Investment Report
Standard Life Wealth Falcon Fund

Quarter 1 2019

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Fund information

All information is correct as at 31 March 2019 unless otherwise stated.
Past performance is not a reliable guide to future performance.

Investment objective

The objective of the fund is to provide long term capital growth through investment principally in UK and international equities. The fund may also invest in warrants, deposits, approved money market instruments, collective investment schemes, derivative instruments and forward transactions. 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. It will invest in companies of all sizes (eg small, medium and large companies) and in any industry (eg pharmaceuticals, financials etc) with complete freedom to invest without reference to any benchmark or index. Additionally the fund will typically invest in fewer than 70 company shares and limit investment in other mutual funds to 10%. The value of investments within the fund can fall as well as rise and is not guaranteed - you may get back less than you pay in. The fund may use derivatives for the purposes of efficient portfolio management, reduction of risk or to meet its investment objective if this is permitted and appropriate. The sterling value of overseas assets held in the fund may rise and fall as a result of exchange rate fluctuations.

Comparative indices

The Comparative Index, ARC £ Equity Risk est., IA Global Growth, FTSE All-Share (£) and FTSE World ex UK. The Comparative Index consists 30% FTSE All-Share (£) and 70%% FTSE World ex UK.

Expected Characteristics

Return: Significantly above cash over the long term; variable in the short term.

Volatility: High. Investors can expect to experience significant fluctuations in the value of their holding, driven by rises and falls in equity markets.

Income: Low, but the dividend is likely to grow over the long term.

Risk band

Suitable for investors with a high risk profile.

Performance track record

	Retail (Acc)	Institutional (Acc)*
Retail launch date	13 Nov 1998	28 Apr 2014
Return since launch	328.37%	51.26%
Equivalent per annum	7.37%	8.78%
Relative to comparative index**	0.52%	-2.26%

* Institutional refers to Z shareclass.
**based on outperformance or underperformance relative to the comparative index

Fund facts

	Retail (Acc)	Institutional (Acc)*
Fund size (millions)	GBP 153.6m	GBP 153.6m
Annual management charge	1.50%	0.00%
Ongoing charge	1.54%	0.04%
Base currency	GBP	GBP
Distribution yield	0.83%	2.28%
Ex distribution dates	31 Aug	28 Feb, 31 Aug
Distribution pay dates	29 Oct	2 business days before 30 Apr, 31 Oct
Last distribution paid	0.1901p per unit	0.6296p per unit
ISIN	GB0002904703	GB00BLBND495
Sedol	290470	BLBND49

* Institutional refers to Z shareclass.

Focus on the latest quarter

Portfolio holdings can change at any time and without notice. Therefore, you should not take any of the information in this document as a recommendation to invest. Notable transactions are selected at the discretion of the fund manager and may not feature the largest transactions by value.

Performance over the 3 months for fund, comparative index and other comparators

	%
Standard Life Wealth Falcon Fund (Retail Acc)	**11.00**
Standard Life Wealth Falcon Fund (Institutional Acc)*	**11.40**
Comparative index	9.51
Other comparators	
ARC £ Equity Risk est.	7.89
IA OE Global	9.80
FTSE All Share	9.41
FTSE World (ex UK)	9.56

Source: Morningstar (Fund) as at 31 March 2019. Calculation basis: Sterling, total return bid-to-bid, without initial charges, net income reinvested. Thomson Reuters Datastream (Comparative Index) as at 31 March 2019. Calculation basis: Sterling, total return without initial charges, gross income reinvested.
* Institutional refers to Z shareclass.

Largest contributors to relative performance

Positive	v index
Estee Lauder	0.33
Fevertree Drinks	0.33
Dechra Pharmaceuticals	0.31
American Tower	0.31
Accenture	0.26

Negative	v index
Vodafone	-0.12
Treasury Wine Estates	-0.13
Medtronic	-0.15
RELX	-0.17
Swedbank	-0.36

Largest contributors to relative performance looks at the effect of the investment choices made by the fund manager. It highlights which investment choices have added or detracted value from the portfolio, relative to the investments in the benchmark.

Notable transactions

Acquisitions
Mastercard
Ubisoft
Abcam
D S Smith

Disposals
Electronic Arts
Swedbank
Halliburton
BHP Group
Murata Manufacturing

Focus on the latest quarter (cont.)

This commentary represents the views of the fund manager and should not be taken as advice.

Markets

The new year heralded a new wave of optimism, with most financial markets rallying strongly throughout the first quarter. The risks that shattered global investor confidence during the final months of last year diminished early in 2019. Specifically, concerns eased around the potential escalation of the US-China trade war, higher interest rates hurting the US economy and a slowdown in global growth. Even before we'd had a chance to make our new year's resolutions, the tide had started to turn. Investor confidence grew as US-China trade relations thawed and the Federal Reserve (Fed) reacted to weaker global growth by halting interest rate rises this year. A safety net of monetary, fiscal and credit easing, to cushion China's economic slowdown, provided additional cheer. Evidence to support this optimism arrived in the form of broadly improving US and Chinese economic data.

Closer to home, we entered the final act of Brexit – 'If only' I hear you cry! We will not waste paper speculating what may or may not have happened by the time you read this. Instead, we highlight our continued focus on the potential ramifications of an oscillating currency on our clients' portfolios. We are ensuring that our clients' portfolios are not overly exposed to currency risk and focusing on long-term, sustainable growth. This naturally leads us to invest globally on our clients' behalf; seeking the best opportunities to benefit from structural change. As a result, the portfolios have very little domestic UK exposure. Most of the UK companies held in our clients' portfolios are global in nature. Even those with smaller market capitalisation tend to seek their growth overseas. UK economic data remains relatively weak, given the uncertainty around Brexit. This has manifested in lower levels of investment by companies in their own operations, as well as lower international investment. Fundamentally, there is a significant shadow of uncertainty over the cost of 'doing business' with our biggest trading partners. This has made it increasingly difficult for UK (and some European) companies to confirm their growth strategies. Needless to say, UK equities remain undervalued relative to history – for now at least.

The European economy also sits under the shadow of Brexit. This is in addition to its own ongoing weakness in industrial production and lacklustre consumer confidence. Economic growth has deteriorated over 12 months, only improving more recently. There is broad consensus that Chinese stimulus should feed through to benefit European industrial production. Albeit, not to the extent seen previously. EU political risk has diminished over recent months. For now, it looks like the spectre of failing Brexit negotiations has deterred other European populist movements.

Against this backdrop, most equity markets rallied strongly, led by the US and Asian markets, which returned 14-15%. The pause in US monetary tightening, in combination with a raft of Chinese stimulus, proved a heady mix during Q1. It delivered some much-needed confidence to investors everywhere. Fear of slowing growth led the European Central Bank and Bank of Japan rhetoric down a more dovish path. This further buoyed financial markets in these regions. The broad-based pause in monetary tightening led to a fall in bond yields across most markets. UK gilt yields fell to a two-year low, returning 3.4% over the quarter. UK corporate bond yields moved in a similar direction, generating a return of 4.2%. Even against the backdrop of Brexit uncertainty, the UK equity market rallied in line with European and global equities. It returned 9.4%, reflecting the global nature, and commodity-heavy bias of the index. There was broad consensus that the UK was unlikely to exit the EU without a deal, leading sterling to appreciate against all G10 currencies. As a result, overseas investment returns were tempered for sterling investors, as overseas values were translated back to a stronger currency. The FTSE World Equities ex UK Index returned 9.6% over the quarter.

Performance

The Falcon Fund returned +11.0% over the quarter, net of the retail fee. Encouragingly, this was ahead of the benchmark return of +9.5% and also the peer group as measured by the Asset Risk Consultants (ARC) Equity Risk estimate of +7.9%.

The Fund benefited from the recovery in many of the stocks that had fallen heavily in the last quarter of 2018. Dechra Pharmaceuticals was one of the standout performers. Its share price rose +31% during the quarter, after announcing strong earnings and projecting a confident outlook for its international growth strategy. Overall, the healthcare sector was a driver of the Fund's relative outperformance. This was down to double-digits returns from some of our large pharmaceutical holdings including Roche, Eli Lilly and Novartis. Our holding in the Biotech Growth Trust also enjoyed a recovery in its share price (+16%).

Focus on the latest quarter (cont.)

This commentary represents the views of the fund manager and should not be taken as advice.

Within consumer goods, the beverage companies Fever-Tree (+37%) and Anheuser Busch-Inbev (+25%) rebounded strongly. This recovery followed the aggressive falls they suffered last quarter. Fever-Tree demonstrated sustained momentum in its overseas markets. It also announced a strategic deal with Southern Glazer's Wine and Spirits, the largest wine and spirits distributor in North America. The deal was well received by the market. Elsewhere, Estee Lauder (+25%) and Nestle (+15%) continued to outperform the broader market, while British American Tobacco recovered from oversold levels, rising almost 30%.

Within basic materials, the mining sector was particularly strong after the tragic Feijao dam collapse in Brazil (owned by Vale). The incident raised concerns that iron ore supply would be tight in the short term. This led to sharp rises in the share price of both Rio Tinto and BHP Group, prompting us to sell BHP on valuation grounds.

Within financials, the two US banks that the Fund holds, Citigroup and First Republic Bank, gained strongly. First Republic Bank reported sector-leading loan growth at a higher margin than forecast. The recently added holding in MasterCard rose +17%, while positions in the US real estate investment trusts (REITs) Equinix (+26%) and American Tower (+22%) also performed well. There was good performance from life assurance companies with exposure to growth in Asian markets. As a result, the Fund benefited from holding AIA Group (+17%) and Prudential (+12%), with the latter recovering from weakness in the previous quarter.

The technology sector benefited from the return of the markets' risk appetite. This helped drive gains in Facebook (+24%), ASML (+17%), Microsoft (+14%) and Apple (18%). We retain a reduced position in Apple. Amazon (+17%), classified under general retailers, also returned to favour, while luxury group Kering (+20%), which we bought last quarter, continued to post impressive results.

Activity

The market correction experienced in the fourth quarter of last year provided an opportunity to add to equities early this year. In addition to increasing existing holdings, we added four new names to the Fund; namely DS Smith, MasterCard, Abcam and Ubisoft DS Smith is a packaging company that supplies all Amazon's packaging in the UK. It differentiates itself by being at the forefront of technology and utilising recycled material to add value as a supply-chain partner.

Changing consumer habits are driving the structural growth in this market over the long term and DS Smith is well placed to benefit. The stock had aggressively de-rated in previous months, primarily due to concerns about a wider European slowdown. This weakness created an attractive entry point for us.

We have wanted to add MasterCard to the Fund for some time and the market correction provided an opportunity. This company is well positioned to profit from increased payment volumes, as transactions become increasingly electronic – another benefit of changing consumer habits. Widespread acceptance of its cards and ingrained payment behaviours provide a significant moat for its payment ecosystem. In addition, the digitalisation of payments still has years of significant growth ahead.

Abcam might be less familiar to you. It is a disrupter in its field; providing antibodies for research and diagnostics. DNA sequencing has radically changed the healthcare landscape. It has opened up a vast pool of opportunities to use antibodies to identify, diagnose and create treatments. In addition, an aging population supports increased healthcare spending on non-communicable diseases that are being increasingly treated with biological drugs. This includes immuno oncology. Abcam's products lead the market because of the quality of the accompanying efficacy data. Its revenue growth is twice the market rate. It is supported over the next five years by the significant opportunity in higher value antibodies and immuno assays. It also has valuable exposure to the Chinese market, which is supported by increased government spending on research & development. Longer term, custom products and licensing should propel growth further, as Abcam starts to benefit from the increasing therapeutic opportunity for biologicals (including diagnostics).

Ubisoft Entertainment produces and distributes video games. The French company has been modifying its games to improve recurring revenue from players across its titles. This also includes its back catalogue of games, as it tries to catch up with US peers in terms of margin enhancement from digitalisation. The company has expanded its portfolio, which was once heavily reliant on Assassin's Creed. It now has one of the most attractive release pipelines within the sector in 2019. Ubisoft's share price was dragged down last quarter, in line with the wider sector. This was largely due to concerns about the impact of Fortnite, turbulence in China and a clash of AAA games releases. We took advantage of this share price weakness to initiate a position in Ubisoft. Its shares have risen over 15% since purchase.

Focus on the latest quarter (cont.)

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To fund the purchase of Ubisoft, we sold our holding in Electronic Arts (EA) after a sharp rise in the shares. This followed a strong initial response from the gaming community to EA's new free-to-play 'battle royale' game, Apex Legends, the monetisation of which has yet to be fully determined. We also swiftly sold the Fund's holding in Swedbank. We took action after the bank became embroiled in the alleged money laundering scandal in Estonia that had previously centred on Danske Bank. Another company that suffered adverse news during the quarter was Bayer. The US courts found in favour of the plaintive in the case concerning a Monsanto product alleged to cause cancer. With the exact quantum of the claim against the company unknown, and class actions being initiated, we decided to exit the position.

Outlook

A pause in monetary tightening (no more interest rate rises for now), thawing US-China trade relations and Chinese stimulus underpinned market confidence this quarter. However, none of these drivers could be described as sustainable by any means. Falling interest rates, lower inflation and increased global cooperation have driven financial markets over the past three decades. 2018 marked an inflection point for all three of these drivers. It's no wonder that fear gripped markets as two of these – rising interest rates and trade tensions – started to bite. We are now entering a period of lower global growth, even as we emerge from what can be described as a mid-cycle slowdown. This comes more than 10 years into the current financial cycle and following a significant equity bull market. Therefore, we are monitoring the key indicators that could drive inflation to a point that pushes the Fed back onto the path of monetary tightening. These indicators include the oil price and wage inflation. Elsewhere, there is very little we can do to monitor trade relations. This is purely a spectator sport and the risk remains heightened until we see a durable agreement on the table. You might be forgiven for thinking this current investment climate seems a little precarious? Indeed, we expect slower global growth this year. Specifically, lower corporate earnings. This is because the boost to returns from US tax cuts last year has started to diminish. Companies also retain responsibility for firing their own growth engines.

Therefore, rather than focus on short-term market noise, we concentrate on long-term structural growth. We seek to identify companies 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, generate cashflow in excess of their operational requirements, and invest in their business as well as distribute to shareholders, tend to generate stronger and more sustainable returns. As a result, they merit a long-term position in portfolios, regardless of shorter-term sentiment.

Performance

Risk warning
Past performance is not a reliable guide to future performance.
The value of investments within the fund can fall as well as rise and is not guaranteed - you may get back less than you pay in.

Performance since launch (%) 13 November 1998

Cumulative performance (%) to last quarter end

	1 year	3 years	5 years	10 years	YTD
Standard Life Wealth Falcon Fund (Retail Acc)	6.1	24.7	39.5	167.8	11.0
Standard Life Wealth Falcon Fund (Institutional Acc)**	7.7	30.4	N/A	N/A	11.4
Comparative Index*	9.9	46.3	67.9	246.9	9.5

Discrete past performance (%) to last quarter end

From	31/03/2014	31/03/2015	31/03/2016	31/03/2017	31/03/2018
To	31/03/2015	31/03/2016	31/03/2017	31/03/2018	31/03/2019
Standard Life Wealth Falcon Fund (Retail Acc)	16.7	-4.1	21.5	-3.3	6.1
Standard Life Wealth Falcon Fund (Institutional Acc)**	N/A	-2.7	23.4	-1.8	7.7

Source: Morningstar (Fund) as at 31 March 2019. Calculation basis: Sterling, total return bid-to-bid, without initial charges, net income reinvested. Thomson Reuters Datastream (Comparative Index) as at 31 March 2019. Calculation basis: Sterling, total return without initial charges, gross income reinvested.
* The Comparative Index for the Standard Life Wealth Falcon Fund is 30% FTSE All-Share, 70% FTSE World ex UK. The Comparative Index for the fund from inception until 31 December 2009 was 50% FTSE All-Share, 50% MSCI World ex UK then 50% FTSE All-Share, 50% FTSE World ex UK until 31 December 2013.
** Institutional refers to Z shareclass.

Performance - risk and reward

For explanations of any of the investment terms used in this report, please see glossary.
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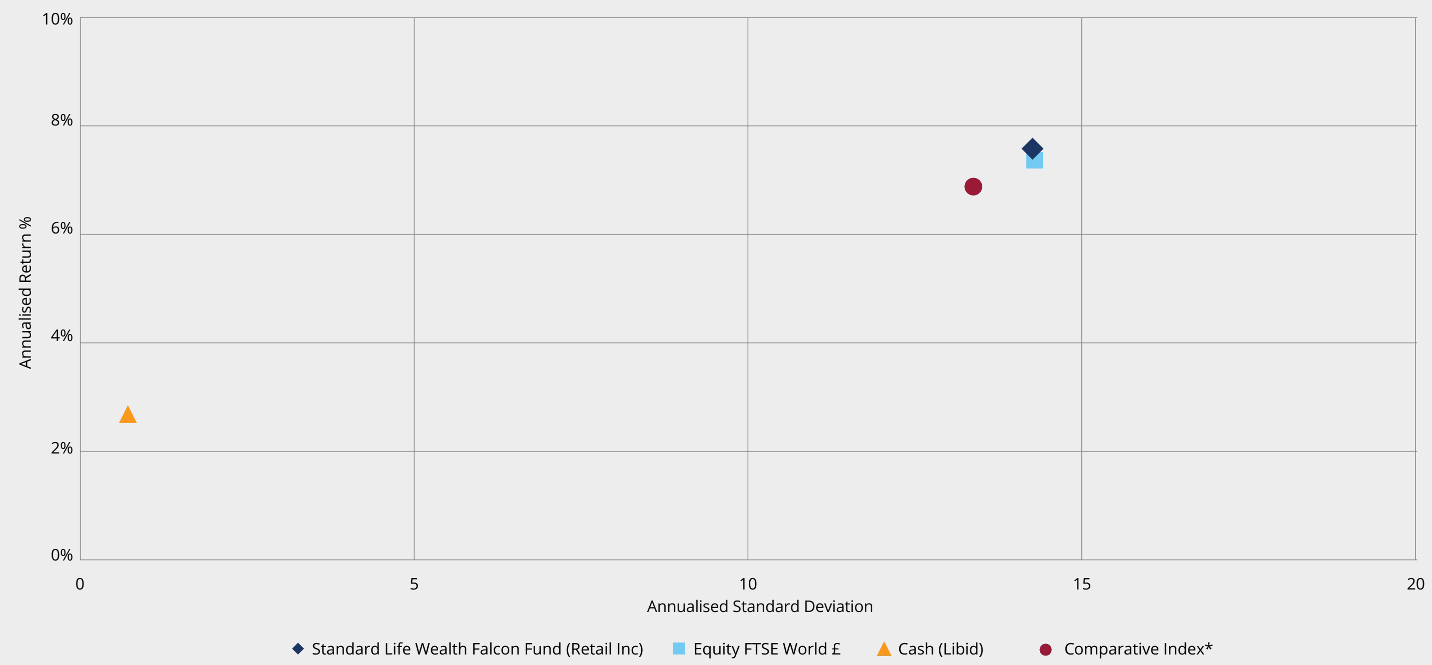
Return and risk since launch



Annualisation is calculated on a monthly basis from the fund launch date, 13 November 1998.
The value of investments within the fund can fall as well as rise and is not guaranteed - you may get back less than you paid in.

Risk and return since launch

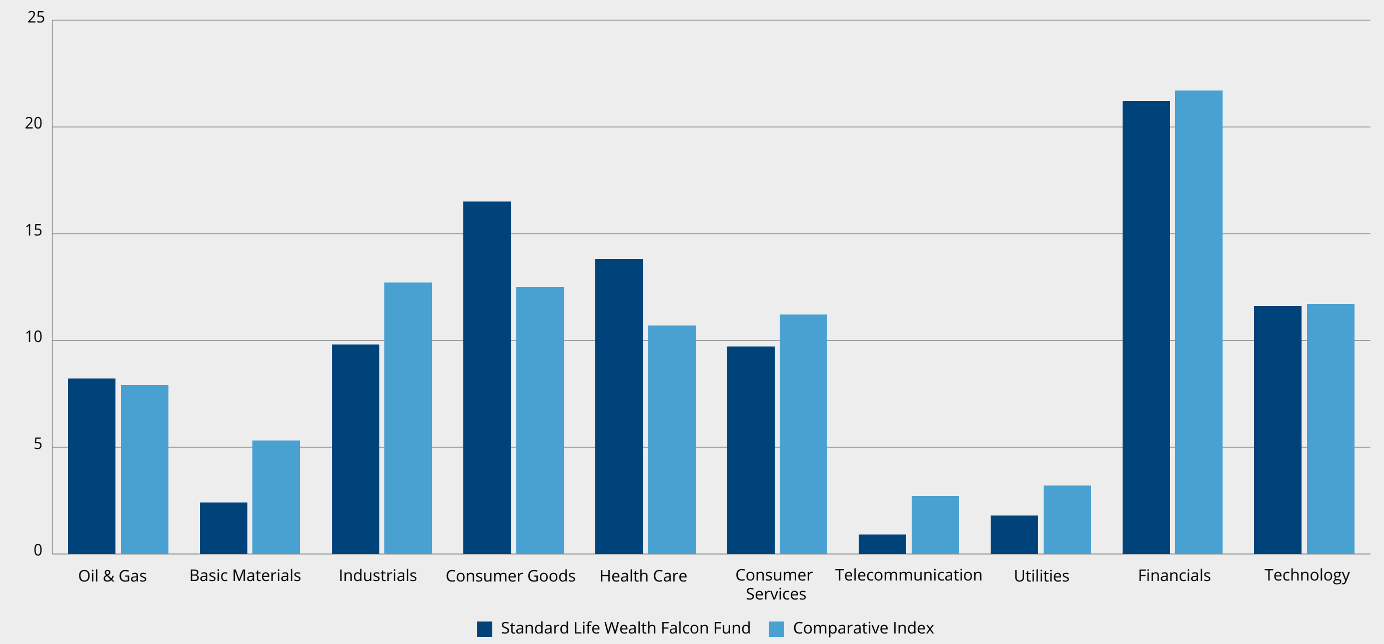
	Annualised return (%)	Volatility (%)	Sharpe ratio
Standard Life Wealth Falcon Fund (Retail Acc)	7.4	14.3	0.3
Comparative Index*	6.9	13.4	0.3

Source: Morningstar (Fund) as at 31 March 2019. Calculation basis: Sterling, total return bid-to-bid, without initial charges, net income reinvested. Thomson Reuters Datastream (Comparative Index) as at 31 March 2019. Calculation basis: Sterling, total return without initial charges, gross income reinvested.
Money market instruments (LIBID) is the London Interbank Bid Rate and represents the rate at which a bank is willing to borrow from other banks.
* The Comparative Index for the Standard Life Wealth Falcon Fund is 30% FTSE All-Share, 70% FTSE World ex UK.
The Comparative Index for the fund from inception until 31 December 2009 was 50% FTSE All-Share, 50% MSCI World ex UK then 50% FTSE All-Share, 50% FTSE World ex UK until 31 December 2013.

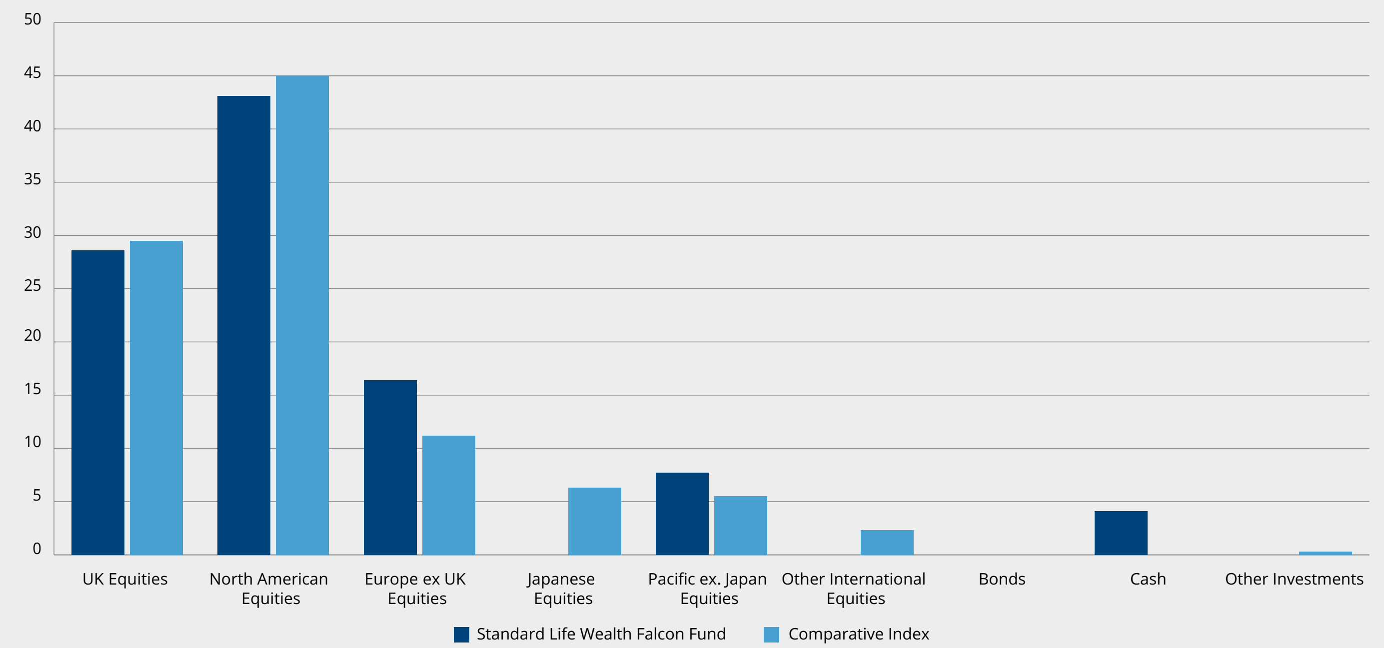
Fund breakdown

The information below is subject to change and should not be construed as a recommendation to invest in a specific industry or region. The value of investments within the fund can fall as well as rise and is not guaranteed - you may get back less than you pay in.

Equity split by industry



Regional and asset class weighting



Factset as at 31 March 2019

Our investment process

We manage portfolios on an active basis, taking a global investment approach. We aim to identify long-term drivers of change. These long-term trends are the key forces of change, which we believe drive economies and markets.

Research

Our team of analysts conduct fundamental research across markets for each of the world's major economies, industries and sectors. We look beyond the traditional boundaries established by simply considering asset allocation, assessing important characteristics such as capital protection, cash flow and long-term growth. We use the full resources of Aberdeen Standard Investments to generate research that's solely used for the benefit of our clients.

Fund management/portfolio construction

Our investment managers interpret the output of all strategic and analytical work, identifying and assessing those stocks that may be appropriate for our client portfolios. We aim to invest in an appropriate combination of long-term, return-seeking assets and tactical, risk-offsetting positions. The structure of every portfolio depends on each client's goals, attitude to risk and time horizon, in the context of our investment outlook.

Long-term trend	Drivers of change	Investments
Shifting consumption	Shifting consumption patterns will continue to be a major influence on global growth. It is estimated that over the next 15 years, another 1.8 billion people will enter the global consuming class and that worldwide consumption will nearly double to $64 trillion (McKinsey Global Institute. Manufacturing the future: The next era of global growth and innovation. November 2012).	Amazon Treasury Wine Estates Dechra Pharmaceuticals Estee Lauder DS Smith
Population dynamics	Advances in medical science and changes in diet and in our environment are transforming the dynamics of the global population. People are living for longer, more than half the world's population already lives in urban areas with this number predicted to rise to 75% by 2050 (UN December 2013), and a falling work force is placing strains on the provision of public services.	AIA Group Biotech Growth Trust Prudential Boston Scientific Medtronic
Debt effects	Since the onset of the credit crisis, governments, corporations and individuals have been taking measures to reduce their levels of debt. The efficiency and effectiveness of this reduction in debt is not yet completely known.	First Republic Bank
Policy influence	National and regional policies have always played a role in global economics as policymakers seek to achieve a number of political, economic and social objectives. These include promoting growth, increasing employment, controlling inflation, managing the money supply and interest rates, increasing profits and addressing perceived market failures. Intervention brings about change, and therefore can act as the catalyst for investment opportunities.	Covestro CRH
Smart generation	Remember life without the internet and digital technology? There will soon be a generation of adults who don't. Indeed the single biggest source of digital disruption over the past decade has been the users of technology themselves - reshaping the way we live, work and do business. Networks, systems, processes are now more sophisticated than ever before. This is giving organisations opportunities to become more efficient and focused - to create entirely new operating models.	Alphabet Activision Blizzard Facebook Samsung Electronics ASML Holding Mastercard
Resource efficiency	By 2030, energy demand is projected to increase by 40% and water demand is expected to outstrip supply by 40%. A mere 5% of the world's population uses 23% of the entire energy supply, while 40% of the world's population lack access to adequate sanitation services. Another 1.2 billion having no facilities at all (UN System Task Team on the Post-2015 UN Development Agenda). Ageing populations in the West (as elaborated upon in our Populations dynamics theme) and continuing economic advancement in the developing world will result in a shortage of human capital globally. Businesses will be vying for talent against the entrepreneurial opportunities that will be available to a cohort of young, well-educated workers.	Accenture EOG Resources Schlumberger Enel

Fund holdings

Standard Life Wealth Falcon Fund	Holdings (%)*
Equities	**95.9**
Oil & Gas	**8.2**
BP p.l.c.	1.7
EOG Resources, Inc.	1.5
Royal Dutch Shell Plc Class B	2.2
Total SA	1.3
Schlumberger NV	1.5
Basic Materials	**2.4**
Covestro AG	1.1
Rio Tinto plc	1.3
Industrials	**9.8**
CRH Plc	1.7
FLIR Systems, Inc.	1.5
DS Smith Plc	1.2
Allegion PLC	1.5
Voltronic Power Technology Corp.	1.3
Accenture Plc Class A	2.7
Consumer Goods	**16.5**
Anheuser-Busch InBev SA/NV	1.4
Fevertree Drinks PLC	1.4
Treasury Wine Estates Limited	1.7
Nestle S.A.	2.5
Countryside Properties Plc	1.4
Activision Blizzard, Inc.	1.3
Samsung Electronics Co., Ltd.	1.1
Ubisoft Entertainment SA	1.5
Estee Lauder Companies Inc. Class A	2.7
British American Tobacco p.l.c.	1.5
Health Care	**13.8**
Boston Scientific Corporation	2.6
Medtronic plc	1.6
ABCAM PLC	1.0
Dechra Pharmaceuticals PLC	1.9
Eli Lilly and Company	1.6
GlaxoSmithKline plc	2.2
Novartis AG	1.4
Roche Holding Ltd Genusssch.	1.5
Consumer Services	**9.7**
Amazon.com, Inc.	2.7
Kering SA	2.0
Comcast Corporation Class A	2.5
RELX PLC	2.6
Telecommunications	**0.9**
Vodafone Group Plc	0.9
Utilities	**1.8**
Enel SpA	1.8
Financials	**21.2**
Citigroup Inc.	2.3
First Republic Bank	2.8
HSBC Holdings Plc	1.6
Beazley Plc	1.2
AIA Group Limited	1.9
Aviva plc	0.9
Prudential plc	2.2
American Tower Corporation	3.2
Equinix, Inc.	1.9
Mastercard Incorporated Class A	1.5
Biotech Growth Trust PLC	1.7
Technology	**11.6**
Alphabet Inc. Class A	2.6
Facebook, Inc. Class A	1.4
Microsoft Corporation	2.7
Apple Inc.	1.1
ASML Holding NV	1.9
Taiwan Semiconductor Manufacturing Co., Ltd. Sponsored ADR	1.8
Cash	**4.1**

*The data is rounded to 2 dp and small variances to totals may occur

Glossary

ARC Private client indices ARC private client indices are based on actual client portfolio returns provided by various investment management companies. These portfolio returns are allocated to one of four categories based on the volatility of their returns relative to world equities, and an average return is calculated for each category. Grouping portfolios by their volatility differs from the traditional approach, which compares portfolios which have similar asset allocations. Instead, investment managers may use whatever asset allocation they consider appropriate to achieve the desired levels of return and volatility.

Bonds These are essentially loans to a government or company. These loans are often for a set period and the bond owner usually receives regular interest payments. Bonds issued by the UK government are called gilts and those issued by a company are corporate bonds. Some bonds are riskier than others, for example bonds issued for a longer time period or by companies which are viewed as risky.

Derivatives Funds can sometimes use derivatives to improve portfolio management and to help meet investment objectives. A derivative is a financial instrument – its value is derived from the underlying value or movement in other assets, financial commodities or instruments like equities, bonds, interest rates, etc. Depending on how it is used, a derivative can involve little financial outlay but result in large gains or losses.

Equities These are part ownership in a company, and are also referred to as stocks and shares. The return on equities comes from growth in the value of the shares in a company, plus any income from dividends. Equities are one of the more volatile asset classes – although they can offer good growth potential.

IA sector averages The Investment Management Association (IMA) classifies funds with similar objectives into broad groups, or sectors, which have some similar characteristics. The average performance of all the funds in a sector is calculated over various time periods for investors to use as a performance comparator.

LIBOR/LIBID LIBOR is the London Interbank Offered Rate and is the rate at which banks lend to each other. LIBID is the London Interbank Bid Rate and is the rate at which banks borrow from one another. Generally, LIBOR is a little above the Bank of England base rate, and will also be higher than LIBID. Both can be used as a benchmark for money market instruments, which include cash.

Money market instruments (including cash) These include deposits with banks and building societies, as well as governments and large corporations. They also include other investments that can have more risk and return than standard bank deposits. Investments in money market instruments are riskier than standard cash deposit accounts – in some circumstances their values will fall. The returns may also be lower than inflation.

Ongoing charge This is a measure of the total cost for investing in a fund. It's made up of the Annual Management Charge (AMC) and other additional costs. The AMC is levied by the Manager and is used to pay the investment manager, financial advisor, fund accountant, fund administrator and distributor. Additional costs include the costs for other services paid for by the fund, such as the fees paid to the trustee (or depository), custodian, auditor and regulator.

Property Property investing includes direct investment in buildings and land, as well as indirect investments such as shares in property companies. The value of direct property is generally based on a valuer's opinion as is not fact. Like equities, property securities can have sharp changes in value at any time. The values of different types of property do not necessarily move in line with each other. For example commercial property could be losing value even if house prices are going up.

Risk All investments carry risk. Some are riskier than others. Higher-risk investments offer the potential for higher returns. There is no guarantee that you will get back all the money you initially invested. Money market instruments (including cash) are generally considered to be the least risky investments.

Risk band The risk band given on this document is an internal rating used by Aberdeen Standard Capital to categorise the relative position of funds and portfolios within their overall investment offering. There are six ratings: very low, low, medium low, medium, medium high and high.
The Aberdeen Standard Capital risk band differs from the SRRI risk rating that you might see on a Key Investor Information Document, which uses a standardised industry wide process to rate funds from 1-7.

Sharpe ratio The Sharpe ratio gives an idea of how well a fund has performed relative to the amount of risk it has taken. It's calculated by dividing the excess return (in this case, the return above cash) by the standard deviation of the return. A higher sharpe ratio suggests that a fund is taking on less risk to achieve its return.

Glossary (cont.)

Standard deviation A statistical measure of how much the return for an investment is likely to vary. The higher the number, the more variable the return. Given two investments with the same average return, but different standard deviations, we would expect the fund with the larger standard deviation to have a wider range of likely returns.

Volatility Volatility measures the risk of loss. It shows how widely the range of returns in a portfolio might deviate from the average return over a particular period.

Yield The interest or dividend (income) received from an investment.

Find out more

If you would like more information on Aberdeen Standard Capital you can:

Call us on
0345 279 8880
Email us at
asc@aberdeenstandard.com
Visit our website
aberdeenstandardcapital.com

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ASCQR05 Q119