Investment Report
Aberdeen Standard Capital Offshore Income 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 income with the potential for capital growth through a portfolio of UK and international securities. The fund may also invest in warrants, deposits, approved money market instruments, collective investment schemes, derivative instruments and forward transactions. The fund will follow a mixed portfolio approach comprising company shares and similar investments and bonds and similar debt investments. It will invest in bonds, issued by governments and companies, with high and low credit ratings (i.e. investment grade and sub-investment grade bonds as rated by Standard and Poor's or similar agencies). Additionally the fund may invest in other collective investment schemes. 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 Sterling Steady Growth est., FTSE All-Share (£), FTSE World ex UK and FTSE Govt All Stocks. The comparative index is 50% FTSE All Share, 25% FTSE World ex UK, 10% FTA Government All Stocks, 10% BofA MNL £Non-Gilts, 5% 1M £ Libor.

Expected Characteristics

Return: Significantly above cash over the long term; variable in the short term.
Volatility: Medium High. Investors can expect to experience significant fluctuations in the value of their holding, driven to a large extent by rises and falls in equity markets.
Income: High, targeting an income range of 3.5% - 4.0% p.a. whilst aiming to provide capital growth.

Risk band

Suitable for investors with a medium high risk profile.

Performance track record

	Retail (Inc)	Institutional (Acc)*
Retail launch date	09 Mar 2015	09 Mar 2015
Return since launch	29.52%	34.62%
Equivalent per annum	6.44%	7.60%
Relative to comparative index**	-0.50%	0.50%

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

Fund facts

	Retail (Inc)	Institutional (Acc)*
Fund size (millions)	GBP 83.8m	GBP 83.8m
Annual management charge	1.00%	0.00%
Ongoing charge	1.10%	0.10%
Base currency	GBP	GBP
Distribution yield	3.13%	3.12%
Ex distribution dates	31 Mar, 30 Jun, 30 Sep, 31 Dec	31 Mar, 30 Jun, 30 Sep, 31 Dec
Distribution pay dates	2 business days before 31 May, 31 Aug, 30 Nov, 28 (29) Feb	2 business days before 31 May, 31 Aug, 30 Nov, 28 (29) Feb
Last distribution paid	0.3125p per unit	0.3226p per unit
ISIN	JE00BV0LBS45	JE00BYL6RC51
Sedol	BV0LBS4	BYL6RC5

* 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

	%
Aberdeen Standard Capital Offshore Income Fund (Retail Inc)	**7.76**
Aberdeen Standard Capital Offshore Income Fund (Institutional Acc)*	**8.04**
Comparative index	7.84
Other comparators	
ARC Sterling Steady Growth est.	6.42
FTSE All Share	9.41
FTSE World (ex UK)	9.56
FTA Govt All Stocks	3.38

Source: Morningstar and Thomas Reuters as at 31 March 2019. Calculation basis: Sterling, total return, gross income reinvested, without initial charges, net of fees (gross for indices).
* Institutional refers to Z Inc shareclass.

Largest contributors to relative performance

Positive	v index
Dechra Pharmaceuticals PLC	0.30
Fevertree Drinks PLC	0.28
American Tower Corporation	0.26
Estee Lauder Companies Inc. Class A	0.24
Primary Health Properties PLC	0.18

Negative	v index
Apple Inc.	-0.12
Hiscox Ltd	-0.14
Medtronic plc	-0.14
British American Tobacco p.l.c.	-0.29
Swedbank AB Class A	-0.50

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
DS Smith
Mastercard
Activision Blizzard 3.4% 09/15/2026
Prudential (Increase)
Zurich Insurance (Increase)

Disposals
Swedbank
Apple
Murata Manufacturing
UK Tsy 4 1/4% 2032 4.25% 06/07/2032
Hilton Worldwide fin llc 4.625% 04/01/2025

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. Not for the first time, normal correlations broke down and bonds and equities both rose in value this quarter. UK gilt yields fell to a two-year low, leading us to take profits in multi-asset portfolios. Even against the backdrop of Brexit uncertainty, the UK equity market rallied in line with European and global markets. This reflected the global nature and commodity-heavy bias of this market. 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.

Performance

The Fund returned +7.8% for first quarter. This was broadly in line with the benchmark return and 1.34% ahead of the ARC Steady Growth peer group estimate of +6.42%. Relative performance was driven by positive stock selection, particularly within the consumer goods, healthcare and utilities sectors.

Within consumer goods, beverage companies Fever-Tree (+37%) and Anheuser Busch-Inbev (+25%) rebounded strongly. This recovery followed the aggressive falls they suffered last quarter. Estee Lauder (+25%) and Nestle (+15.1%), meanwhile, continued to outperform the broader market.

Healthcare sector performance was dominated by the animal health provider Dechra Pharmaceuticals (+31%). The company reported solid earnings and offered a confident outlook on its international growth strategy. In addition, the earnings of the large pharmaceuticals continue to benefit from an upswing in research and development productivity. This has been reflected in relatively strong share price performance since mid-2018.

Within basic materials, the mining sector was particularly strong after the tragic Feijao dam collapse in Brazil (owned by Vale). This incident raised concerns that iron ore supply would be tight in the short term. Thereafter, the price of both iron ore and copper were buoyed by Chinese stimulus. In this environment, Rio Tinto (+28.8%) and Antofagasta (+23.3%) contributed materially to the Fund's absolute return. Towards the end of the quarter, however, we trimmed the position in Rio Tinto. We view its share price rally as unsustainable and wished to lock in some profits.

Focus on the latest quarter (cont.)

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The outperformance of the utilities sector holdings was driven by positive stock selection. Enel (+11.5%), National Grid (+11.3%) and Pennon (+9.2%) all outperformed the utilities sector benchmark return of 7.7%. It is encouraging to see high-yielding stocks perform well in a risk-on environment.

The main detractor from performance this quarter was the overweight allocation to listed alternatives, specifically infrastructure funds. We expect this lower-risk sector to underperform in a rising equity market, particularly given its high valuations following strong 2018 performance.

The positive returns from fixed income holdings (gilts and corporate bonds) contributed to the Fund's absolute return this quarter. Although these were overshadowed by the higher-octane equity returns in the portfolio.

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 two new names, namely DS Smith and MasterCard.

DS Smith is a packaging company. You may not be familiar with the name but I am sure you are familiar with its product. It 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 structural growth in this market over the long term. DS Smith is extremely well placed to benefit from this.

We have wanted to add MasterCard to the Fund for some time now 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.

We sold the position in Apple. The company has appealing quality characteristics. However, its growth will be driven by cyclical refreshes to its products, as opposed to secular drivers. That is because the smartphone market has matured. iPhones remain a material driver for Apple. As replacement cycles lengthen (arguably aggravated by higher handset prices), revenue growth and margin expansion will become harder for Apple to achieve. Services offer an appealing near-term growth angle. However, this is already known by the market and remains a small part of the mix. With Apple's valuation close to looking fair, it appeared a prudent time to exit the position.

Towards the end of the quarter, we took profits in the mining sector by reducing Rio Tinto. We also trimmed gilt holdings, after the 10-year gilt reached a two-year high.

Outlook

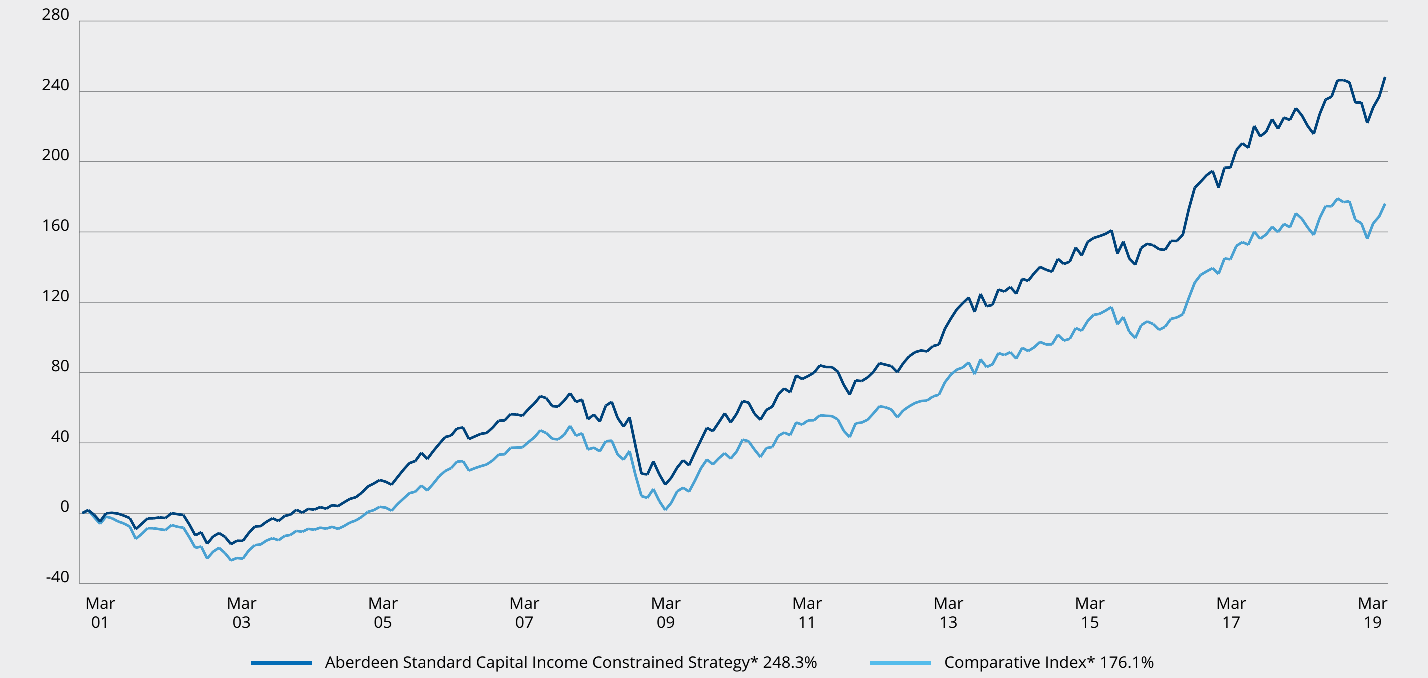
Market confidence this quarter was underpinned by several factors. Namely, a pause in monetary tightening (no more interest rate rises for now), thawing US-China trade relations and Chinese stimulus. However, none of these drivers could be described as sustainable by any means. Falling interest rates, 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 (%) 31 December 2000



Cumulative performance (%) to last quarter end

	1 year	3 years	5 years	10 years	YTD
Aberdeen Standard Capital Income Constrained Strategy*	10.3	36.5	50.0	189.9	8.2
Comparative Index*	6.9	31.1	43.6	160.8	7.8

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
Aberdeen Standard Capital Income Constrained Strategy*	11.0	-1.0	21.7	1.7	10.3

Performance charts and figures are based on the existing ASC Income Constrained Strategy and is the underlying strategy for the ASC (Offshore) Income Fund. ASC discretionary clients investing in the ASC (Offshore) Income Fund Institutional unit class ("Z units") will be invested in a 0% Annual Management Charge and a separate annual discretionary management charge will apply. Retail ASC (Offshore) Income Fund Retail unit class attracts a 5% initial charge and 1% Annual Management Charge.

*Source: Factset, as at 31 March 2019. Calculation basis: Sterling, total return, gross income reinvested, without initial charges, gross of fees. The comparative index is 50% FTSE All Share, 25% FTSE World ex UK, 10% FTA Government All Stocks, 10% BofA MNL £Non-Gilts, 5% 1M £ Libor

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, 31 December 2000.
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
Aberdeen Standard Capital Income Constrained Strategy*	7.0	10.1	0.5
Comparative Index*	5.7	9.9	0.3

Performance charts and figures are based on the existing ASC Income Constrained Strategy and is the underlying strategy for the ASC (Offshore) Income Fund. ASC discretionary clients investing in the ASC (Offshore) Income Fund Institutional unit class (“Z units”) will be invested in a 0% Annual Management Charge and a separate annual discretionary management charge will apply. Retail ASC (Offshore) Income Fund Retail unit class attracts a 5% initial charge and 1% Annual Management Charge.

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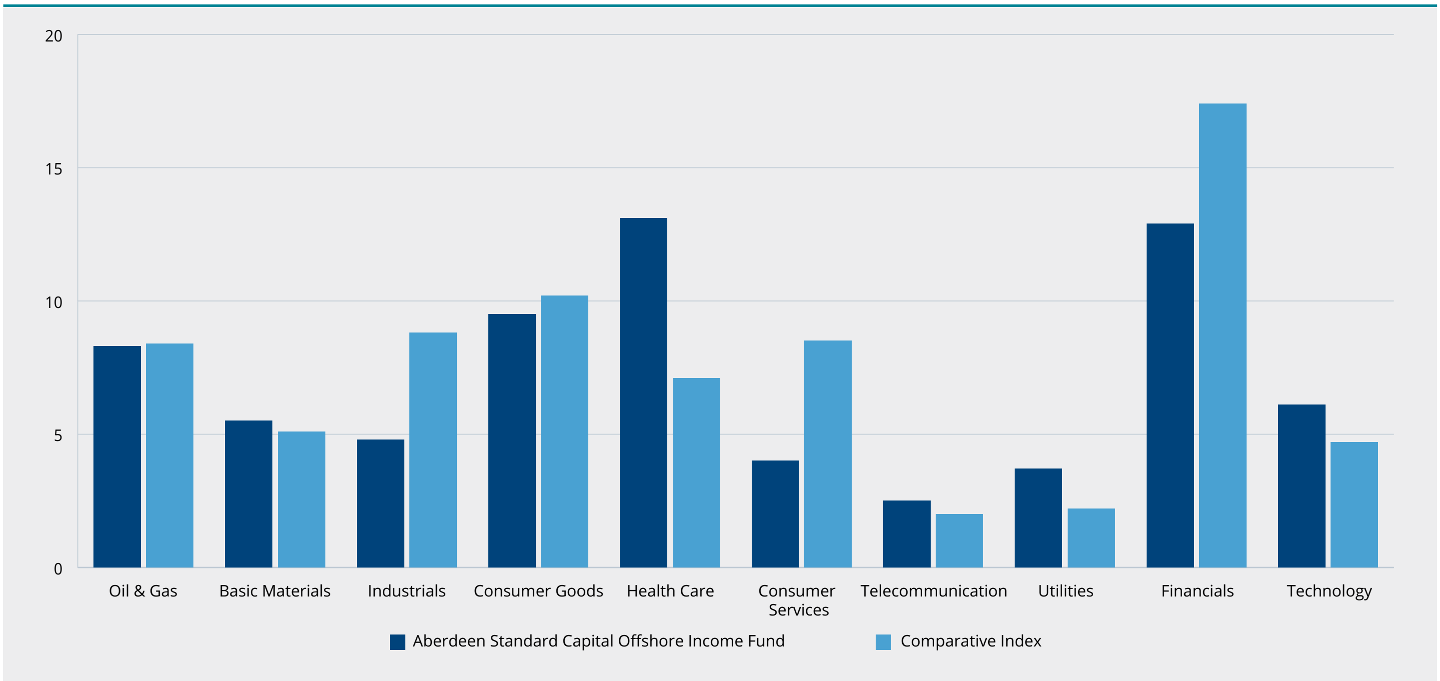
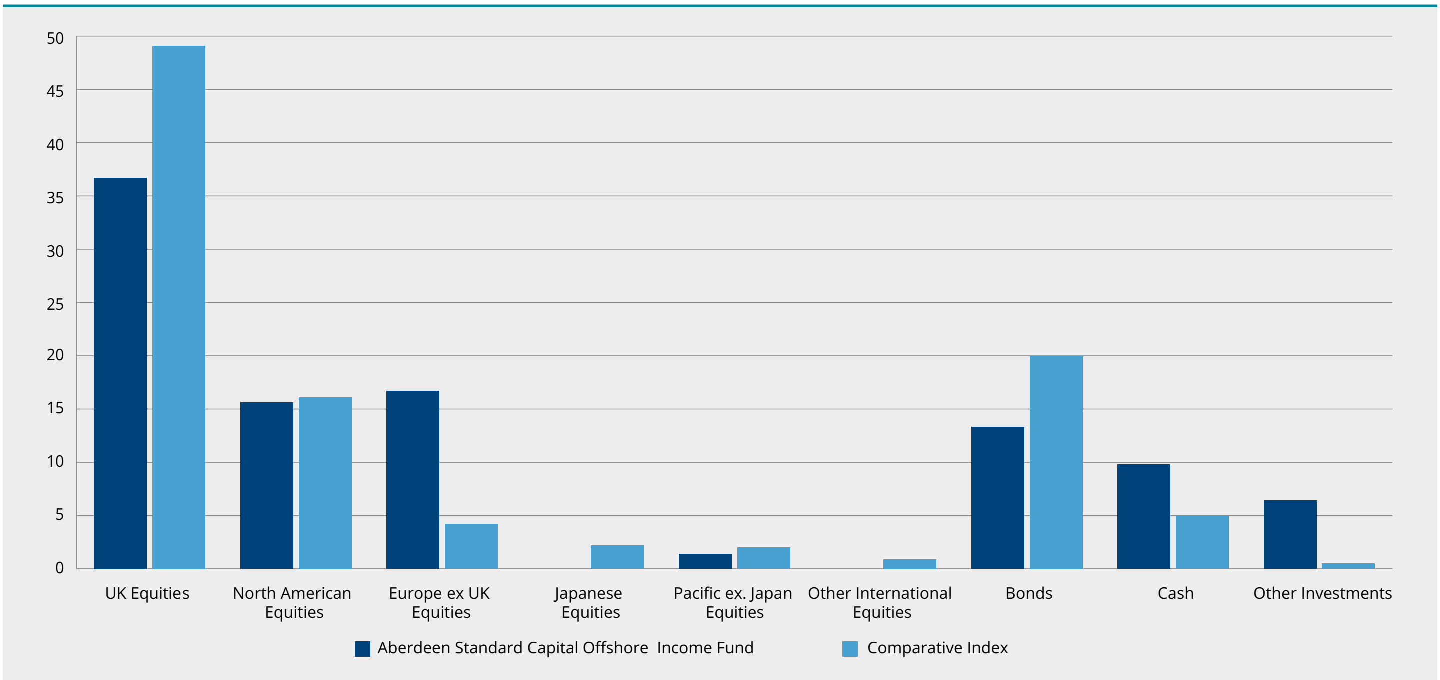
Fund breakdown

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 DS Smith Fevertree Estee Lauder
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.	Abcam BB Biotech Eli Lilly Novartis Prudential Roche Zurich
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.	Sequoia Economic Infrastructure BBGI
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.	Gilts CRH KPN Johnson Matthey
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 ASML DS Smith 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 DS Smith Enel

Fund holdings

Aberdeen Standard Capital Offshore Income Fund	Holdings (%)*
Equities	**70.5**
Oil & Gas	**8.3**
BP p.l.c.	3.1
Royal Dutch Shell Plc Class B	3.2
Total SA	2.1
Basic Materials	**5.5**
Covestro AG	1.1
Johnson Matthey Plc	1.4
Antofagasta plc	1.1
Rio Tinto plc	1.9
Industrials	**4.8**
CRH Plc	1.0
DS Smith Plc	1.4
Accenture Plc Class A	1.6
Ferguson PLC	0.8
Consumer Goods	**9.5**
Anheuser-Busch InBev SA/NV	1.0
Fevertree Drinks PLC	1.2
Nestle S.A.	1.7
Persimmon Plc	1.0
Reckitt Benckiser Group plc	0.7
Activision Blizzard, Inc.	0.5
Estee Lauder Companies Inc. Class A	1.7
Unilever PLC	1.7
Health Care	**13.1**
Medtronic plc	1.4
AstraZeneca PLC	1.9
BB Biotech AG Namen-Akt	1.3
Dechra Pharmaceuticals PLC	1.7
Eli Lilly and Company	2.0
GlaxoSmithKline plc	1.9
Novartis AG	1.3
Roche Holding Ltd Genusssch.	1.7

Aberdeen Standard Capital Offshore Income Fund	Holdings (%)*
Consumer Services	**4.0**
Amazon.com, Inc.	1.5
Industria de Diseno Textil, S.A.	1.1
RELX PLC	1.4
Telecommunications	**2.5**
Royal KPN NV	1.3
Vodafone Group Plc	1.2
Utilities	**3.7**
Enel SpA	1.5
National Grid plc	1.5
Pennon Group Plc	0.7
Financials	**12.9**
HSBC Holdings Plc	2.8
Hiscox Ltd	1.1
Zurich Insurance Group Ltd	1.7
Aviva plc	0.9
Prudential plc	1.9
American Tower Corporation	2.3
Empiric Student Property Plc	0.2
Primary Health Properties PLC	0.9
Mastercard Incorporated Class A	1.1
Technology	**6.1**
Alphabet Inc. Class A	1.4
Microsoft Corporation	2.2
ASML Holding NV	1.0
Taiwan Semiconductor Manufacturing Co., Ltd. Sponsored ADR	1.4

Fund holdings (cont.)

Aberdeen Standard Capital Offshore Income Fund	Holdings (%)*
Bonds	**13.3**
Corporate Bonds	**9.5**
Overseas	**4.3**
Credit Agricole 7.5% Perp	0.2
Electricite De France Sa 6.0% Perp	0.1
Nokia Oyj 5.375% 15-may-2019	0.1
Unitymedia Hessen Gmbh & Co. Kg 4.0% 15-jan-2025	0.2
Symantec Corporation 5.0% 15-apr-2025	0.2
Abn Amro Bank N.v. 2.875% 18-jan-2028	0.2
Anheuser-busch Inbev Sa 2.25% 24-may-2029	0.2
Credit Suisse Group Funding (guernsey) Ltd. 2.75% 08-aug-2025	0.2
Electricite De France Sa 5.875% 18-jul-2031	0.2
Orsted A/s 5.75% 09-apr-2040	0.2
Ubs Ag London Branch 1.25% 10-dec-2020	0.2
Qbe Capital Funding Iv Ltd. 7.5% 24-may-2041	0.1
Activision Blizzard, Inc. 3.4% 15-sep-2026	0.5
At&t Inc. 4.25% 01-jun-2043	0.1
Bank Of America Corporation 7.0% 31-jul-2028	0.2
Charter Communications Operating Llc 3.75% 15-feb-2028	0.2
Cigna Holding Company 3.05% 15-oct-2027	0.2
Citigroup Inc. 2.75% 24-jan-2024	0.2
Country Garden Holdings Co. Ltd. 8.0% 27-jan-2024	0.2
Equinix, Inc. 5.375% 01-apr-2023	0.2
Morgan Stanley 4.431% 23-jan-2030	0.2
Wells Fargo & Company 2.25% 03-sep-2020	0.2
UK	**5.2**
Tesco Property Finance 3 Plc 5.744% 13-apr-2040	0.2
Virgin Money Holdings Uk Plc 7.875% Perp	0.2
Admiral Group Plc 5.5% 25-jul-2024	0.2
Arqiva Financing Plc 4.882% 31-dec-2032	0.3
Astrazeneca Plc 4.0% 17-jan-2029	0.2
Aviva Plc 6.125% 14-nov-2036	0.2
Barclays Plc 3.25% 17-jan-2033	0.2
Bg Energy Capital Plc 5.125% 01-dec-2025	0.1
Centrica Plc 7.0% 19-sep-2033	0.2
Close Brothers Group Plc 2.75% 26-apr-2023	0.2
Coventry Building Society 5.875% 28-sep-2022	0.2

Aberdeen Standard Capital Offshore Income Fund	Holdings (%)*
Eastern Power Networks Plc 5.75% 08-mar-2024	0.2
Firstgroup Plc 6.875% 18-sep-2024	0.2
G4s Plc 7.75% 13-may-2019	0.2
Glaxosmithkline Capital Plc 5.25% 19-dec-2033	0.3
Hsbc Holdings Plc 5.75% 20-dec-2027	0.2
John Lewis Plc 6.125% 21-jan-2025	0.2
Legal & General Group Plc 5.375% 27-oct-2045	0.4
Lloyds Bank Plc 7.625% 22-apr-2025	0.2
Nationwide Building Society 3.25% 20-jan-2028	0.2
Ngg Finance Plc 5.625% 18-jun-2073	0.2
Reed Elsevier (investments) Plc 2.75% 01-aug-2019	0.1
Rl Finance Bonds No. 3 Plc 6.125% 13-nov-2028	0.1
Santander Uk Group Holdings Plc 3.625% 14-jan-2026	0.2
Severn Trent Water Utilities Finance Plc 6.25% 07-jun-2029	0.1
Vodafone Group Plc 3.0% 12-aug-2056	0.2
Yorkshire Building Society 3.375% 13-sep-2028	0.1
Government Bonds	**3.8**
Government Of United Kingdom 1.5% 22-jul-2047	2.3
Government Of United Kingdom 3.25% 22-jan-2044	1.1
Government Of Saudi Arabia 4.0% 17-apr-2025	0.5
Alternatives	**6.4**
Amedeo Air Four Plus Limited	0.2
Fair Oaks Income Limited 2017USD	0.2
Funding Circle Sme Income Fund Ltd.	0.0
CATCO REINSURANCE OPP-NEW C	0.1
3i Infrastructure PLC	1.1
BBGI SICAV SA	0.9
International Public Partnerships Ltd	0.7
Sequoia Economic Infrastructure Income Fund Limited Ptg.Shs GBP	0.5
Apax Global Alpha Ltd.	0.7
Bluefield Solar Income Fund Ltd.	0.5
Greencoat UK Wind Plc	0.9
Renewables Infrastructure Group Limited GBP Red.Shs	0.5
Cash	**9.8**

*The data is rounded to 1dp 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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