

Global Emerging Markets Equity Income Fund

Devan Kaloo, Head of Equities

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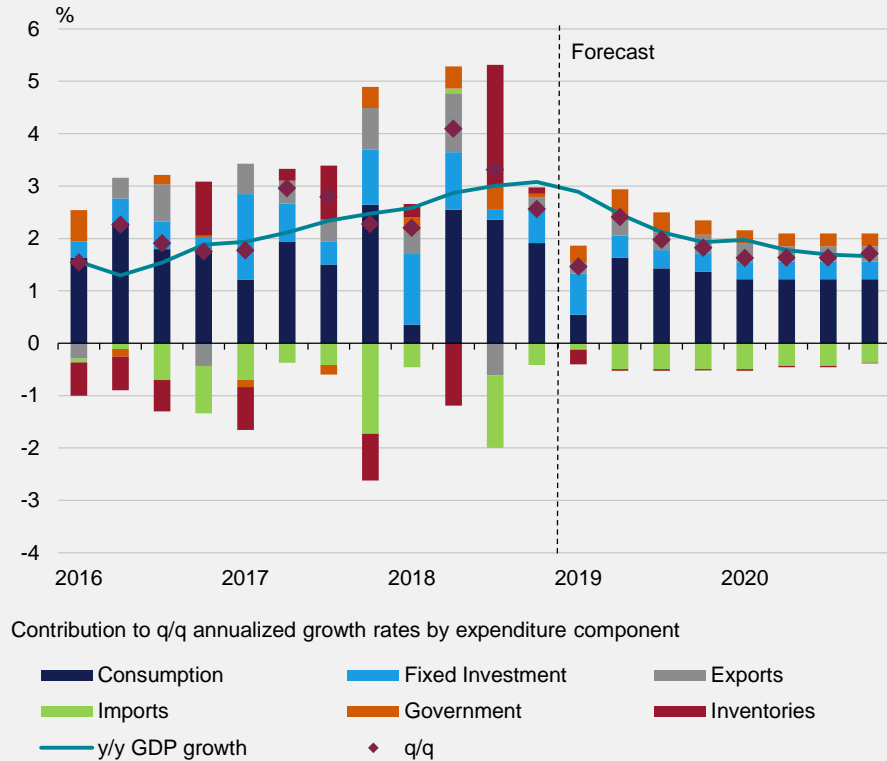
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Macro outlook

Monetary policy turns accommodative

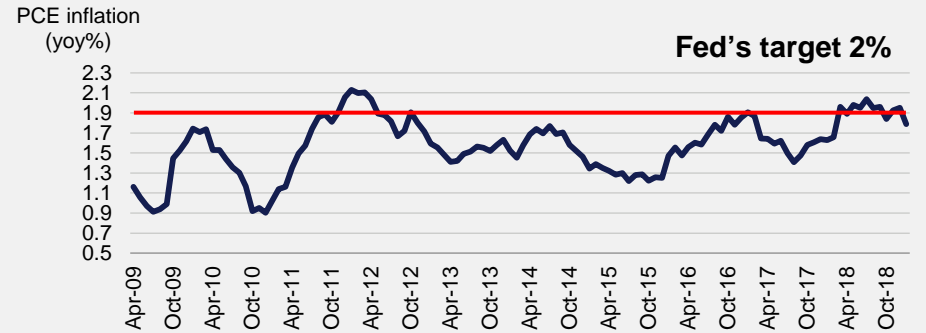
A soft landing in US growth on the horizon

A soft landing in US growth



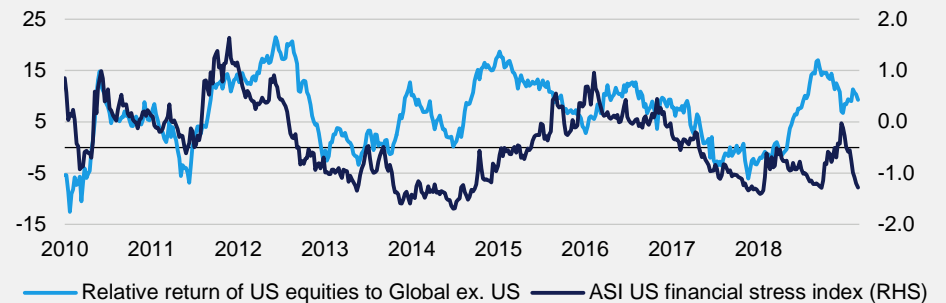
Source: Aberdeen Standard Investments, Haver, Mar 19
 Forecasts are offered as opinion and are not reflective of potential performance, are not guaranteed and actual events or results may differ materially. For illustrative purposes only

Benign inflation



Source: Bloomberg. For illustrative purposes only. No assumptions regarding future performance should be made

Decline in US financial stress

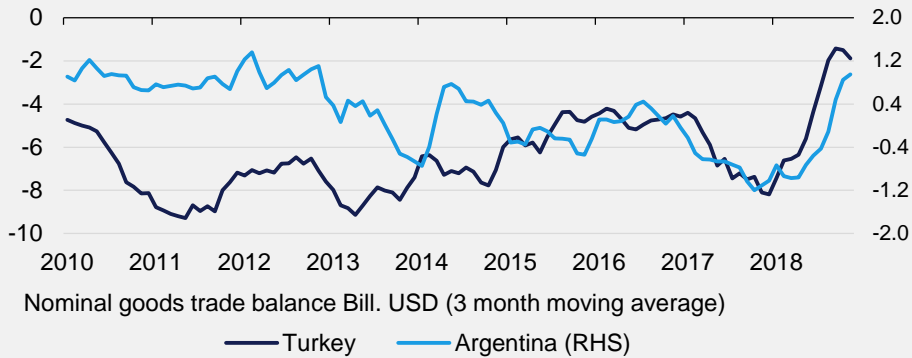


Source: Aberdeen Standard Investments, Haver, Mar 19. US equities defined by S&P 500 Index. S&P 500 Index is an unmanaged index considered representative of the US stock market. ASI US financial stress index (RHS) is a proprietary index that combines various macroeconomic variables to calculate US financial stress. For illustrative purposes only

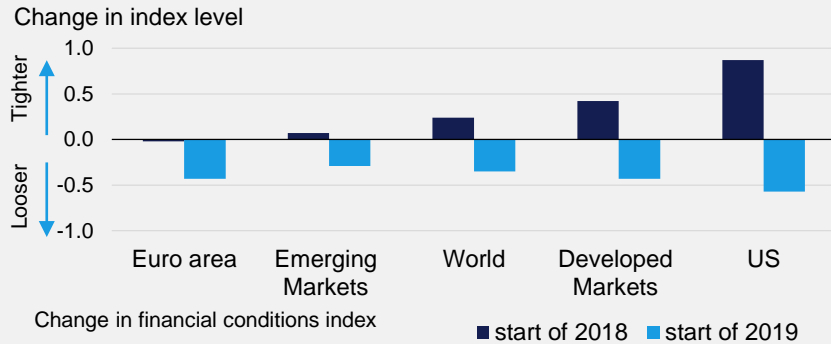
Monetary policy turns accommodative

More breathing room for EM central banks to stabilise growth

Rebalancing underway in Turkey and Argentina

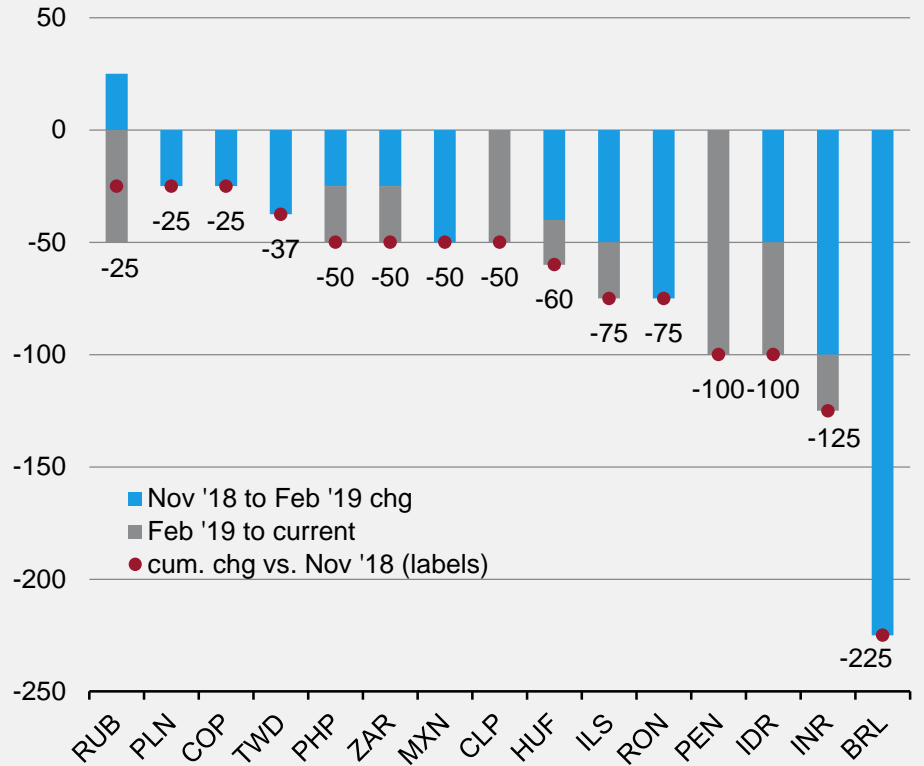


Source: Haver, Bloomberg, Aberdeen Standard Investments (as of March 2019)



Source: Bloomberg, MSCI, Goldman Sachs, Aberdeen Standard Investments (as of March 2019)

Change in Q4 19 policy rate forecast (bps)



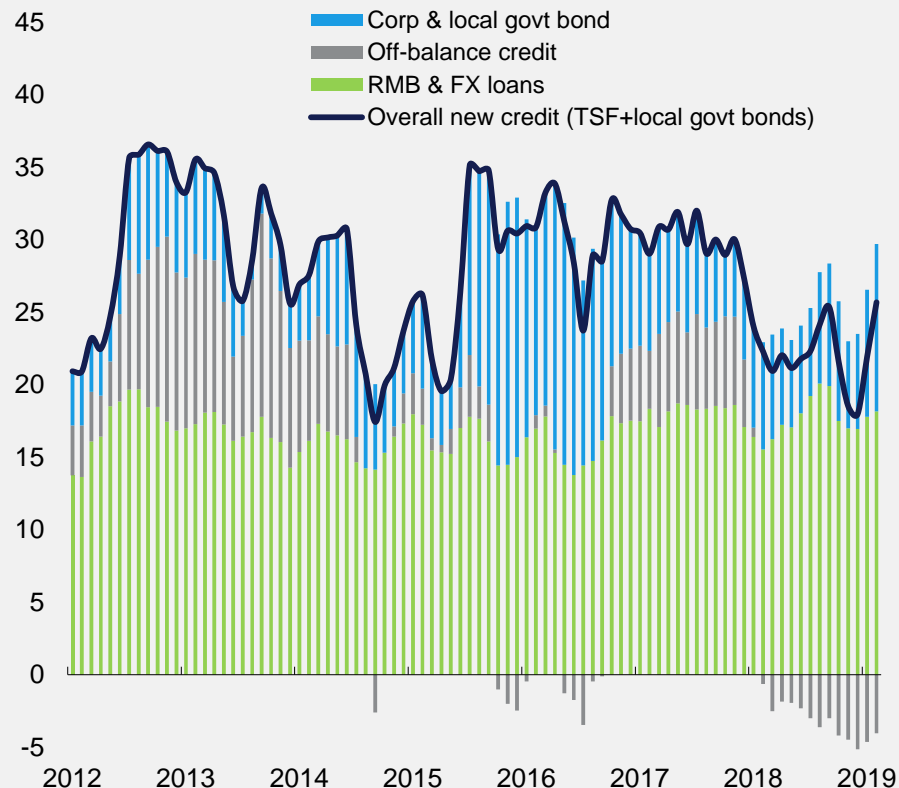
Source: JP Morgan Apr 19

China's stimulus

More pronounced easing expected

Easing lending conditions...

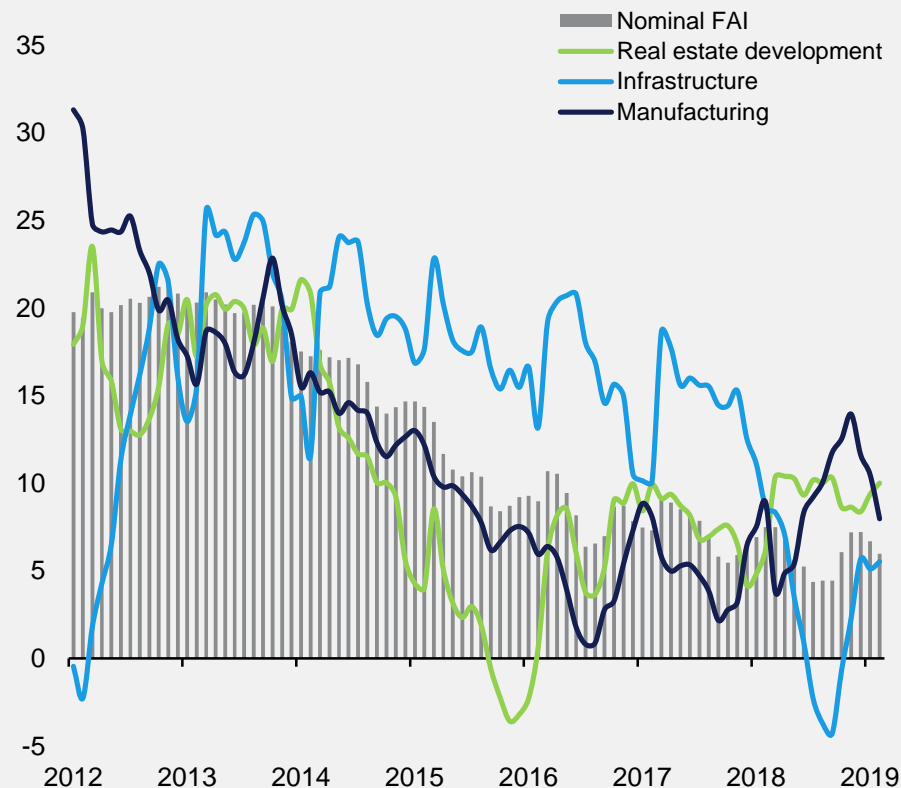
Share in GDP (% , sa, 3mma)



Source: CEIC, Wind, UBS estimates, March 19

...infrastructure and real estate investment resumes

Growth rate (% y/y 3mma)

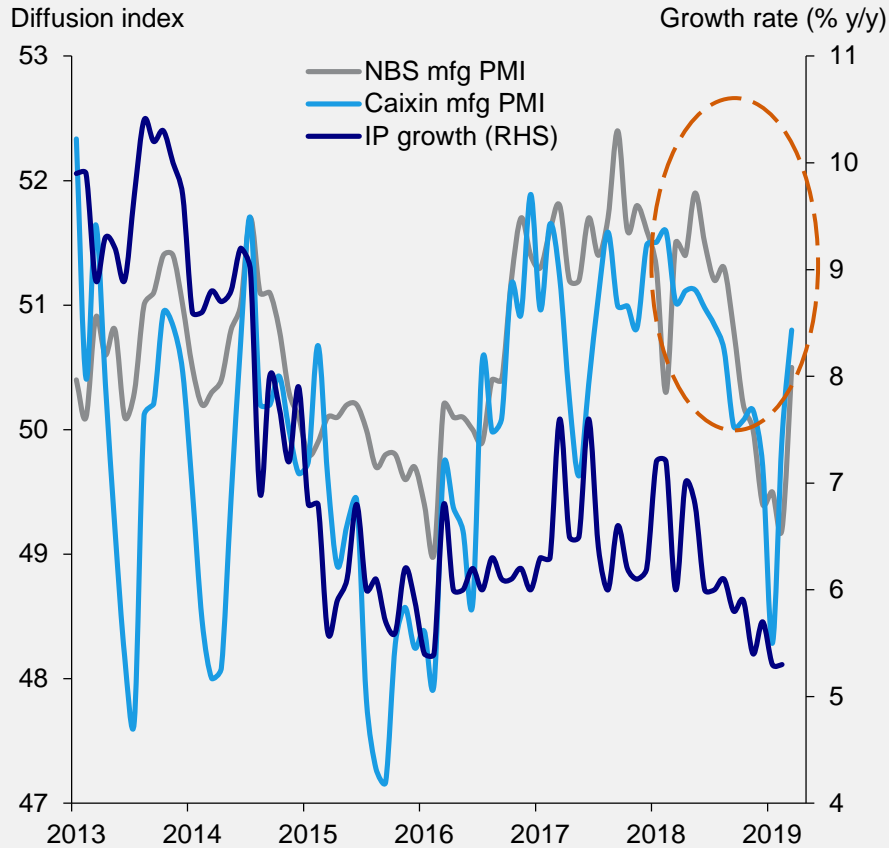


Source: Source: CEIC, Wind, UBS estimates, March 19

China's stimulus

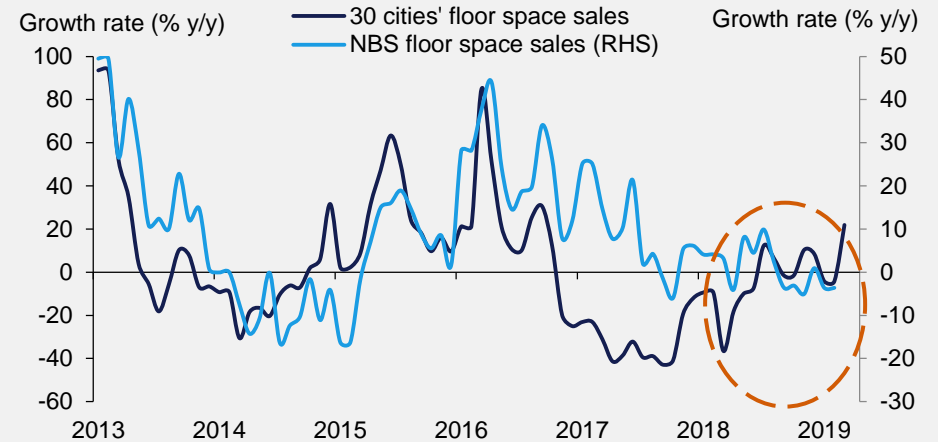
Nascent signs of recovery; resilient consumption

Manufacturing data rebounded...

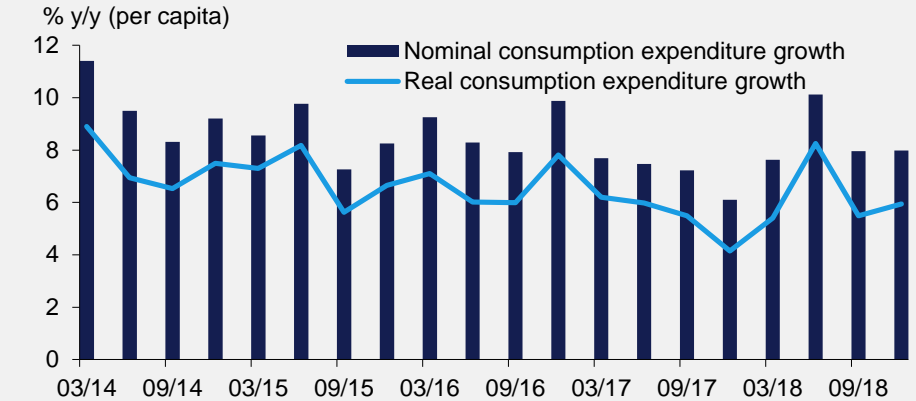


Source: CEIC, Haver, UBS estimates

...so did property sales,



...while consumption remains resilient



Source: CEIC, UBS estimates

Trade tensions have flared up again

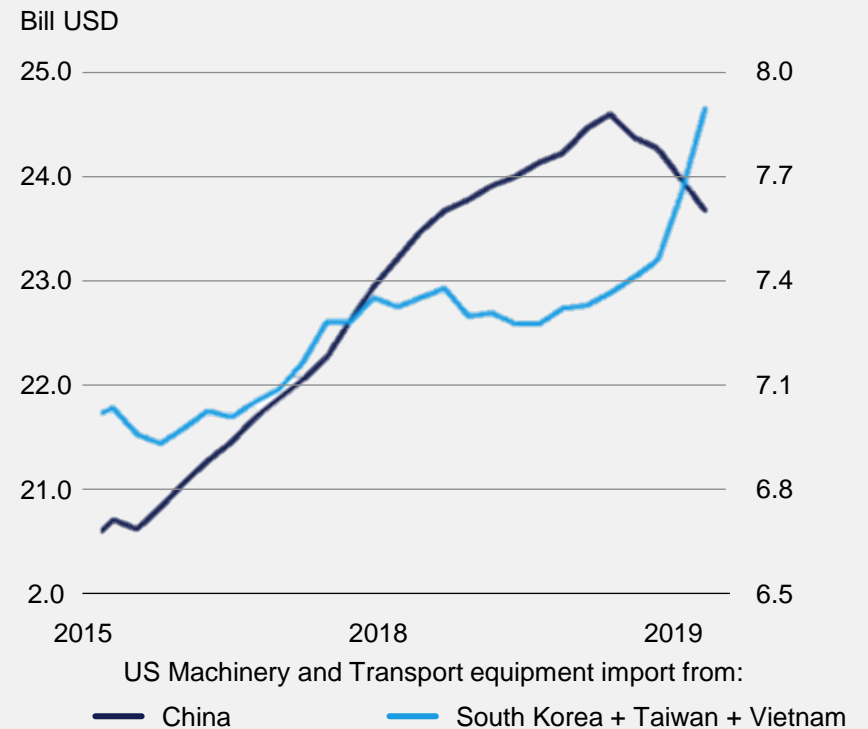
Increasing tariffs are a major risk to global growth

The impact continues to be material...



Source: Aberdeen Standard Investments, Research institute & IHS Markit, Haver, March 2019

...but there are EM beneficiaries,



Source: Aberdeen Standard Investments, Research institute & IHS Markit, Haver, March 2019

Trade tensions have flared up again

Incentives are mixed for both sides

Structural Risk Factors	Cyclical Risk Factors
US Presidential powers on trade	Presidential campaign focus
Party prioritisation	Number of parties in system
China-US strategic rivalry	Ideology of parties in system
	Republican majority in congress
	Economic pressure
	Market pressure

Green – strongly supports risk of US-China trade war
 Yellow – somewhat increases risk of US-China trade war
 Orange – somewhat decreases risk of US-China trade war
 Red – removes risk of US-China trade war

Source: Aberdeen Standard Investments, January 2018

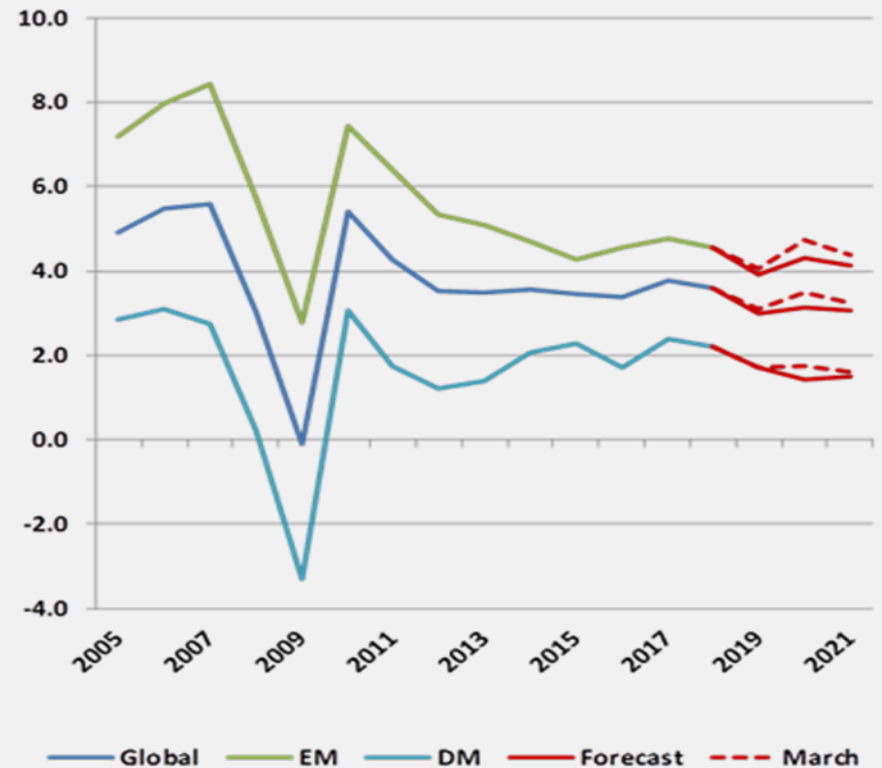
Trade tensions have flared up again

The outcome of negotiations is uncertain

Limited visibility leaves various options on the table...

Scenario	Waymarks
China concedes and US declares victory	Chinese economic weakness becomes severe Domestic Chinese dissent over current policy path grows louder China signals willingness to concede on technology transfers and/or IP
Trump bows to domestic pressure	Opposition grows within the Republican party and Trump's support base Congress takes measures to restrict Executive's trade authorities Domestic lobbying from consumer groups & businesses threatens Trump's chances in 2020
Limited trade war (\$51-\$250bn)	Negotiations fail to garner resolution by March deadline but signals are positive for continued negotiations Chinese economic weakness continues Trump and Xi set firm date for summit
Full blown bilateral trade war (>\$250bn)	Trump-Xi summit is taken off table completely Negotiations end without trade agreement Republican party and Trump voter base support against China Unofficial boycotts and administrative measures threaten US MNI revenues in China
Economic decoupling	Bilateral relations completely break down Economic disruption in China emboldens Trump The perception of China as a hostile, strategic threat grows in the US Business begin to move supply chains

...and our outlook for GDP growth has been revised down,

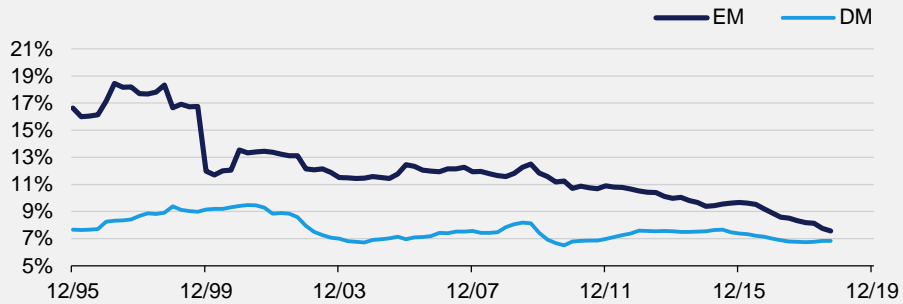


Source: Aberdeen Standard Investments, Research Institute March 2019

Corporate fundamentals stay solid

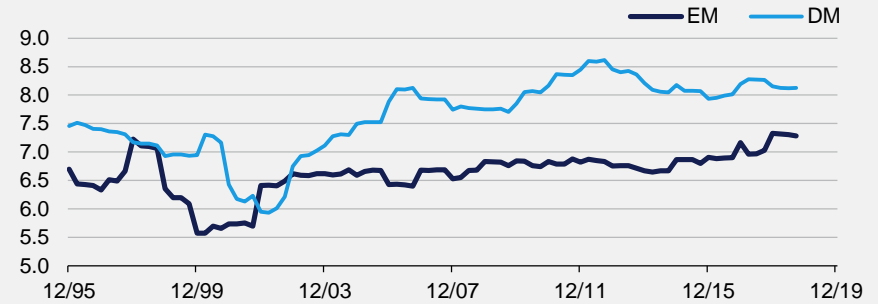
Cash flow improves as capex spending falls

Capex to Sales



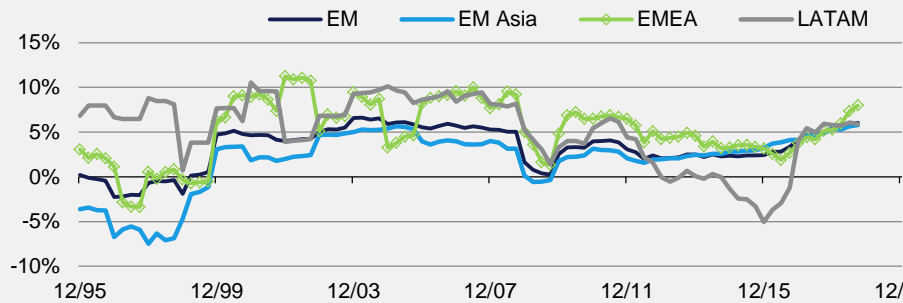
Source: Worldscope, FactSet, Citi Research, March 19

Age of PPE



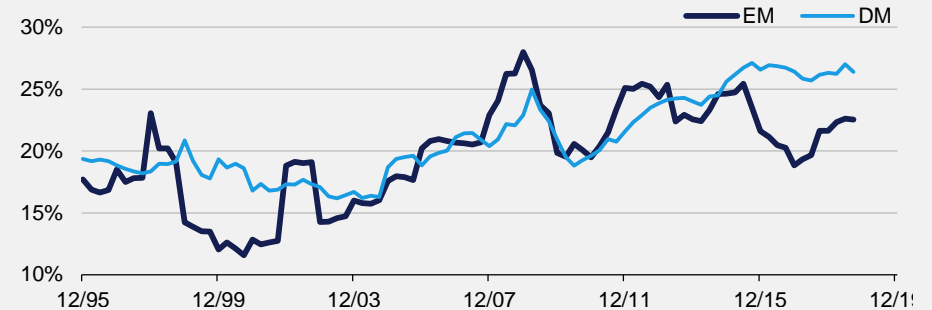
Source: Worldscope, FactSet, Citi Research, March 19

FCF Margin



Source: Worldscope, FactSet, Citi Research, March 19

Div to cash flow of EM v's DM



Source: Worldscope, FactSet, Citi Research, March 19

Valuations still attractive

EM is cheap, relative, but comes down to ROW vs US

Trailing P/Book	World	Europe	USA	EM
Current	2.4x	1.8x	3.4x	1.7x
5 year average	2.3x	1.8x	3.0x	1.6x
10 year average	2.0x	1.7x	2.6x	1.7x
Max since Jan 98	4.2x	4.3x	5.8x	3.0x
Min since Jan 98	1.2x	1.1x	1.5x	0.9x
Date of high since Jan 98	Dec 99	Mar 00	Dec 99	Oct 07
Date of low since Jan 98	Feb 09	Feb 09	Feb 09	Aug 98

Current Premium/Discount to:

5Y average	8.1%	0.4%	14.6%	5.8%
10Y average	19.8%	6.8%	31.1%	-0.2%

Trailing ROE	World	Europe	USA	EM
Current	13.4%	11.4%	16.7%	12.5%
5 year average	11.6%	9.8%	14.0%	11.4%
10 year average	11.3%	10.5%	13.7%	12.6%
Max since Jan 98	16.1%	18.0%	19.2%	17.0%
Min since Jan 98	6.4%	7.6%	7.7%	4.7%
Date of high since Jan 98	Oct 07	Sep 06	May 00	Nov 08
Date of low since Jan 98	Jan 10	Oct 16	Dec 09	Jun 99

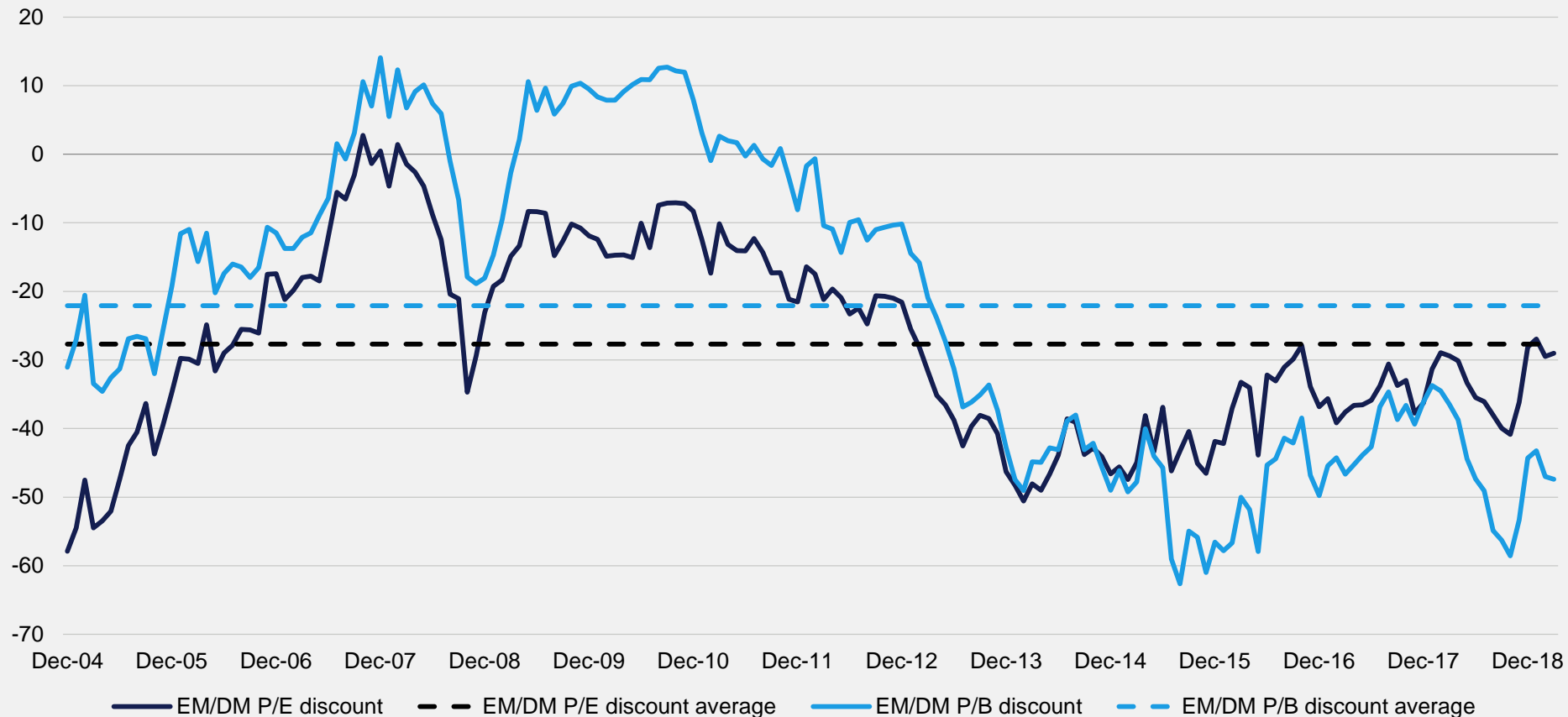
Current Premium/Discount to:

5Y average	16.0%	16.1%	19.2%	9.7%
10Y average	18.7%	8.7%	21.8%	-1.1%

Source: RIMES, MSCI, Morgan Stanley Research. Data as of April 05, 2019.

Pick-up in sentiment drives valuation

EM / DM discount narrows but still below historical average



Source: MSCI, Bloomberg, Apr 19. **Past performance is not a guide to future results**
For illustrative purposes only

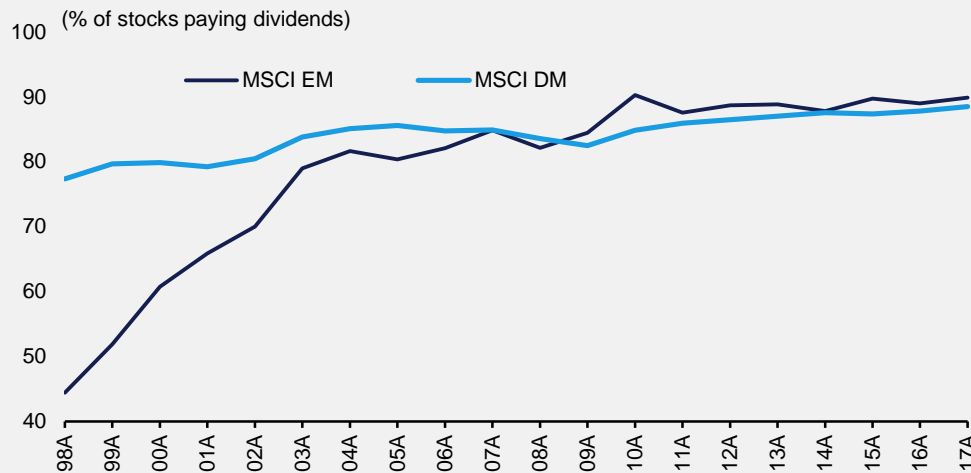
Why EM Income?

Isn't GEM about growth, not income?

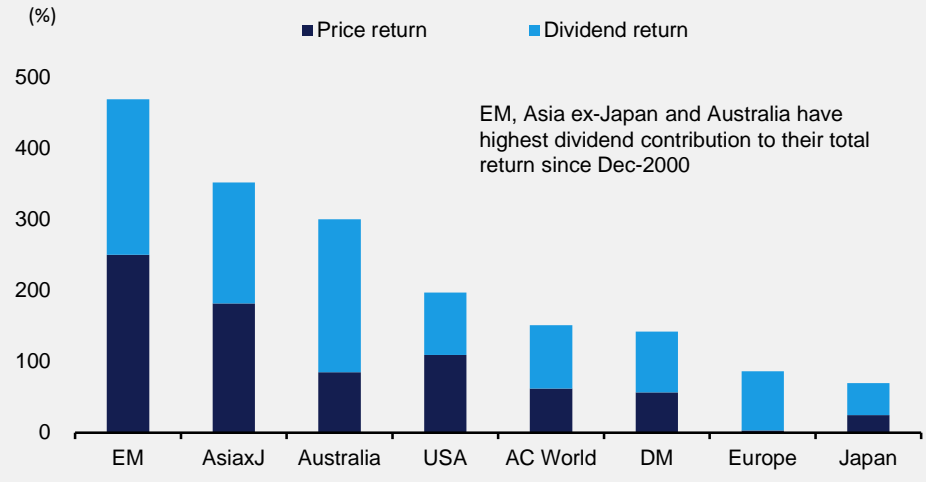
Broad opportunity set for an income manager

- The proportion of GEM companies paying dividends now exceeds that of developed markets
- Dividends typically account for 1/2 of GEM total returns
- Since 2000 dividend delivery in GEM has been best-in-class
- Over 1/3rd of MSCI EM listed companies pay a dividend >3%

More companies paying dividends in Emerging Markets¹



EM dividend return - Highest since 2000



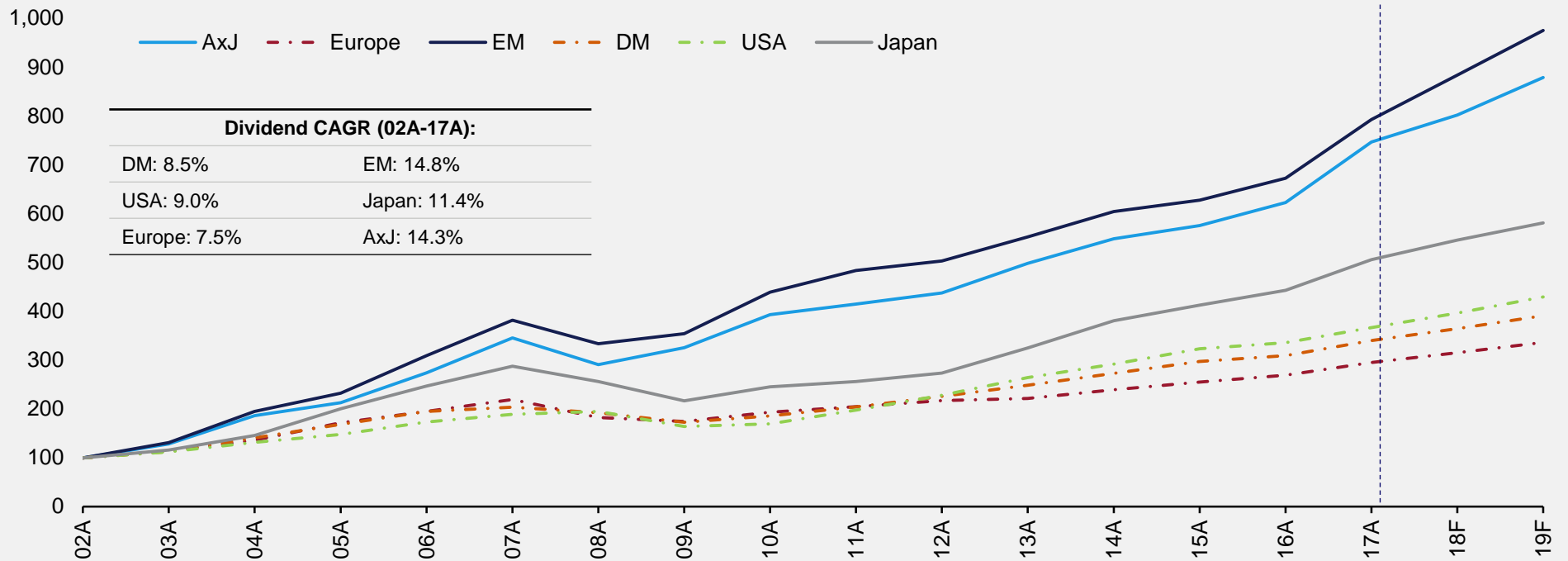
¹ Using MSCI universe as it existed in the past. Based on local currency performance. Gross reinvested dividends without considering the impact of taxes. As at December 2017
Source: Factset, CLSA Asia-Pacific Markets, CLSA Asia Specific Markets, October 2018

Isn't GEM about growth, not income?

The dividend growth story

MSCI regions and markets - Dividend index¹ over the past 15 years

Dividend index rebased to 100 (local currency, current universe)

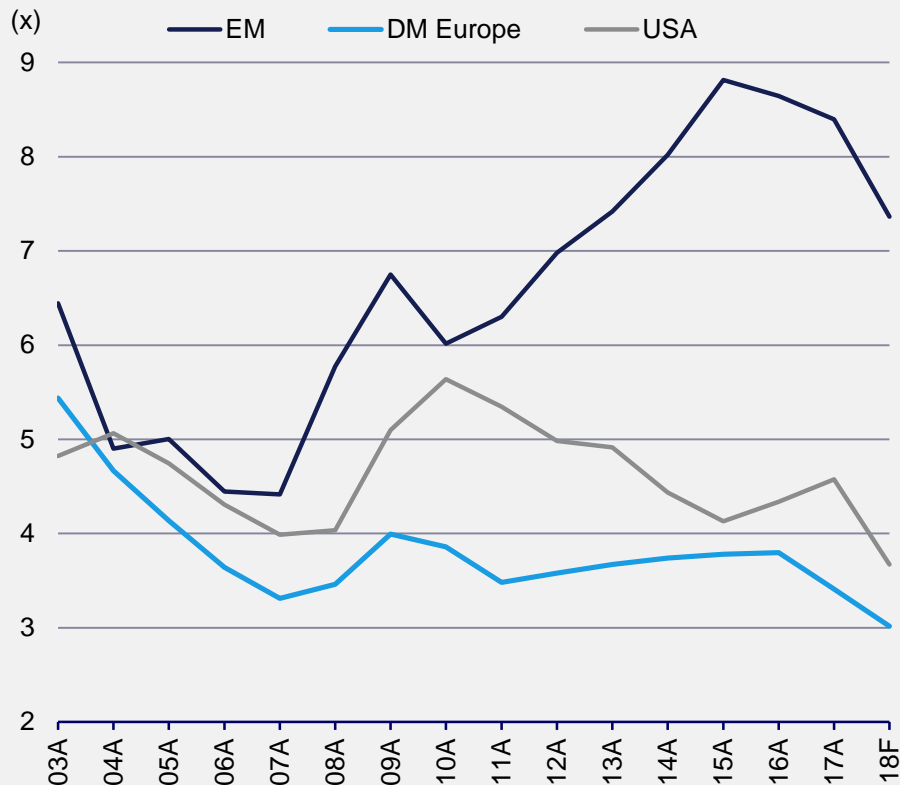


¹ Bottom-up aggregated with free float adjustment in a YoY like-to-like basis for the current MSCI universe
Sources: Factset, CLSA Asia-Pacific Markets, CLSA Asia Specific Markets, October 2018

Dividend cover and balance sheet strength

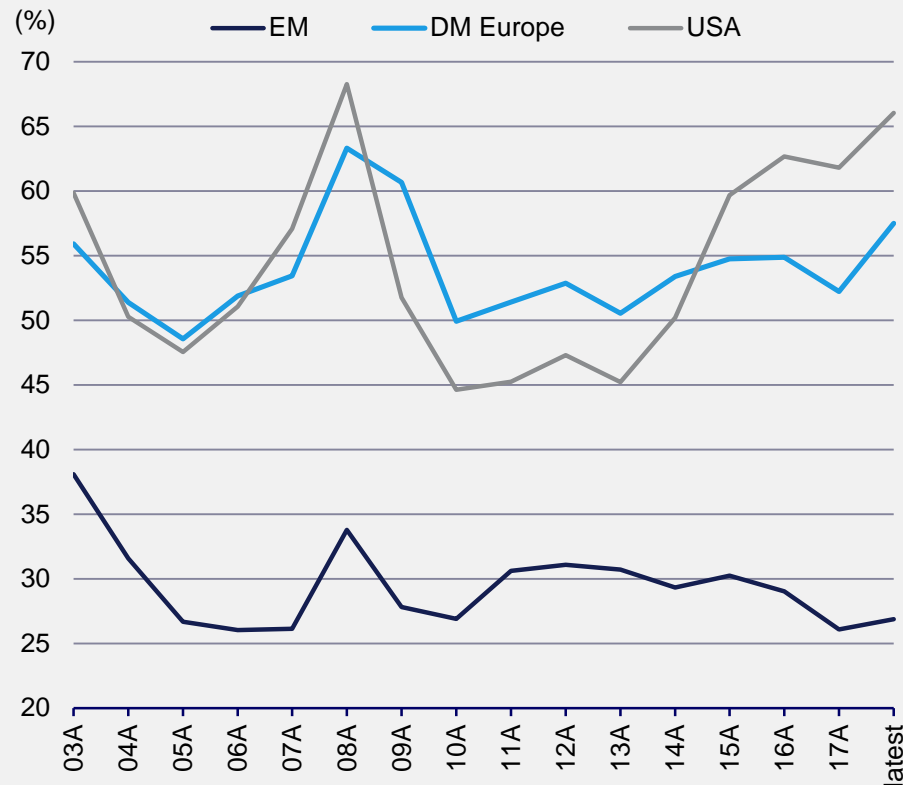
Cash flows cover dividends and support investment

MSCI Regions: cash flow to Dividend Ratio



Source: Factset, CLSA,
 Note: Ratios are bottom-up aggregated with free float adjustments based on current MSCI universe.

MSCI Regions: Net debt to equity

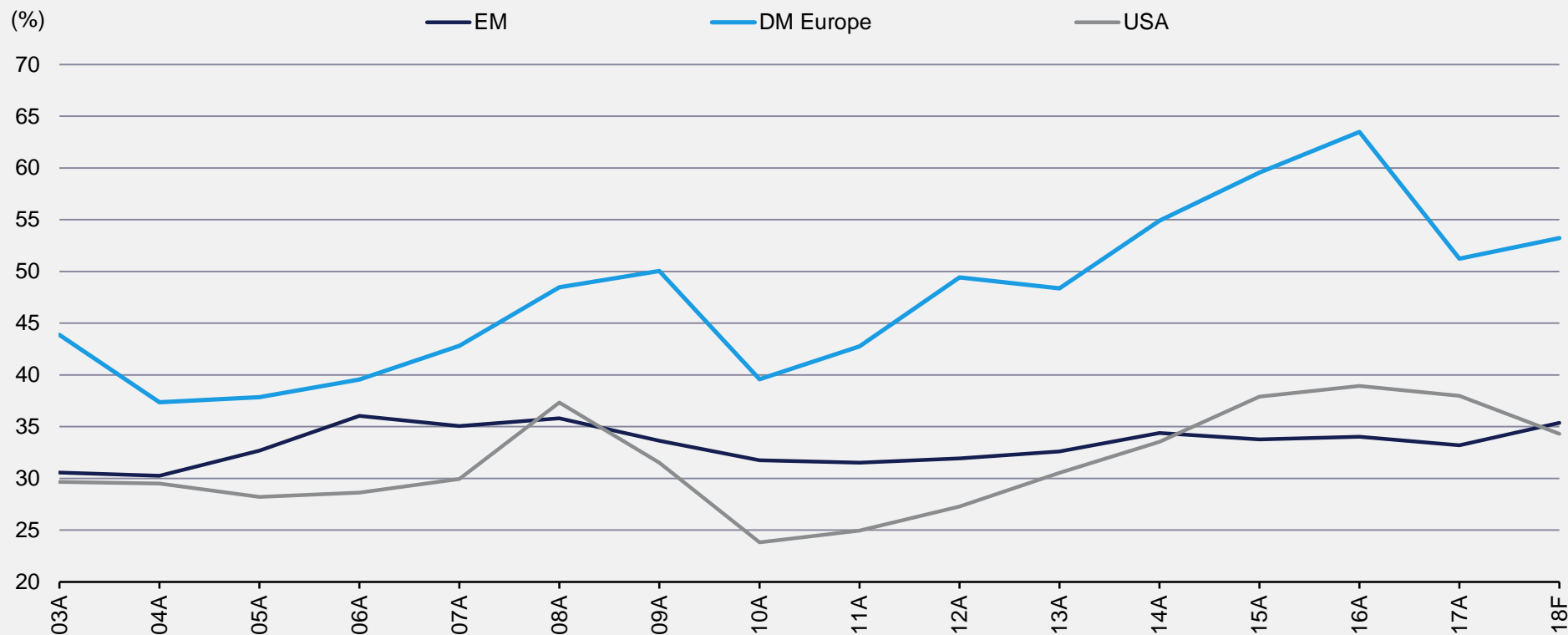


Source: Factset, CLSA,
 Note: Ratios are bottom-up aggregated with free float adjustments based on current MSCI universe.

Dividend cover and balance sheet strength

As investment falls, payout ratios have scope to grow

MSCI Regions: Dividend Payout Ratios



Source: Factset, CLSA,

Note: Ratios are bottom-up aggregated with free float adjustments based on current MSCI universe.

ASI GEM Equity Income

Outperformance over the long run with attractive risk adjusted returns

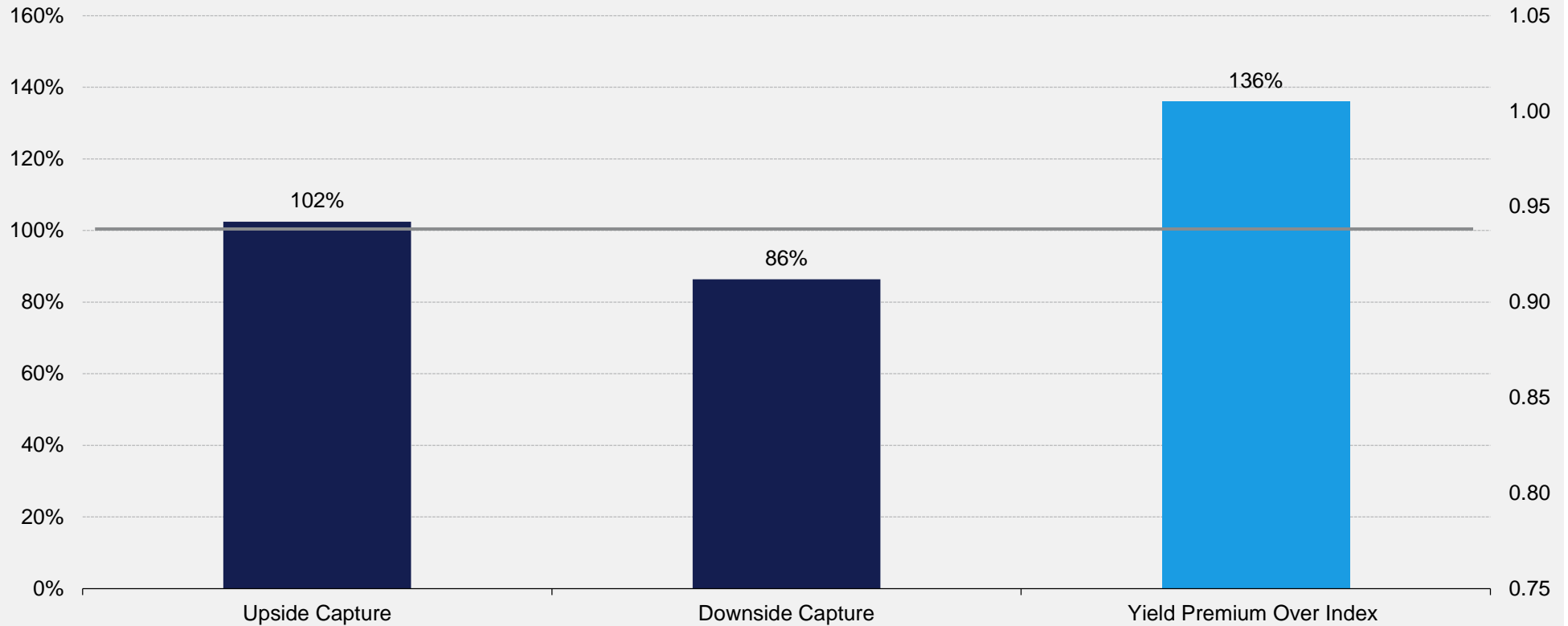


	Since Inception % p.a.*
Global Emerging Market Equity Income	9.25
MSCI Emerging Market	6.02
Relative return	3.05
Information ratio	0.89
Upside capture**	102.43*
Downside capture**	86.37*
12m FWD gross yield**	4.3**

Financial Express (chart) from 01st January 2013 to 31st May 2019, SLI GEM Income net Inst Acc, including the largest passive fund in the IA Emerging Markets Sector: Vanguard Emerging Markets Stock Index Acc GBP (AMC 0.27%). *Source: Aberdeen Standard Investments 01st January 2013 (fund launched 13th December 2012), to 31st May 2019, gross performance, month to month geometric returns. **Source: Bloomberg & Factset, as at 12th June 2019. Standard Life Investments claims compliance with the Global Investment Performance Standards (GIPS®). The fund specific data presented above is supplementary information to the Mutual Funds Global Emerging Markets Equity Income GIPS® composite report, which is enclosed in the Appendix for your reference.

ASI GEM Equity Income

Income *and* growth focus drives attractive upside-downside capture characteristics

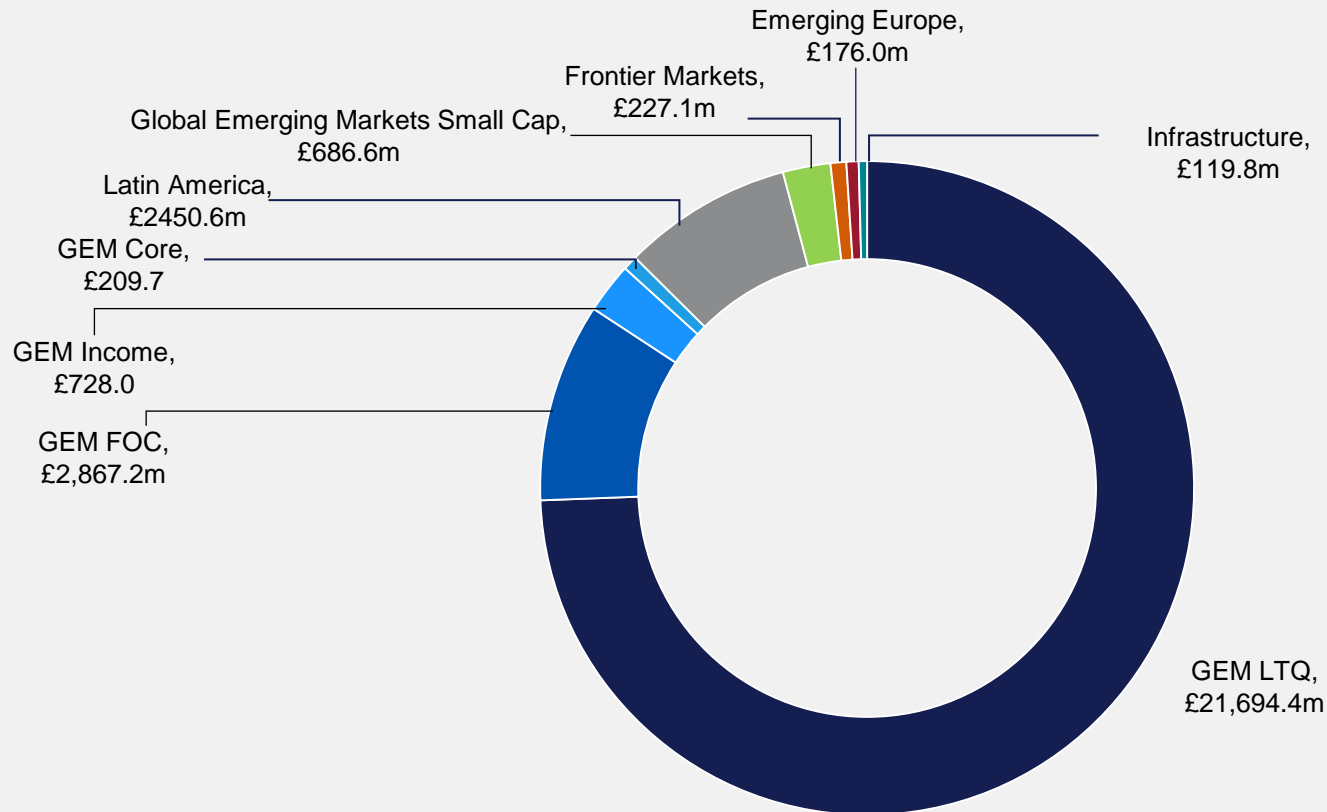


Source: Aberdeen Standard Investments, LipperIM, USD net performance, 1 Dec 13 – 31 May 19

Appendices

GEM assets under management

Manage £29,159.3m in Emerging Markets



Source: Aberdeen Standard Investments, 31 Dec 18

Portfolio construction

Portfolio construction framework

Focus portfolio risk budget on bottom-up, company specific risks with a non-consensus Focus on Change insight

Identify and control exposures to risk factors, ensure suitable portfolio diversification

Portfolio construction anchored around “Winners List” stock ideas

Strategy Limits:	GEM Equity Income Fund
Benchmark	MSCI Emerging Markets
Tracking error ex-ante guideline	2 - 8%
Number of holdings	60-110
Winners List stocks	Held if consistent with income objective
Winners List exposure	>10%
Stock exposure limits	+/- 5%
Industry exposure limits**	+/- 15%
Country exposure limits	+/- 10%
Cash	0-5% range

* Benchmark for attribution and performance measurement only ** MSCI industry classifications

Source: Aberdeen Standard Investments

Mutual Funds Global Emerging Markets Equity Income

Composite Name	Mutual Funds Global Emerging Markets Equity Income
Inception Date	01-01-2013
Firm	Standard Life Investments
Currency	GBP
Report End Date	31-12-2017
Benchmark	IA Global Emerging Markets

	Anlzd Return (Composite)	Anlzd Return (Benchmark)	3 Year Anlzd StdDev (Composite)	3 Year Anlzd StdDev (Benchmark)	Dispersion	Market Value	Total Firm Assets	% of Firm Assets	Number of Portfolios
Dec 2008	--	--	--	--	--	--	--	--	--
Dec 2009	--	--	--	--	--	--	--	--	--
Dec 2010	--	--	--	--	--	--	--	--	--
Dec 2011	--	--	--	--	--	--	--	--	--
Dec 2012	--	--	--	--	--	--	--	--	--
Dec 2013	5.94	-3.71	--	--	--	296,402,611	149,971,000,000	0.20	1
Dec 2014	4.04	3.32	--	--	--	330,131,164	221,550,800,000	0.15	1
Dec 2015	-7.94	-9.46	12.41	--	--	321,623,131	227,454,110,000	0.14	1
Dec 2016	31.80	31.56	14.89	15.31	--	461,836,565	240,136,780,000	0.19	1
Dec 2017	31.14	24.59	14.90	14.79	--	757,253,144	229,686,080,000	0.33	1

Firm Disclosures

A complete list and description of all of the firm's composites are available from Aberdeen Standard Investments. There are no minimum asset levels set below which portfolios are not included in a composite. All performance calculations and returns have been calculated gross of management fees. All returns are presented on an all-inclusive basis and as such all capital gains interest income and withholding taxes have been taken into account in market valuations and returns. All indices are on a gross of tax basis apart from FTSE UK indices which are net of Withholding Tax. There are no Non-Fee-Paying portfolios included in any composite. The Daily True Time Weighted Rate of Return methodology has been used from 2001 apart from unitised Cash, Property, GARS and Myfolio products where NAV performance is used. Prior to this NAV performance was used for all products. Additional information regarding policies for calculating and reporting returns is available upon request. Dispersion is calculated using high/low difference. Where there are less than 36 months of returns, the Composite and Benchmark Standard Deviations have not been calculated. Aberdeen Standard Investments 'The Firm' consists of all fee-paying funds managed by Aberdeen Standard Investments and its Subsidiaries which include Aberdeen Standard Investments (Mutual Funds) Limited SLTM Limited Aberdeen Standard Investments (Corporate Funds) Limited Aberdeen Standard Investments (USA) Limited and Aberdeen Standard Investments (Hong Kong) Limited. Past performance results from Aberdeen Standard Investments Limited UK Firm and Aberdeen Standard Investments Limited Irish Firm have been linked to form the performance record of the new firm Aberdeen Standard Investments. The new firm was created on 01 Jan 2008. Standard Life Investments claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Aberdeen Standard Investments has been independently verified by PricewaterhouseCoopers LLP for the periods 1996 to 2016. The verification report is available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

Composite Disclosures

The composite includes funds that invest in mainly higher yielding equities and equity type investments of companies on an emerging market stock exchange or which, in the opinion of the ACD, carry on a substantial part of their operations in emerging market countries. A proportion of the Fund may also be invested in fixed interest securities to supplement the income of the fund and is benchmarked against IA Global Emerging Markets.

Derivatives may be used for efficient portfolio management purposes

The standard annual fee applicable to this composite is 0.75% but individual fees are negotiated on an account basis

Disclaimer: Global Emerging Markets Income

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The following risk factors apply specifically to this Fund. These are in addition to the generic risks of investing. A full list of the risks applicable to this Fund can be found in the Prospectus which is available on the website or upon request.

- (a) The fund invests in securities which are subject to the risk that the issuer may default on interest or capital payments
- (b) 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
- (c) The fund invests in equities and equity related securities. These are sensitive to variations in the stock markets which can be volatile and change substantially in short periods of time
- (d) The fund invests 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
- (e) The shares of smaller companies may be less liquid and more volatile than those of larger companies
- (f) The use of 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 may result in the fund being leveraged (where market 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 does not make extensive use of derivatives

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