May
2018

Absolute Return Global Bond Strategies Fund

31 May 2018

Standard Life Investments

The fund aims to provide positive investment returns in the form of income and capital growth in all market conditions over the medium to long term. The fund is actively managed, with a wide investment remit to target a level of return over rolling three-year periods equivalent to cash plus three per-cent a year, gross of fees. It exploits market inefficiencies through active allocation to a diverse range of market positions. The fund uses a combination of traditional assets (such as bonds, cash and money market instruments) and investment strategies based on advanced derivative techniques, resulting in a highly diversified portfolio. The fund can take long and short positions in markets, securities and groups of securities through derivative contracts.

Past performance is not a guide to future returns and future returns are not guaranteed. The price of assets and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment. The fund will use derivatives extensively to reduce risk or cost, or to generate additional capital or income at low risk, or to meet its investment objective. Usage of derivatives is monitored to ensure that the fund is not exposed to excessive or unintended risks. The value of assets held within the fund may rise and fall as a result of exchange rate fluctuations.

SICAV Fund

Absolute Return Fund

Monthly

Fund Manager	Multi Asset Investing Team
Shareclass Launch Date	14 Jun 2011
Current Fund Size*	€2,243.3m

Shareclass	EUR (hedged)
Base Currency	GBP
Benchmark**	3 Month Sterling LIBOR
Duration	1.2 Yrs

*** Fund size calculated using the base currency in Sterling converted into Euros using the FX rate of 1:1.14 on 31/05/2018.**
**** This is the Fund benchmark. Where shareclasses are available in a different currency to the Fund's base currency, an alternative benchmark will be referenced for performance comparison purposes. For example, for a USD-hedged shareclass, performance will be referenced against a USD-hedged version of the Fund benchmark or a local currency (equivalent) index.**
This document is intended for use by individuals who are familiar with investment terminology. To help you understand this fund and for a full explanation of specific risks and the overall risk profile of this fund and the shareclasses within it, please refer to the Key Investor Information Documents and Prospectus which are available on our website – www.standardlifeinvestments.com.
Please note fund information tables are updated on quarterly basis only (31 March, 30 June, 30 September and 31 December).
Due to rounding, the underlying sections may not sum to the total.
Standard Life Investments has not considered the suitability of investment against your individual needs and risk tolerance. If you are in any doubt as to whether this fund is suitable for you, you should seek advice. An adviser is likely to charge for advice. We are unable to provide investment advice.
Contributions may not sum to total due to rounding.

Fund Information *

Stand-alone risk contribution by strategy type

	Stand-alone Vol %
Credit	1.88
Cross Market	1.15
FX	0.86
Inflation	0.85
Duration	0.57
Curve	0.25
Volatility	0.01
Total stand-alone vol:	**5.56**
Diversification:	**3.02**
Overall Volatility:	**2.55**

Return contribution by strategy type

	Q1 Contribution (%)
Credit	0.47
Cross Market	0.05
Curve	-0.35
Duration	0.00
FX	0.27
Inflation	-0.13
Volatility	0.09
Cash	**0.06**
Residual	**-0.05**
Total:	**0.40**

Top ten risk contributions by strategy

	Stand-alone Vol %
Emerging Markets Income	1.42
Australian vs UK duration	0.91
Short UK Inflation	0.83
Long Japanese Yen vs Canadian Dollar	0.64
Short US Interest Rates	0.61
Long Indian Rupee vs Swiss Franc	0.54
Italian vs German Interest Rates	0.49
Swedish Flattener vs Canadian Steepener	0.45
New Zealand Real Yields	0.40
Long US Dollar vs Euro Currency Options	0.32

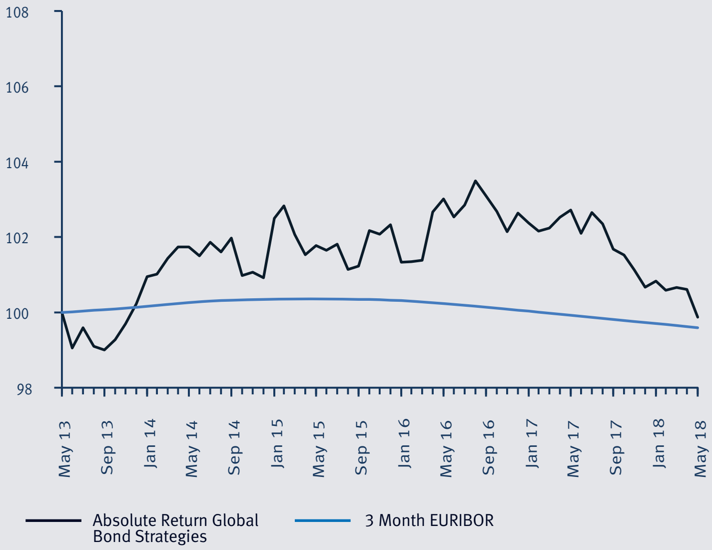
Top 5 Return Contributors by strategy

Top Contributors	Q1 Contribution (%)
Emerging Markets Income	0.53
Long Japanese Yen vs Canadian Dollar	0.34
Italy vs German Interest Rates	0.11
Short European Real Yields	0.09
Long Interest Rate Volatility	0.09

Bottom Contributors	Q1 Contribution (%)
European Long End Steepener	-0.22
Australian vs UK duration	-0.12
Australian Forward-Start Interest Rates	-0.12
US vs UK Real Yields	-0.11
Japanese Steepener	-0.09

Fund Performance *

Price Indexed



Performance has been calculated over the stated period on the share price performance basis, based on the institutional shareclass and net of fees. For your relevant charges please contact your Standard Life Investments Sales Representative.

Source: Standard Life Investments (Fund) and Thomson Reuters DataStream (Benchmark)

Cumulative Performance

Source: Standard Life Investments (Fund) and Thomson Reuters DataStream (Benchmark)

	YTD (%)	1 month (%)	3 months (%)	6 months (%)	1 year (%)
Retail Fund Performance	-1.1	-0.8	-0.9	-1.6	-3.4
Institutional Fund Performance	-0.8	-0.7	-0.7	-1.2	-2.8
3 Month EURIBOR	-0.1	0.0	-0.1	-0.2	-0.3

	3 years (%)	5 years (%)	Since launch (%)
Retail Fund Performance	-3.9	-3.5	0.1
Institutional Fund Performance	-1.9	-0.1	5.2
3 Month EURIBOR	-0.8	-0.4	1.1

Note: Past Performance is not a guide to future performance. The price of shares and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

For full details of the fund's objective, policy, investment and borrowing powers and details of the risks investors need to be aware of, please refer to the prospectus.

Definitions

Duration - gives an indication of a bond's sensitivity to a change in interest rates. It is based on a snapshot of the portfolio on specified date. It does not include any impact from charges.

Investment Review and Outlook

Market review

Markets remained volatile during May, reflecting uncertainty over US trade policy and its relations with Iran and North Korea. Political developments in Italy also unsettled investors, as the country struggled to form a new government. As a result, yields on government bonds in Italy and other peripheral European nations rose sharply (prices fell). Conversely, core government bond yields in Germany, Japan, the UK and US ended the month lower (prices rose), as investors sought more defensive sovereign assets.

Global economic indicators remained broadly favourable. Additionally, benign global inflation data suggests that central banks can afford to take their time raising interest rates, which should be supportive for global growth. In the US, the key PMI manufacturing indicator pointed to accelerating activity while consumer confidence remained close to the 17-year high reached in February. The benefits of tax reforms were clearly evident in strong first-quarter US company results, with over three-quarters of firms beating earnings forecasts. The supportive domestic macro environment lifted the US dollar.

Economic signals in Europe were mixed. Labour market and consumer confidence indicators were positive. However, business sentiment was dampened by global trade concerns and rising oil prices, while the PMI manufacturing indicator fell for the fifth consecutive month. Nevertheless, here too, corporate earnings were healthy and generally better than expected. In the UK, labour market data remained robust and wage growth outpaced inflation. This was at odds with sluggish first-quarter growth, falling house prices and weak business confidence. Given this somewhat ambiguous picture and ongoing Brexit uncertainty, the Bank of England opted to leave interest rates unchanged at its May meeting.

Activity

We closed our Italian versus German interest rates strategy, reflecting our growing concerns about the shape of the next Italian government and the impact of potentially market-hostile policies. We also closed our Australian versus UK interest rate position. In light of recent poor UK economic data, we believe the Bank of England will increase interest rates later than previously expected. This argues against taking a negative view of gilts, as this strategy does.

Given other exposures in the portfolio, we closed our currency positions preferring the Indian rupee over the Swiss franc and the US dollar over the euro, both of which had delivered positive returns.

Performance

The Absolute Return Global Bond Strategies Fund returned -0.73% (net of fees) during the month, compared to the benchmark three-month EURIBOR return of -0.03%.

Amid the elevated political uncertainty that prevailed during the month, our New Zealand real yields and long interest rate volatility strategies delivered positive returns. However, our short US interest rates position and Italian versus German interest rates position both detracted from performance.

Elsewhere, positive performance from our position in short-dated corporate bonds was offset by our exposure to high yield corporate bonds, as investors sought less risky assets. Also negative was our position in contingent capital bonds (also called contingent convertible bonds, or 'CoCos'), as European banks suffered heavy losses during the month.

Our preference for the US dollar over the euro, implemented using currency options, was rewarded, as was our preference for the Japanese yen over the Canadian dollar. Both the US dollar and the yen benefited from increased risk aversion during May. The dollar-euro position benefited further from weakness in the euro caused by the evolving political uncertainty in Italy.

The environment proved challenging for emerging market (EM) assets, as tensions in the Middle East pushed up oil prices and weighed on sentiment towards oil-importing EM countries. As a result, our EM income strategy contributed negatively.

Outlook

Our central expectation is for continued modest broad-based global growth, albeit with regional variations. Fiscal policy and the changing monetary policies of central banks will be important drivers of asset returns, especially as the pace of change in policies remains uncertain. The US is moving to a tighter monetary environment, albeit on a gradual incline. Improving data in Europe may reduce the ECB's appetite for monetary easing. However, it will likely remain cautious in the near term given the elevated levels of uncertainty around the process of the UK's withdrawal from the European Union. Japan, meanwhile, is likely to remain on a loose monetary path. Geopolitical tensions remain elevated and, on many metrics, asset prices look expensive. We will seek to exploit the opportunities that these conditions present by implementing a diversified range of strategies using multiple asset classes.

Other Fund Information

	Retail Acc	Retail Dist	Institutional Acc	Institutional Dist	Currency
Bloomberg	SLGLHAE LX	-	SLGLHDE LX	-	EUR
ISIN	LU0548158160	-	LU0548159994	-	EUR
WKN	A1JBEF	-	A1JBEG	-	EUR

Domicile	Luxembourg
Custodian Name	The Bank of New York Mellon SA/NV, Luxembourg Branch, 2-4 Rue Eugene Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg
Auditor Name	PricewaterhouseCoopers S.à r.l., Reviseur d'entreprises 400, route d'Esch, L-1014 Luxembourg, Grand Duchy of Luxembourg

	Interim	Annual
Reporting Dates	30 Jun	31 Dec

Settlement Time	T+3
Email	luxmb-sli-ta@bnymellon.com
Telephone	+352 24 525 716
Share Price Calculation Time	15:00 (Luxembourg time)
Dealing Cut Off Time	13:00 (Luxembourg time)

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Risk Factors

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

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.

The fund may invest 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.

Investing in 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 will result in the fund being leveraged (where economic 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 makes extensive use of derivatives.

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

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

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.

The fund could lose money as the result of a failure or delay in operational processes.

Additional Information for Switzerland : The prospectus, the key investor information documents, the articles of incorporation, the annual and semiannual report in German, and further information can be obtained free of charge from the representative in Switzerland: Carnegie Fund Services S.A., 11, rue du Général-Dufour, CH-1204 Geneva, Switzerland, web: www.carnegie-fund-services.ch. The Swiss paying agent is: Banque Cantonale de Genève, 17, quai de l’Ile, CH-1204 Geneva. The last share prices can be found on www.fundinfo.com.

To find out more about our fund range, visit our website or alternatively speak to your usual contact at Standard Life Investments.

www.aberdeenstandard.com

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Standard Life Investments Global SICAV is an umbrella type investment company with variable capital registered in Luxembourg (no. B78797) at 2-4, rue Eugéne Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg.
Calls may be monitored and/or recorded to protect both you and us and help with our training.

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