

# Aberdeen Emerging Markets Bond Fund

I Inc

Performance Data and Analytics to 31 March 2019

## Objectives and investment policy

Objective: To generate income and increase the value of the shareholder's investment over the long term (income and capital growth).

Investment policy: The Fund invests 70% or more of its total net assets in corporate bonds or government bonds based in emerging market countries.

## Performance (%)

	1 month	3 months	6 months	1 year	Annualised		Launch
					3 years	5 years	
Fund	0.78	6.15	4.01	-0.92	5.01	3.15	2.50
Benchmark	1.29	6.37	4.49	2.17	4.53	4.70	3.74
Difference	-0.51	-0.22	-0.48	-3.09	0.48	-1.55	-1.24

## Discrete annual returns (%) - year ended 31/03

	2019	2018	2017	2016	2015
Fund	-0.92	3.32	13.11	-1.19	2.09

## Calendar year performance (%)

	Year to date	2018	2017	2016	2015
Fund		6.15	-8.14	9.83	13.17
Benchmark		6.37	-6.01	9.11	9.86
Difference		-0.22	-2.12	0.72	3.32

Performance Data: Share Class I Inc

Source: Lipper. Basis: Total return, NAV to NAV, net of annual charges, UK Net Income Reinvested.

These figures are gross of an initial charge: to the extent that this is paid, it will reduce performance from that shown.

The comparator shown may be used for risk monitoring and portfolio construction purposes, as well as to provide a performance comparator; it is not an integral part of the Objective and Investment Policy for the fund and should not be considered as such.

Past performance is not a guide to future results.

## Fund manager's report

The uncertainty around risk continued to translate into mixed market performance in March. The yield on the US 10-year Treasury note rallied by 31 basis points (bps) on the back of stronger dovish signals from the US Federal Reserve (Fed), and reached 2.41% at month-end. The Fed policy statement caused the Treasury yield curve to temporarily invert, as investors began to price the chances of a US recession more aggressively. The oil price continued to rise, reaching US\$68 per barrel on a combination of demand growth and supply cuts. Trade negotiations between China and the US generated renewed optimism, while the US dollar remained strong.

In hard currency debt, the JP Morgan EMBI Global Diversified index (hedged into GBP) returned 1.29%, while the benchmark spread widened by 14bps to 351bps over US Treasuries. Unlike in February, a positive return from US Treasuries more than offset a negative performance from corporate bonds. By credit quality, investment grade bonds outperformed high yield assets by close to 2%, reversing a trend of underperformance since the beginning of 2019. Mexico led the outperformance, followed by other Latin American investment grade credits including Peru, Colombia, Uruguay and Panama. At the bottom of the returns table, Zambia witnessed the largest decline, as investors once more questioned its debt sustainability. Lebanon, Turkey and Argentina also suffered due to idiosyncratic fundamental vulnerabilities. Issuance picked up in March, bringing year-to-date issuance to US\$66.3bn versus US\$65.7bn for the same period in 2018. More than half (53%) of total supply was from the Middle East and North Africa. In March, the new deals received by the market include Qatar (US\$12bn), Turkey (US\$1bn), Russia (US\$3bn), Romania (EUR3bn), Sri Lanka (US\$2.4bn), and Ghana (US\$3bn). Of these, the two most successful deals in terms of demand from investors were Qatar – with a US\$50bn order book – and Ghana, with a record demand of seven times the amount borrowed.

During the period, we increased our positions in Angola, Bahamas, Qatar and Armenia; while also participating in new issues from Ghana, Romania and Sharjah, an Emirate of the UAE. On the other side, we reduced holdings in Tunisia, Lebanon and Oman, while reducing duration in Pemex, Mexico's state-owned oil company. In corporate space, we bought First Quantum Minerals, a copper mining company with operations in Zambia, and Candelaria, a Colombian pipeline business.

Risk factors should be read in conjunction with all warnings and comments given in the prospectus for the fund. Please visit the attached link to our Jargon Buster which contains a glossary of terms used in this document > <http://glossary.aberdeen-asset.com/jargonbuster/>



Top ten holdings	%
Argentina (Rep Of) 7.5% 22/04/26 WI USD	2.4
El Salvador (Rep Of) 5.875% 30/01/25	1.4
Indonesia (Rep Of) 5.875% 15/01/24	1.4
Petroleos Mexicanos 6.5% 13/03/27	1.4
Romania (Rep Of) 4.625% 03/04/49	1.4
Dominican (Rep Of) 6.85% 27/01/45	1.4
Gabonese (Rep Of) 6.375% 12/12/24	1.3
Saudi Intl Bond 5% 17/04/49	1.3
Dominican (Rep Of) 7.45% 30/04/44	1.3
Argentina (Rep Of) FRN 21/06/20 POM ARS	1.2
<b>Total</b>	<b>14.5</b>
<b>Total number of holdings</b>	<b>231</b>

Credit rating of holdings (%)	Fund	Benchmark	Difference
AA	1.9	2.1	-0.2
A	5.4	11.9	-6.6
BBB	27.4	34.8	-7.4
BB	17.7	20.3	-2.5
B	37.3	27.2	10.1
CCC	3.2	3.0	0.2
C	–	0.1	-0.1
D	1.7	0.6	1.0
Cash	5.4	–	5.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	

Average long term rating	BB	BB+

Figures may not always sum to 100 due to rounding.

Market Exposure (%)	Fund	Benchmark	Difference
Mexico	7.7	4.7	3.0
Indonesia	7.4	4.3	3.1
Argentina	4.9	2.6	2.4
Egypt	4.5	2.5	2.0
Dominican Republic	4.2	2.6	1.7
Turkey	3.9	3.4	0.6
United Kingdom	3.7	–	3.7
Ukraine	3.6	2.4	1.1
Ecuador	3.6	2.6	1.0
United Arab Emirates	3.5	0.9	2.6
Other	53.0	74.0	-20.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	

Key information	
Benchmark	JPM EMBI Global Diversified (Hedged GBP 100%)
Sector	IA Global Emerging Markets Bond
Fund size	£ 119.3 m
Date of launch	1 October 2012
Investment team	Global Emerging Market Debt Team
Fund advisory company	Aberdeen Asset Managers Limited

[www.aberdeenstandard.co.uk](http://www.aberdeenstandard.co.uk)

# Aberdeen Emerging Markets Bond Fund

Currency Exposure (%)	
	Fund
United Kingdom Pounds	92.7
India Rupiah	1.9
Argentine Peso	1.3
Peruvian Nuevo Sol	1.3
Indonesian Rupiah	1.0
Mexican Peso	1.0
Brazilian Real	1.0
Chinese Yuan	0.9
Euro	0.1
United States Dollar	-1.1
<b>Total</b>	<b>100.0</b>

Figures may not always sum to 100 due to rounding.

Fund Statistics	
Modified duration vs benchmark	6.2 vs 6.9
Weighted average life vs benchmark	10.4 vs 11.2
Yield to Maturity	6.7 vs 5.4
Yields <sup>c</sup>	5.72% underlying 6.47% distribution

Yields are net of charges and gross of tax and are not guaranteed.

Codes (I Inc)	
SEDOL	B5V8SG9
ISIN	GB00B5V8SG93
BLOOMBERG	ABEEB11 LN
REUTERS	LP68179427
VALOREN	12678070

Additional information	
Fund Type	OEIC
Domicile	United Kingdom
Currency	GBP
Registered for sale	Please refer to <a href="http://www.aberdeenstandard.com">www.aberdeenstandard.com</a>
Income payable	31 January, 28 February, 31 March, 30 April, 31 May, 30 June, 31 July, 31 August, 30 September, 31 October, 30 November, 31 December
Minimum investment	£500,000
Charges	Current initial 0.00%
Ongoing Charges Figure (OCF) <sup>b</sup>	0.91%
Price as at 31/03/19	82.96p
Deal closing time	12.00 noon (UK)
Daily valuation point	12.00 noon (UK)

Source: Simulated Ongoing charges Aberdeen Standard Investments as at 1 December 2018.

<sup>a</sup>The Ongoing Charge Figure (OCF), is the overall cost shown as a percentage of the value of the assets of the Funds. It is made up of the Annual Management Charge (AMC) of 0.75% and other charges. It does not include any initial charges or the cost of buying and selling stocks for the Funds. The Ongoing Charges figure can help you compare the annual operating expenses of different Funds.

<sup>c</sup>The Distribution Yield reflects the amounts that may be expected to be distributed over the next twelve months as a percentage of the mid-market share price of the fund as at the date shown. The Underlying Yield reflects the annualised income net of expenses and known irrecoverable withholding tax of the fund (calculated in accordance with relevant accounting standards) as a percentage of the mid-market share price of the fund as at the date shown. Both yields are based on a snapshot of the portfolio on the month-end date and are not guaranteed and actual distributions received (where a share class pays distribution) may be higher or lower than the amount stated. They do not include any initial charges and Investors may be subject to tax on distributions. The Distribution Yield is higher than the Underlying Yield because a portion of the fund's expenses are charged to capital. This has the effect of increasing distributions and constraining the fund's capital performance. Analytics provided by The Yield Book® Software

## Important information

### Risk factors you should consider before investing:

- The value of investments and the income from them can go down as well as up and investors may get back less than the amount invested.
- Exchange Rates: The Fund may have holdings which are denominated in different currencies and may be affected by movements in exchange rates. Consequently, the value of the Fund's investments and the income from them may rise or fall in line with exchange rates.
- Emerging Markets: Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries and this may mean your money is at greater risk.
- Bonds: Bond valuations are affected by changes in interest rates, inflation and the creditworthiness of the bond issuer. There is a risk that a bond issuer may not be able to repay the money they borrowed nor make their required interest payments. This risk increases for bonds with lower credit ratings. Where a bond market has a low number of buyers and/or a high number of sellers, it may be harder to sell particular bonds at an anticipated price and/or in a timely manner.
- Derivatives: This Fund can use derivatives in order to meet its investment objective. The use of derivatives may result in greater fluctuations in the value of the Fund, and may increase the magnitude of any losses.
- A full list of risks applicable to this Fund can be found in the Prospectus.

### Other important information:

The Fund is a sub-fund of Aberdeen Investment Funds ICVC, an authorised open-ended investment company (OEIC). The Authorised Corporate Director is Aberdeen Standard Fund Managers Limited. Nothing herein constitutes investment, legal, tax or other advice and is not to be relied upon in making an investment or other decision. No recommendation is made, positive or otherwise, regarding individual securities mentioned. This is not an invitation to subscribe for shares in the Fund and is by way of information only. Subscriptions will only be received and shares issued on the basis of the current Prospectus, relevant Key Investor Information Document (KIID) and Supplementary Information Document (SID) for the Fund. These can be obtained free of charge from Aberdeen Standard Fund Managers Limited, PO Box 9029, Chelmsford, CM99 2WJ.

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