

Changes to UK Investment Funds – from 7th August 2019



Investment objective & policy changes – Standard Life Investments Strategic Bond Fund (to be renamed ASI Strategic Bond Fund)

Investment objective		Investment policy	
Existing	Proposed	Existing	Proposed
<p><u>Objective & Investment Policy</u></p> <p>The investment objective of the Scheme is to deliver a total return from income and capital appreciation.</p> <p>The current investment policy of the Scheme is to invest in an actively managed portfolio consisting mainly of fixed interest securities (including conventional government bonds, investment grade corporate entities, inflation linked bonds, sub-investment grade bonds) and other interest bearing securities issued anywhere in the world. The Scheme may also invest, at the Investment Adviser's discretion, in derivative and forward contracts, other transferable securities, deposits, money-market instruments and collective investment schemes and use may also be made of borrowing, hedging and other techniques</p>	<p>To generate income and some growth over the <i>long term</i> (5 years or more) by investing in government and corporate bonds issued anywhere in the worlds.</p> <p><i>Performance Target:</i> To exceed the Investment Association's Sterling Strategic Bond Sector <i>average</i> return over 1 year (after charges) and be top quartile over three years. The <i>Performance Target</i> is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the performance target.</p> <p>The ACD believes this is an appropriate target for the fund based on the investment policy of the fund.</p>	<p>See existing investment objective.</p>	<p><u>Portfolio Securities</u></p> <ul style="list-style-type: none"> • The fund will invest at least 80% in <i>bonds</i> issued anywhere in the world by governments, sub-sovereigns and corporations. • The fund may also invest in <i>investment grade, emerging market, high yield, inflation-linked, convertible, asset backed and mortgage backed bonds</i>. • At least 80% of the fund's investments will be in Sterling or will be subjected to techniques to reduce (hedge) risk related to currency movements on non-Sterling investments. The fund has some flexibility to seek returns from currencies. • The fund may also invest in other funds (including those managed by Aberdeen Standard Investments) and <i>money-market instruments, and cash</i>.

permitted by the FCA Rules.

Management Process

- The management team use their discretion (active management) to identify bonds and derivatives after analysing company's prospects and creditworthiness alongside global economic and market conditions. They make flexible allocations across bonds and derivatives.
- The team also seek to reduce the risk of losses and the expected change (as measured by annual volatility) in the value of the fund, is not ordinarily expected to exceed 8%. Due to the active nature of the management process, the fund's performance profile may deviate significantly from that of the *average* fund of the Investment Association's Sterling Strategic Bond Sector over the *long term*. Please note: The fund's ability to buy and sell *bonds* and the associated costs can be affected during periods of market stress which could include periods where *interest rates* move sharply.

Derivatives and techniques

- The fund will make routine use of *derivatives* to reduce risk, reduce cost and/ or generate extra income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management").
- Derivatives include instruments used to manage expected changes in interest rates, inflation, currencies or creditworthiness of corporations or governments.
- *Derivatives* can be used to generate growth, consistent with the fund's risk profile, if market prices are expected to rise ("*long positions*") or fall ("*short positions*").

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