

May
2018

Global Equity Unconstrained Fund

31 May 2018

Standard Life
Investments

The fund aims to provide long term growth by investing in a diversified portfolio of global equity assets. The investment team will maintain a diverse asset mix at country, sector and stock level, with the regional, country and sector weightings within the portfolio being a by-product of the underlying stock exposure. Their primary focus is on stock selection to try to take advantage of opportunities they have identified. Due to the unconstrained nature of the fund investors must be willing to accept a relatively high degree of stock specific risk.

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 may use derivatives to reduce risk or cost, or to generate additional capital or income at low risk. 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

Equity Fund

Monthly

Fund Manager	Mikhail Zverev
Launch Date	9 Dec 2014
Fund Currency	USD
Benchmark	Morningstar Offshore Global Large-Cap Blend Equity Sector
Current Fund Size	\$31.2m

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. 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.

Fund Information *

Composition by Sector

	Fund %
Information Technology	23.1
Industrials	14.8
Financials	12.6
Health Care	11.1
Materials	7.6
Energy	7.4
Consumer Staples	6.7
Real Estate	5.3
Consumer Discretionary	4.5
Cash and Other	2.6
Utilities	2.2
Telecommunication Services	2.1

Top Ten Holdings

Stocks	Fund %
Marvell Technology	3.4
CSX	3.4
Boston Scientific	3.2
Equinix	3.1
Broadcom	3.1
MasterCard	3.0
Ferguson	2.8
United Healthcare	2.8
JXTG Holdings	2.8
ASR Nederland	2.7
Assets in top ten holdings	30.3

Composition by Country

	Fund %		Fund %
USA	47.1	Italy	2.4
UK	9.8	Canada	2.3
France	6.7	Korea	2.3
Germany	6.5	Finland	1.9
Ireland	5.3	Brazil	1.6
Japan	4.3	Belgium	1.3
Netherlands	2.7	Sweden	0.7
Australia	2.5	Cash and Other	2.6

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	-1.4	0.3	-0.7	0.2	6.5
Institutional Fund Performance	-1.1	0.4	-0.4	0.6	7.4
Morningstar Offshore Global Large-Cap Blend Equity Sector	0.4	0.2	-0.9	2.0	12.4

	3 years (%)	Since launch (%)
Retail Fund Performance	9.5	17.8
Institutional Fund Performance	12.3	21.3
Morningstar Offshore Global Large-Cap Blend Equity Sector	26.4	32.4

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

Cash and Other - may include bank and building society deposits, other money market instruments such as Certificates of Deposits (CDs), Floating Rate Notes (FRNs) including Asset Backed Securities (ABSs), Money Market Funds and allowances for tax, dividends and interest due if appropriate.

Market review

Global equities were mixed over May, with a wide variation in performance by region. The US market was the best performer, thanks in part to the strength of the dollar but also due to solid economic data and corporate earnings growth.

Dollar liquidity is being drawn out of the global system, as the Federal Reserve increases interest rates, trims its balance sheet and issues more US Treasuries to pay for tax cuts. This is having an adverse effect on those emerging market countries with high dollar-denominated debt exposures. Vulnerable nations include Turkey, Argentina, Indonesia and Brazil.

Also adding to the 'wall of worry' was the election result in Italy, which saw the anti-establishment Five Star Movement form a coalition government with the right-wing League. With policies that are likely to worsen the fiscal deficit and rhetoric that appears to be anti-euro, Italian bond spreads widened dramatically and led to sharp underperformance of Italian stocks.

The final macro factor currently of note is the ongoing threat of a trade war. The US government has implemented import tariffs on steel and aluminium, to the anger of China, the EU, Canada and Mexico. We put this in the 'noise' category for now, but it would be very bad news if the situation were to escalate and expand in scope.

Activity

We purchased shares in US-listed datacentre Equinix. The stock has been weak due to rising interest rates, as well as concerns around long-term revenue growth and the level of investment needed going forward. Despite this, we still think Equinix is in a unique position to benefit as companies increasingly move to the cloud, while its asset base is among

the best in the industry. The company is also trading at a discount to its peers. Staying in the US, we purchased additional shares in chemicals group Celanese as we do not think the market is accurately pricing the value of its advanced engineered material business. Management is also continuing to work on ways to monetize the commoditized side of operations.

On the other side of the ledger, we sold US media group Comcast, as its bid for Sky in the UK and rumoured bid for Fox in the US means we no longer have confidence in the company's capital allocation policy.

Performance

Shares in Paddy Power Betfair soared after the US Supreme Court approved sports betting in the country. The company is well placed to benefit from this development, thanks to its experience, investment in technology and leading betting platforms. Paddy Power also has a number of deals with major US casinos and racetracks, which should put it in a prime position once the licencing process begins. Meanwhile, a position in semiconductor firm Marvell Technology boosted Fund returns. Shares in the company climbed after the US government acted to help China's ZTE with sanctions, which may signal a thawing of tensions between the two nations. This also meant that Marvell's deal to buy Cavium has a better chance of being approved. Additional highlights included CSX Corporation, Infineon and Broadcom.

By contrast, Danish-listed jewellery designer and retailer Pandora continued to struggle. Its most recent earnings update showed no real change to trends in developed markets, while a slowdown in China was a sizeable negative. Investors were also disappointed over commentary around excess inventory and the need

for more investment, which combined will weigh on margins. The China slowdown in particular has further reduced our conviction in the stock and we decided to exit the position. Meanwhile, shares in Australia's Treasury Wine Estates fell over May. The stock was negatively impacted by news from China that wine imports were being blocked. It was also reported that Treasury Wine was having some inventory issues in the country. We have spoken to the company and it is adamant there are no inventory issues. It was also announced by the Australian trade minister that Australian wines were no longer blocked by Chinese customs. We therefore retain the holding. Positions in Dollar Tree, ASR Nederland and Banco Bradesco also disappointed.

Outlook & strategy

The story of the market this year has been the reintroduction of risk and volatility, with stocks no longer a one-way bet. Higher interest rates and the removal of monetary policy accommodation are causing a slow tightening of liquidity conditions, which is creating stress points in certain emerging market currencies and bond yields. In addition, populist politics are challenging the status quo, threatening global free trade and the euro. But the most important drivers for stock prices – economic data and corporate earnings – remain solid, providing reasons to remain constructive. However, as we move through the remainder of 2018, stock prices will have to be justified by the merits of the underlying company cashflows, rather than by interest-rate-driven valuation expansion.

As for the Fund, we believe our fundamental bottom-up investment approach remains the best way to generate robust long-term returns and we continue to shape the portfolio with as much stock-specific risk as possible.

Other Fund Information

	Retail Acc	Retail Dist	Institutional Acc	Institutional Dist	Currency
Bloomberg	SLGEUAA LX	-	SLGEUDA LX	-	USD
ISIN	LU1150180195	-	LU1150180351	-	USD
WKN	n/a	-	n/a	-	USD
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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Additional Information for Switzerland : The prospectus, the key investor information documents, the articles of incorporation, the annual and semi-annual 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'Île, CH-1204 Geneva. The last share prices can be found on www.fundinfo.com.

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www.aberdeenstandard.com