810,000	RI Finance Bonds No 3 6.125% 2028	984	0.20
2,300,000	Tesco 2.75% 2030	2,463	0.51
between 10 and 15 years to maturity			
2,400,000	Barclays 3.25% 2033	2,643	0.55
583,000	Centrica 7% 2033	909	0.19
619,000	Experian 3.25% 2032	735	0.15
691,000	GlaxoSmithKline 5.25% 2033	1,038	0.21
between 15 and 25 years to maturity			
757,000	Tesco 5.744% 2040	988	0.20
970,000	Transport for London 3.625% 2045	1,385	0.29

Portfolio Statement
as at 31 July 2020
Continued

Holding	Investment	Market value £'000	Percentage of total net assets
greater than 25 years to maturity			
560,000	Heathrow Funding 2.75% 2049	587	0.12
1,260,000	Legal & General 5.375% 2045	1,426	0.29
Perpetual			
2,500,000	BP Capital Markets 4.25% fixed to floating Perpetual	2,581	0.53
2,268,000	SSE 3.875% fixed to floating Perpetual	2,269	0.47
Government Bonds (3.59%)		**12,971**	**2.67**
greater than 25 years to maturity			
10,631,000	UK (Govt of) 1.5% 2047	12,971	2.67
US Dollar Denominated Bonds (1.48%)		**9,092**	**1.87**
Corporate Bonds (0.88%)		**9,092**	**1.87**
between 5 and 10 years to maturity			
1,463,000	Activision Blizzard 3.4% 2026	1,276	0.26
2,633,000	EOG Resources 4.375% 2030	2,441	0.50
2,464,000	Sprint Spectrum 5.152% 2028	2,209	0.45
between 10 and 15 years to maturity			
1,517,000	Broadcom 4.15% 2030	1,299	0.27
greater than 25 years to maturity			
1,142,000	AT&T 4.5% 2048	1,064	0.22
Perpetual			
1,300,000	Standard Chartered 6.409% fixed Perpetual	803	0.17
Government Bonds (0.60%)		**2,736**	**0.56**
less than 5 years to maturity			
3,210,000	Saudi Arabia (Kingdom of) 4% 2025	2,736	0.56
Equities (80.46%)		**385,443**	**79.44**
European Equities (23.36%)		**115,618**	**23.84**
Bermuda (0.11%)		**–**	**–**
Denmark (1.52%)		**11,051**	**2.28**
101,262	Ørsted	11,051	2.28

Portfolio Statement
as at 31 July 2020
Continued

Holding	Investment	Market value £'000	Percentage of total net assets
France (2.72%)		**23,613**	**4.87**
195,136	Alstom	8,303	1.71
7,010	Hermes	4,334	0.90
66,865	Schneider Electric	5,918	1.22
79,322	Ubisoft Entertainment	5,058	1.04
Germany (0.69%)		**–**	**–**
Ireland (6.25%)		**30,414**	**6.27**
60,688	Accenture	10,387	2.14
62,345	Allegion	4,723	0.97
231,751	CRH	6,408	1.32
2,337,431	Greencoat Renewables++	2,569	0.53
86,048	Medtronic	6,327	1.31
Italy (1.76%)		**10,121**	**2.09**
1,453,376	Enel	10,121	2.09
Netherlands (4.73%)		**14,877**	**3.07**
35,522	ASML	9,591	1.98
489,132	Royal Dutch Shell 'B'	5,286	1.09
Switzerland (5.58%)		**25,542**	**5.26**
42,291	BB Biotech	2,336	0.48
109,238	Nestle	9,888	2.04
94,598	Novartis	5,979	1.23
27,720	Roche	7,339	1.51

Portfolio Statement
as at 31 July 2020
Continued

Holding	Investment	Market value £'000	Percentage of total net assets
North America Equities (28.75%)		**149,455**	**30.79**
United States (28.75%)		**149,455**	**30.79**
175,190	Activision Blizzard	11,029	2.27
8,230	Alphabet 'A'	9,330	1.92
4,765	Amazon.com	11,486	2.37
41,490	American Tower	8,263	1.70
250,154	Boston Scientific	7,351	1.51
285,750	Comcast	9,316	1.92
17,403	Equinix	10,410	2.14
37,157	Estee Lauder	5,592	1.15
108,480	First Republic Bank	9,294	1.92
28,798	Intuit	6,724	1.39
42,884	Mastercard	10,080	2.08
110,288	Microsoft	17,231	3.55
41,826	NextEra Energy	8,942	1.84
76,218	Procter & Gamble	7,611	1.57
63,917	Visa	9,272	1.91
36,730	West Pharmaceutical Services	7,524	1.55
Pacific Basin Equities (3.37%)		**25,856**	**5.33**
Australia (1.69%)		**–**	**–**
China (0.00%)		**15,299**	**3.15**
41,745	Alibaba ADR	7,984	1.64
906,317	Ping An Insurance 'H'	7,315	1.51
Taiwan (1.68%)		**10,557**	**2.18**
175,687	Taiwan Semiconductor Manufacturing ADR	10,557	2.18
UK Equities (24.98%)		**94,514**	**19.48**
Basic Materials (1.22%)		**13,361**	**2.75**
363,110	BHP	6,009	1.24
159,322	Rio Tinto	7,352	1.51
Consumer Goods (4.13%)		**3,783**	**0.78**
1,335,983	Countryside Properties	3,783	0.78

Portfolio Statement
as at 31 July 2020
Continued

Holding	Investment	Market value £'000	Percentage of total net assets
Consumer Services (2.02%)		**7,796**	**1.61**
482,876	RELX	7,796	1.61
Financials (10.01%)		**40,408**	**8.33**
1,629,819	3i Infrastructure	4,718	0.97
1,552,185	Ashmore	6,057	1.25
1,937,078	Bluefield Solar Income Fund	2,586	0.53
4,027,382	Greencoat UK Wind	5,888	1.21
3,071,074	International Public Partnerships	5,006	1.03
726,967	Prudential	8,033	1.66
2,409,815	Renewables Infrastructure Group	3,200	0.66
4,694,301	Sequoia Economic Infrastructure Income	4,920	1.02
Health care (4.44%)		**24,407**	**5.03**
388,859	Abcam++	4,993	1.03
95,618	AstraZeneca	8,155	1.68
177,322	Dechra Pharmaceuticals	5,061	1.04
405,175	GlaxoSmithKline	6,198	1.28
Industrials (1.39%)		**4,759**	**0.98**
1,822,485	Smith (DS)	4,759	0.98
Oil & Gas (1.77%)		**–**	**–**
Collective Investment Schemes (7.69%)		**36,565**	**7.53**
31,499	Aberdeen Standard Liquidity Fund (Lux) – Sterling Fund Z1 Inc+	31,499	6.49
3,018,901	BBGI SICAV	5,066	1.04

Portfolio Statement
as at 31 July 2020
Continued

Holding	Investment	Market value £'000	Percentage of total net assets
Derivatives (-0.05%)		**555**	**0.11**
Forward Currency Contracts (-0.05%)		**555**	**0.11**
	Buy EUR 7,077,314 Sell GBP 6,448,955 04/08/2020	(72)	(0.01)
	Buy GBP 204,505 Sell EUR 228,996 04/08/2020	(2)	–
	Buy GBP 5,991,386 Sell EUR 6,848,318 04/08/2020	(179)	(0.04)
	Buy GBP 6,455,692 Sell EUR 7,077,314 09/10/2020	72	0.01
	Buy GBP 368,299 Sell USD 450,650 04/08/2020	25	0.01
	Buy GBP 402,243 Sell USD 504,250 04/08/2020	18	–
	Buy GBP 11,669,590 Sell USD 14,406,999 04/08/2020	693	0.14
	Buy GBP 11,948,835 Sell USD 15,361,900 09/10/2020	249	0.05
	Buy USD 15,361,900 Sell GBP 11,953,474 04/08/2020	(249)	(0.05)
Total investment assets and liabilities		489,186	100.79
Net other liabilities		(3,828)	(0.79)
Total Net Assets		**485,358**	**100.00**

All investments (excluding OTC derivatives) are listed on recognised stock exchanges and are approved securities, regulated collective investment schemes or approved derivatives within the meaning of the FCA rules.

The percentage figures in brackets show the comparative holding as at 31 July 2019.

\+ Managed by subsidiaries of Standard Life Aberdeen plc.

++ AIM listed.

Financial Statements

Statement of Total Return
for the year ended 31 July 2020

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Income:					
Net capital gains	2		14,857		19,084
Revenue	3	11,385		12,155	
Expenses	4	(450)		(473)	
Interest payable and similar charges		(10)		(5)	
Net revenue before taxation		10,925		11,677	
Taxation	5	(935)		(913)	
Net revenue after taxation			9,990		10,764
Total return before distributions			**24,847**		**29,848**
Distributions	6		(9,991)		(10,764)
Change in net assets attributable to unitholders from investment activities			**14,856**		**19,084**

Statement of Change in Net Assets Attributable to Unitholders
for the year ended 31 July 2020

	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Opening net assets attributable to unitholders		465,978		481,678
Amounts receivable on the issue of units	35,553		26,938	
Amounts payable on the cancellation of units	(33,427)		(64,013)	
		2,126		(37,075)
Dilution levy		(8)		(23)
Change in net assets attributable to unitholders from investment activities (see above)		14,856		19,084
Retained distribution on accumulation units		2,406		2,311
Unclaimed distributions		–		3
Closing net assets attributable to unitholders		**485,358**		**465,978**

Financial Statements
Continued

Balance Sheet
as at 31 July 2020

		2020		2019	
	Notes	**£'000**	**£'000**	**£'000**	**£'000**
Assets:					
Fixed assets:					
Investment assets			489,688		469,584
Current assets:					
Debtors	7	6,961		1,317	
Cash and bank balances	8	2,097		311	
			9,058		1,628
Total assets			498,746		471,212
Liabilities:					
Investment liabilities			(502)		(265)
Creditors	9	(8,845)		(534)	
Distribution payable		(4,041)		(4,435)	
			(12,886)		(4,969)
Total liabilities			(13,388)		(5,234)
Net assets attributable to unitholders			**485,358**		**465,978**

Notes to the Financial Statements

1 Accounting Policies

(a) Basis of preparation

The financial statements for the fund have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for Financial Statements of Authorised Funds issued by the Investment Association in May 2014, Financial Reporting Standard (FRS) 102 and United Kingdom Generally Accepted Accounting Practice.

The Manager has considered the impact of the emergence and spread of COVID-19 and potential implications on future operations of the fund of reasonably plausible downside scenarios. The Manager has undertaken a detailed assessment, and continues to monitor, the fund's ability to meet its liabilities as they fall due, including liquidity, declines in global capital markets and investor redemption levels. Based on this assessment, the fund continue to be open for trading and the Manager is satisfied the fund has adequate financial resources to continue in operation and accordingly it is appropriate to adopt the going concern basis in preparing the financial statements.

(b) Valuation of investments

Listed investments have been valued at fair value as at the close of business on 31 July 2020. The SORP defines fair value as the market value of each security, in an active market, this is generally the quoted bid price.

Unlisted, unapproved, illiquid or suspended securities are valued at the Managers best estimate of the amount that would be received from an immediate transfer at arm's length. The Manager has appointed a FVP committee to review valuations.

Collective Investment Schemes are valued by reference to their net asset value. Dual priced funds have been valued at the bid price. Single priced funds have been valued using the single price.

Any open positions in derivative contracts or forward foreign currency transactions at the year-end are included in the Balance Sheet at their mark to market value.

(c) Foreign exchange

Assets and liabilities denominated in foreign currencies are translated into Sterling at the prevailing exchange rates as at the close of business on the reporting date.

Foreign currency transactions are translated at the rates of exchange ruling on the date of such transactions. Exchange differences on such transactions follow the same treatment as the principal amounts.

(d) Dilution

In certain circumstances (as detailed in the Prospectus) the Manager may apply a dilution adjustment on the issue or cancellation of units, which is applied to the capital of the fund on an accruals basis. The adjustment is intended to protect existing investors from the costs of buying or selling underlying investments as a result of large inflows or outflows from the fund.

Notes to the Financial Statements
Continued

1 Accounting Policies (continued)

(e) Revenue

Overseas dividends are grossed up at the appropriate rate of withholding tax and the tax consequences are shown within the tax charge.

Revenue from collective investment schemes is recognised when the investments are quoted ex dividend.

Accumulation distributions from shares held in collective investment schemes are reflected as revenue and form part of the distribution.

Equalisation received from distributions or accumulations on units or shares in underlying investments is treated as capital and deducted from the cost of the investment.

Revenue from offshore funds is recognised when income is reported by the offshore fund operator.

Interest on bank deposits is recognised on an accruals basis.

Interest from short-term deposits is recognised on an accruals basis.

Interest on debt securities is recognised on an accruals basis.

Interest from debt securities is recognised as revenue using the effective interest method. The purchase price of the asset, the yield expectation and scheduling of payments, are all part of this calculation. Callable bonds are calculated on a yield to worst expectation generally, which may not match other calculations. Convertible bonds are excluded from a true effective interest calculation owing to the unavailability of option values for the conversion rate.

Stock dividends are recognised as revenue when they are quoted ex dividend. In the case of enhanced stock dividends, the value of the enhancement is recognised as capital.

Special dividends may be treated as repayments of capital or as revenue dependent on the facts of the particular case. Where receipt of a special dividend results in a significant reduction in the capital value of the holding, then the special dividend will be recognised as capital so as to ensure that the matching principle is applied to gains and losses. Otherwise, the special dividends are recognised as revenue.

Underwriting commission is taken to revenue and recognised when the issue takes place, except where the fund is required to take up all or some of the units underwritten in which case an appropriate proportion of the commission received is deducted from the cost of the relevant units.

(f) Expenses

All expenses other than those relating to the purchase and sale of investments are charged against revenue on an accruals basis in the Statement of Total Return.

Expenses relating to the purchases of investments are charged to the cost of investment and expenses relating to the sales of investments are deducted from the proceeds on sales.

Notes to the Financial Statements
Continued

1 Accounting Policies (continued)

(g) Taxation
Provision is made for corporation tax at the current rate on the excess of taxable income over allowable expenses.

Overseas dividends are disclosed gross of any foreign tax suffered and the tax element is separately disclosed in the taxation note.

The tax accounting treatment follows that of the principal amount, with charges or reliefs allocated using the marginal basis regardless of any alternative treatment that may be permitted in determining the distribution.

Any windfall overseas tax reclaims received are netted off against irrecoverable overseas tax and therefore the irrecoverable overseas tax line in the taxation note may be negative.

Deferred taxation is provided on all timing differences that have originated but not reversed by the balance sheet date other than those differences regarded as permanent. Any liability to deferred tax is provided at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

Deferred tax assets are only recognised to the extent that it is regarded more likely than not that there will be taxable profits against which the reversal of underlying timing differences can be offset.

(h) Distributions
All of the net revenue available for distribution at the year end will be distributed. Where the fund has accumulation unitholders, this will be reinvested. Where the fund has income unitholders, this will be paid.

Gains and losses on non-derivative investments and currencies, whether realised or unrealised, are taken to capital and are not available for distribution. Cash flows associated with derivative transactions are allocated between the revenue and capital property of the funds according to the motives and circumstances of the particular derivative strategy. The investment manager articulates the motives and circumstances underlying the derivative strategy and the Manager assesses these in association with financial reporting constraints enshrined within the SORP to allocate the cash flows accordingly.

(i) Equalisation
Equalisation appears within the fund report as part of the distribution. This represents the net revenue in the fund's unit price attached to the issue and cancellation of units. It will form part of any distributions at the period end attributable to unitholders.

(j) Derivatives
The fund may enter into permitted transactions such as derivative contracts or forward foreign currency transactions. Where the transactions are used to protect or enhance revenue, the revenue and expenses are included within net revenue in the Statement of Total Return. Where the transactions are undertaken to protect or enhance investments, the gains/losses are treated as capital and included within gains/losses on investments in the Statement of Total Return.

Notes to the Financial Statements
Continued

2 Net Capital Gains

	2020 £'000	2019 £'000
Non-derivative securities	14,545	19,680
Forward currency contracts	615	(509)
Other losses	(296)	(78)
Transaction charges	(7)	(9)
Net capital gains	14,857	19,084

3 Revenue

	2020 £'000	2019 £'000
Bank and margin interest	167	145
Income from Overseas Collective Investment Schemes		
Unfranked income	297	85
Interest on debt securities	1,666	2,049
Overseas dividends	3,707	4,557
Overseas REIT	289	290
UK dividends	5,259	4,973
UK REIT	–	56
Total revenue	11,385	12,155

4 Expenses

	2020 £'000	2019 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's periodic charge	368	387
Registration fees	1	1
	369	388
Payable to the Trustee or associates of the Trustee, and agents of either of them:		
Safe custody fee	20	23
Trustee fees	48	52
	68	75
Other:		
Audit fee	12	10
Professional fees	1	–
	13	10
Total expenses	450	473

Irrecoverable VAT is included in the above expenses where relevant.

Notes to the Financial Statements
Continued

5 Taxation

	2020 £'000	2019 £'000
(a) Analysis of charge in year		
Corporation tax	392	431
Double taxation relief	(43)	(44)
Overseas taxes	586	526
Total taxation	935	913

(b) Factors affecting current tax charge for the year

The tax assessed for the year is less than the standard rate of corporation tax in the UK for authorised Unit Trusts (20%). The differences are explained below:

	2020 £'000	2019 £'000
Net revenue before taxation	10,925	11,677
Corporation tax at 20% (2019: 20%)	2,185	2,336
Effects of:		
Revenue not subject to taxation	(1,793)	(1,905)
Overseas taxes	586	526
Double taxation relief	(43)	(44)
Total tax charge for year (note 5a)	935	913

Authorised Unit Trusts are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

(c) Factors that may affect future tax charge

At the year end there are no surplus expenses and therefore no deferred tax asset in the current or prior year.

6 Distributions

The distributions takes account of income received on the creation of units and income deducted on the cancellation of units and comprise:

	2020 £'000	2019 £'000
Interim distribution	4,673	4,827
Final distribution	5,334	5,705
	10,007	10,532
Add: Income deducted on cancellation of units	233	395
Deduct: Income received on issue of units	(249)	(163)
Net distribution for the year	9,991	10,764

Details of the distribution per unit are set out in this fund's distribution tables.

Movement between net revenue and distributions		
Net revenue after taxation	9,990	10,764
Undistributed revenue brought forward	1	–
Total distributions	9,991	10,764

Notes to the Financial Statements
Continued

7 Debtors

	2020 £'000	2019 £'000
Accrued revenue	969	985
Amounts receivable from the Manager for the issue of units	1,009	177
Overseas withholding tax recoverable	166	155
Sales awaiting settlement	4,817	–
Total debtors	6,961	1,317

8 Liquidity

	2020 £'000	2019 £'000
Cash and bank balances		
Cash at bank	2,097	311
	2,097	**311**
Aberdeen Standard Liquidity Fund (Lux) – Sterling Fund	31,499	24,193
Net Liquidity	**33,596**	**24,504**

9 Creditors

	2020 £'000	2019 £'000
Accrued expenses payable to the Manager	34	33
Accrued expenses payable to the Trustee or associates ofthe Trustee	10	3
Amounts payable to the Manager for cancellation of units	217	262
Corporation tax payable	193	222
Other accrued expenses	10	14
Purchases awaiting settlement	8,381	–
Total creditors	8,845	534

10 Related Party Transactions

Aberdeen Standard Fund Managers Limited, as Manager, is a related party and acts as principal in respect of all transactions of units in the fund.

The aggregate monies received through issue and paid on cancellation of units are disclosed in the statement of change in net assets attributable to unitholders.

Any amounts due from or due to Aberdeen Standard Fund Managers Limited at the end of the accounting year are disclosed in notes 7 and 9.

Amounts payable to Aberdeen Standard Fund Managers Limited, in respect of periodic charge and registration services, are disclosed in note 4 and any amounts due at the year end in note 9.

Notes to the Financial Statements
Continued

11 Portfolio Transaction Costs

There are no transaction costs associated with the purchases or sales of bonds and derivatives during the year, or in the prior year.

Bonds are dealt on a spread agreed between buyer and seller with reference to the expected cashflows and current credit profiles.

Derivatives are dealt on a spread agreed between buyer and seller with reference to the underlying investment.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into funds that require an initial charge to be made. The underlying price may contain an estimation of cost known as a dilution levy which is applied from time to time.

	Purchases		Sales	
Trades in the year	**2020 £'000**	**2019 £'000**	**2020 £'000**	**2019 £'000**
Bonds	20,642	12,570	16,717	24,394
Equities	80,098	203,442	81,261	224,768
Collective investment schemes	95,375	40,664	93,623	42,456
Corporate actions	619	–	748	–
Trades in the year before transaction costs	**196,734**	**256,676**	**192,349**	**291,618**
Commissions				
Equities	39	50	(40)	(89)
Collective investment schemes	–	3	–	–
Total commissions	**39**	**53**	**(40)**	**(89)**
Taxes				
Equities	192	142	–	(17)
Total taxes	**192**	**142**	**–**	**(17)**
Total transaction costs	**231**	**195**	**(40)**	**(106)**
Total net trades in the year after transaction costs	**196,965**	**256,871**	**192,309**	**291,512**

	Purchases		Sales	
	2020 %	**2019 %**	**2020 %**	**2019 %**
Total transaction costs expressed as a percentage of asset type cost				
Commissions				
Equities	0.05	0.02	0.05	0.04
Collective investment schemes	–	0.03	–	–
Taxes				
Equities	0.24	0.07	–	0.01

	2020 %	**2019 %**
Total transaction costs expressed as a percentage of net asset value		
Commissions	0.02	0.01
Taxes	0.04	0.04

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.15% (2019: 0.17%), this is representative of the average spread on the assets held during the year.

Notes to the Financial Statements
Continued

12 Units in issue reconciliation

	Opening units 2019	Creations during the year	Cancellations during the year	Conversions during the year	Closing units 2020
Income Units	12,757,732	81,055	(1,252,694)	786,266	12,372,359
Z Units (Accumulation)	130,542,575	25,664,909	(13,536,555)	(2,618,703)	140,052,226
Z Income	494,012,589	23,765,536	(30,160,031)	(475,936)	487,142,158

13 Fair Value Hierarchy

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

Fair value of investment assets	2020 £'000 Level 1	2020 £'000 Level 2	2020 £'000 Level 3	2019 £'000 Level 1	2019 £'000 Level 2	2019 £'000 Level 3
Bonds	12,971	53,652	–	16,710	42,123	–
Equities	385,443	–	–	374,920	–	–
Collective Investment Schemes	5,066	31,499	–	–	35,831	–
Derivatives	–	1,057	–	–	–	–
Total investment assets	403,480	86,208	–	391,630	77,954	–
Fair value of investment liabilities						
Derivatives	–	(502)	–	–	(265)	–
Total investment liabilities	–	(502)	–	–	(265)	–

14 Risk Management Policies and Disclosures

The risks inherent in the fund's investment portfolio are as follows:

Foreign currency risk
Fluctuations in the foreign exchange rates can adversely affect the value of a portfolio. The following table details the net exposure to the principal foreign currencies that the fund is exposed to including any instruments used to hedge against foreign currencies, if applicable.

	Net foreign currency exposure	
Currency	**2020 £'000**	**2019 £'000**
Australian Dollar	–	7,874
Danish Krone	11,138	7,144
Euro	46,765	33,653
Hong Kong Dollar	7,315	–
Swiss Franc	25,571	26,011
US Dollar	193,583	166,273
Total	**284,372**	**240,955**

Notes to the Financial Statements
Continued

14 Risk Management Policies & Disclosures (continued)

Interest rate risk

Interest rate risk is an unfavourable change in interest rates that can affect the price of a security, which in turn results in the portfolio experiencing a loss. Interest rate changes not only affect fixed income products but have material impacts on funding arrangements and other asset types.

The following table shows separately the value of investments at fixed interest rates, at variable rates and those that are non-interest bearing instruments.

The interest rate risk profile of the fund's investments at the year end consists of:

2020	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Currency				
UK Sterling	31,505	48,511	120,970	200,986
Danish Krone	–	–	11,138	11,138
Euro	1,208	6,285	39,272	46,765
Hong Kong Dollar	–	–	7,315	7,315
Swiss Franc	29	–	25,542	25,571
US Dollar	1,657	11,025	180,901	193,583
Total	**34,399**	**65,821**	**385,138**	**485,358**

2019	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Currency				
UK Sterling	41,219	42,923	140,881	225,023
Australian Dollar	–	–	7,874	7,874
Danish Krone	–	–	7,144	7,144
Euro	2,564	1,131	29,958	33,653
Swiss Franc	29	–	25,982	26,011
US Dollar	1,084	6,027	159,162	166,273
Total	**44,896**	**50,081**	**371,001**	**465,978**

Other price risk

The fund's investment portfolio is exposed to market price fluctuations which are monitored by the Investment Advisor in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the fund.

Notes to the Financial Statements
Continued

14 Risk Management Policies & Disclosures (continued)

The table below indicates the VaR of the fund's financial instruments, measured as the potential 5 day loss in value from adverse changes in equity prices, interest rates, inflation and foreign currency exchange rates, with a 99 percent confidence level. Calculated on this basis, the table indicates that the net value of the fund's financial assets and liabilities could be expected to change by more than the stated amount on only two days out of 200, in response to either price, interest rate, inflation or foreign currency exchange rate changes.

2020	Minimum	Maximum	Average
VaR 99% 1 Month	6.12%	7.97%	6.94%

2019	Minimum	Maximum	Average
VaR 99% 1 Month	6.48%	7.27%	6.92%

At the year end date, there was a 1% chance of the portfolio value falling (or rising) more than 7.97%, £38,988,000 (2019: 7.27%, £34,120,000) in a one month period.

This calculation is generally determined by the use of an industry recognised medium term risk model, typically based on 3-5 year history. The method assumes normal market conditions and that the portfolio remains unchanged.

Counterparty risk

Credit quality of debt security investment assets

The following table shows the credit quality of the part of the investment portfolio that is invested in debt securities.

	Market value £'000	Percentage of total net assets %
2020		
Investment grade securities	61,890	12.74%
Below investment grade securities	4,733	0.97%
Unrated securities	–	–
Total Value of Securities	66,623	13.71%

	Market value £'000	Percentage of total net assets %
2019		
Investment grade securities	52,549	11.28%
Below investment grade securities	4,597	0.98%
Unrated securities	1,687	0.36%
Total Value of Securities	58,833	12.62%

Investment grade information used in the above table is based on credit ratings issued by market vendors.

Notes to the Financial Statements
Continued

14 Risk Management Policies & Disclosures (continued)

Financial derivatives instrument risk

These types of transaction can introduce market exposure greater than the market value of the instrument. These transactions exchange benefits with a third party at a future date creating both counterparty and concentration risk. The Investment Adviser's policies for managing these risks are outlined in the fund's prospectus.

At the balance sheet date the fund had the following exposures:

					Mark to Market Exposure			
2020 Counterparty or clearer	**Swaps £'000**	**Options £'000**	**Futures £'000**	**Forward Currency Contracts £'000**	**Total £'000**	**Collateral (held)/ pledged £'000**	**Margin at clearing broker £'000**	**Total by Counterparty £'000**
Barclays	–	–	–	514	514	–	–	514
Deutsche Bank	–	–	–	18	18	–	–	18
Lloyds Bank	–	–	–	23	23	–	–	23
Total	**–**	**–**	**–**	**555**	**555**	**–**	**–**	**555**

					Mark to Market Exposure			
2019 Counterparty or clearer	**Swaps £'000**	**Options £'000**	**Futures £'000**	**Forward Currency Contracts £'000**	**Total £'000**	**Collateral (held)/ pledged £'000**	**Margin at clearing broker £'000**	**Total by Counterparty £'000**
Lloyds Bank	–	–	–	(4)	(4)	–	–	(4)
UBS	–	–	–	(261)	(261)	–	–	(261)
Total	**–**	**–**	**–**	**(265)**	**(265)**	**–**	**–**	**(265)**

The total mark to market exposure is the sum of the notional derivative contracts on a gross basis with no offsetting.

Notes to the Financial Statements
Continued

14 Risk Management Policies & Disclosures (continued)

Liquidity risk

The following table provides a maturity analysis of the fund's financial liabilities on a contractual basis.

2020	On demand £'000	Up to one year £'000	Over one year but not more than five years £'000	Over five years £'000	Total £'000
Derivatives					
Investment liabilities	–	(502)	–	–	(502)
Non-derivatives					
Other creditors	–	(8,845)	–	–	(8,845)
Distribution payable	–	(4,041)	–	–	(4,041)
Total financial liabilities	**–**	**(13,388)**	**–**	**–**	**(13,388)**

2019	On demand £'000	Up to one year £'000	Over one year but not more than five years £'000	Over five years £'000	Total £'000
Derivatives					
Investment liabilities	–	(265)	–	–	(265)
Non-derivatives					
Other creditors	–	(534)	–	–	(534)
Distribution payable	–	(4,435)	–	–	(4,435)
Total financial liabilities	**–**	**(5,234)**	**–**	**–**	**(5,234)**

15 Subsequent Events

Since the year end, markets and operations have continued to be disrupted by the effects of the COVID-19 pandemic. Since the year end the NAV per unit class has increased by 4.69% (to 19 October 2020). Contingency plans at the Manager and key service suppliers have proven effective in mitigating the effects on management of the portfolio and on all supporting operations.

Distribution Tables

For the year ended 31 July 2020 (in pence per unit)

Interim dividend distribution

Group 1 – units purchased prior to 1 August 2019

Group 2 – units purchased between 1 August 2019 and 31 January 2020

	Revenue	Equalisation	Distribution paid 27/03/20	Distribution paid 31/03/19
Income Units				
Group 1	1.9306	–	1.9306	2.0505
Group 2	1.0024	0.9282	1.9306	2.0505
Z Units (Accumulation)				
Group 1	0.8133	–	0.8133	0.7951
Group 2	0.2695	0.5438	0.8133	0.7951
Z Income				
Group 1	0.6849	–	0.6849	0.6860
Group 2	0.2125	0.4724	0.6849	0.6860

Final dividend distribution

Group 1 – units purchased prior to 1 February 2020

Group 2 – units purchased between 1 February 2020 and 31 July 2020

	Revenue	Equalisation	Distribution paid 28/09/20	Distribution paid 30/09/19
Income Units				
Group 1	2.3505	–	2.3505	2.6813
Group 2	0.6834	1.6671	2.3505	2.6813
Z Units (Accumulation)				
Group 1	0.9233	–	0.9233	0.9721
Group 2	0.4636	0.4597	0.9233	0.9721
Z Income				
Group 1	0.7698	–	0.7698	0.8287
Group 2	0.3407	0.4291	0.7698	0.8287

Equalisation

This applies only to units purchased during the distribution period (group 2 units). It is the average amount of revenue included in the purchase price of group 2 units and is refunded to the holders of these units as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

Remuneration (unaudited)

Remuneration Policy
The Standard Life Aberdeen plc Remuneration Policy applies with effect from 1 January 2018. The purpose of the Standard Life Aberdeen plc Remuneration Policy (the "Policy") is to document clearly the remuneration policies, practices and procedures of Standard Life Aberdeen. It has been approved by the Standard Life Aberdeen plc Remuneration Committee and is subject to the Remuneration Committee's annual review. The Policy applies to employees of the Standard Life Aberdeen group of companies ("SLA").

The Management Company, Aberdeen Standard Fund Managers Limited is authorised and regulated in the United Kingdom by the Financial Conduct Authority ("FCA") and is a wholly owned subsidiary of Standard Life Aberdeen plc.

The Remuneration Committee of Standard Life Aberdeen plc adopted a UCITS V Remuneration Policy to ensure that the requirements of the Undertakings for Collective Investment Transferrable Securities V Directive (UCITS V) are fully adhered to by the group. This policy applies to Aberdeen Standard Fund Managers Limited and the UCITS Funds it manages. This policy is available on request.

Remuneration Principles
SLA applies Group wide principles for remuneration policies, procedures and practices ensuring that remuneration design and the basis for awards will be clear, transparent and fair, in line with business strategy, objectives, culture, values and long term interests of SLA. Remuneration policies, procedures and practices should be consistent with and promote good conduct which includes sound and effective risk management and not encourage risk taking that exceeds the level of tolerated risk of SLA. Total variable remuneration will be funded through pre-agreed distribution metrics. Where SLA's financial performance is subdued or negative, total variable remuneration should generally be contracted, taking into account both current remuneration and reductions in pay-outs of amounts previously granted and having regard for SLA's long term economic viability.

In addition to applying the SLA wide principles above, Aberdeen Standard Investments ("ASI") applies a number of additional principles including the following, when determining remuneration for employees:

a) Remuneration should be competitive and reflect both financial, non-financial and personal performance;

b) Our remuneration design will align the interests of employees, shareholders and importantly our clients/customers;

c) Our remuneration structure will reward delivery of results over appropriate time horizons and will include deferred variable compensation at an appropriate level for the employee's role;

d) We will provide an appropriate level of fixed remuneration to balance risk and reward.

Governance and Regulatory Compliance
The Remuneration Committee is made up of independent non-executive directors and makes recommendations to the Board of Standard Life Aberdeen plc (the "Board") to assist it with its remuneration related duties. The Chief People Officer of Standard Life Aberdeen is responsible for ensuring the implementation of the Policy in consultation with the Remuneration Committee as well as other members of the Executive Committee ("Executive Body") (as defined by the Board), if appropriate.

Financial and non-financial criteria
Variable remuneration is based on a rounded assessment of Group, Divisional and individual performance. When assessing individual performance, financial as well as non-financial criteria are taken into account. Individual performance is based on the individual's appraisal, which includes an employee's compliance with controls and applicable company standards including the Group's Code of Ethics, including Treating Customers Fairly and Conduct Risk.

Conflicts of interest
The Conflicts of Interest Policy is designed to avoid conflicts of interest between SLA and its clients. This Policy prohibits any employee from being involved in decisions on their own remuneration. Furthermore, all employees are required to adhere to SLA's Global Code of Conduct, which encompasses conflicts of interest.

The Policy should, at all times, adhere to local legislation, regulations or other provisions. In circumstances or in jurisdictions where there is any conflict between the Policy and local legislation, regulations or other provisions, then the latter will prevail.

Remuneration (unaudited)
Continued

Remuneration Framework

Employee remuneration is composed principally of fixed and variable elements of reward as follows:

a) Fixed reward (fixed remuneration: salary (and cash allowances, if appropriate); and Benefits (including pension).

b) Variable reward (bonus, a proportion of which may be subject to retention or deferral depending on role and regulatory requirements) and senior employees may also be awarded a long-term incentive award).

Appropriate ratios of fixed: variable remuneration will be set to as to ensure that:

a) Fixed and variable components of total remuneration are appropriately balanced and

b) The fixed component is a sufficiently high proportion of total remuneration to allow Standard Life Aberdeen to operate a fully flexible policy on variable remuneration components, including paying no variable remuneration component.

Fixed Remuneration	Base salary provides a core reward for undertaking the role, where appropriate, and depending on the role, geographical or business market variances or other indicators, additional fixed cash allowances may make up a portion of fixed remuneration.
Benefits	Benefits are made up of: core benefits, which are provided to all employees; and extra voluntary benefits that may be chosen by certain employees and which may require contribution through salary sacrifice or other arrangements. Extra voluntary benefits are designed to support the health and wellbeing of employees through enabling individual selection based on lifestyle choices. Standard Life Aberdeen will ensure that the core and voluntary employee benefits policies are in line with relevant market practice, its views on managing its business risk objectives, culture and values and long-term interests and local requirements.
Pension	Standard Life Aberdeen's pension policies (which consist of defined contribution plans and legacy defined benefit plans) are in line with legislative requirements, governance structures and market practice, and reflect Standard Life Aberdeen's long-term views on risk and financial volatility, its business objectives, culture and values and long-term interests and local requirements. In certain circumstances, SLA may offer a cash allowance in lieu of any pension arrangement.
Annual Performance Bonus Awards	Employees who have been employed during a performance year (1 January to 31 December) may be eligible to be considered for an annual bonus in respect of that year. Eligibility criteria for an annual bonus are set out in the rules of the relevant bonus plan and/or contract of employment, as appropriate. The bonus plan in place is designed to reward performance in line with the business strategy, objectives, culture and values, long term interests and risk appetite of SLA. All Executive Directors are awarded bonuses under a SLA bonus plan as detailed in the Directors' Remuneration Report.
Other variable Pay Plans	Selected employees may participate in other variable pay plans, for example, performance fee share arrangements, where it is appropriate for their role or business unit. These plans operate under the overarching remuneration principles that apply across the group and, where appropriate, are also subject to specific principles governing incentives and are compliant with the requirements of any applicable regulatory standards.

Clawback/Malus

A clawback/malus principle applies to the variable pay plan. This enables the Remuneration Committee to seek to recoup the deferred amount of any unvested variable pay, in the exceptional event of misstatement or misleading representation of performance; a significant failure of risk management and control; or serious misconduct by an individual.

Remuneration (unaudited)
Continued

Guaranteed Variable Remuneration
Guaranteed variable remuneration is exceptional, occurs only in the context of hiring new staff and is limited to the first year of service.

UCITS V Identified Staff
Staff considered UCITS V Identified Staff are those categories of staff whose professional activities have a material impact on the decision making profiles of the Management Company or the UCITS Funds that the Management Company manages.

UCITS V identified staff will include; Senior Management; Decision makers, Staff engaged in control functions; and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and decision makers, and whose professional activities have a material impact on the risk profiles of the Company or the Funds that the Company manages.

Control Functions
SLA adheres to the principles and guidelines of regulations that apply to SLA in defining control functions. control functions include, but are not necessarily limited to, Risk, Compliance, Internal Audit and Actuarial functions or roles.

SLA will ensure that, as appropriate, senior employees engaged in a control function:

a) Are independent from the Business Units they oversee;

b) Have appropriate authority, and

c) Their remuneration is directly overseen by the Remuneration Committee.

This is achieved by the main control functions being outside the business, and a material proportion of their annual incentives being subject to a scorecard based on the performance of the control function. Performance against the scorecard is reviewed by the relevant independent governing committee (either Risk & Capital Committee, or Audit Committee). SLA's People Function reviews the remuneration of employees in control functions and benchmarks with the external market to ensure that it is market competitive and adequately reflects employees' skills and experience.

Personal Hedging
UCITS V Identified Staff are not permitted to undermine the risk alignment effects of the UCITS V Remuneration Code. Personal hedging strategies; or remuneration-related insurance; or liability-related insurance is not permissible on remuneration.

Employee Remuneration Disclosure
The table below provides an overview of the following:

- Aggregate total remuneration paid by Aberdeen Standard Fund Managers Limited to its entire staff; and
- Aggregate total remuneration paid by Aberdeen Standard Fund Managers Limited to its 'Identified Staff'.

The 'Identified Staff' of Aberdeen Standard Fund Managers Limited are those employees who could have a material impact on the risk profile of Aberdeen Standard Fund Managers Limited or the UCITS Funds it manages, including Aberdeen Standard Capital Bridge Fund.

This broadly includes senior management, decision makers and control functions. For the purposes of this disclosure, 'Identified Staff' includes employees of entities to which activities have been delegated.

Remuneration (unaudited)
Continued

Amounts shown reflect payments made during the financial reporting period in question. The reporting period runs from **1 January 2019 to 31 December 2019** inclusive.

Aberdeen Standard Capital Bridge Fund	**Headcount**	**Total Remuneration £'000**	**UCITS proportion £'000**[4]
Aberdeen Standard Fund Managers Limited staff[1]	224	24,013	601
of which			
Fixed remuneration		16,642	416
Variable remuneration		7,371	185
Carried Interest		NIL	
Aberdeen Standard Fund Managers Limited 'Identified Staff'[2]	239	11,531	289
of which			
Senior Management[3]	16	1,213	31
Other 'Identified Staff'	223	10,318	258

1 As there are a number of individuals indirectly and directly employed by Aberdeen Standard Fund Managers Limited this figure represents an apportioned amount of SLA's total remuneration fixed and variable pay, apportioned to the relevant UCITS Fund on an AUM basis, plus any carried interest paid by the UCITS Fund. The Headcount figure provided reflects the number of beneficiaries calculated on a Full Time Equivalent basis.

2 The Identified Staff disclosure represents total compensation of those staff of the Management Company who are fully or partly involved in the activities of the Management Company, apportioned to the estimated time relevant to the Management Company, based on their time in role during the reporting period and the Management Company's proportion of SLA's total AUM. Across the 'Identified Staff', the average percentage of AUM allocation per individual based on work undertaken for Aberdeen Standard Fund Managers Limited as a Management Company was 18.46%.

3 Senior management are defined in this table as Management Company Directors and members of the Standard Life Aberdeen plc Board, together with its Executive Committee, Investment Management Committee and Group Product Committee.

4 This figure represents an apportioned amount of the total remuneration of the 'Identified staff' attributable to the UCITS Fund allocated on an AUM basis.

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Important Information

Unless otherwise indicated, this document refers only to the investment products, teams, processes and opinions of Aberdeen Asset Management/Standard Life Investments as at the date of publication.

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