

Jun  
2020

# Emerging Market Local Currency Debt Fund

AberdeenStandard  
Investments

30 June 2020

The fund aims to provide a return over the longer term from a combination of income, capital appreciation and foreign currency appreciation. The fund will achieve this by investing primarily in bond securities and emerging market currencies. The majority of bonds will be denominated in local currency and issued or guaranteed by governments, financial institutions or companies in emerging markets. The fund is actively managed by our investment team, who will select bonds, currencies and who may invest a proportion of the fund's assets in other bonds and/or money market instruments to try to take advantage of opportunities they have identified.

Past performance is not a guide to future returns and future returns are not guaranteed. The price of assets and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment. The fund may use derivatives to reduce risk or cost, or to generate additional capital or income at low risk, or to meet its investment objective. Usage of derivatives is monitored to ensure that the fund is not exposed to excessive or unintended risks. The value of assets held within the fund may rise and fall as a result of exchange rate fluctuations.

SICAV Fund

Bond Fund

Monthly

Fund Manager	Kieran Curtis
Launch Date	19 Jun 2013
Fund Currency	USD
Benchmark	JPMorgan GBI-EM Global Diversified Index
Current Fund Size	\$939.7m
Yield to Maturity	5.1

Modified Duration 5.8

This document is intended for use by individuals who are familiar with investment terminology. To help you understand this fund and for a full explanation of specific risks and the overall risk profile of this fund and the shareclasses within it, please refer to the Key Investor Information Documents and Prospectus which are available on our website – [www.aberdeenstandard.com](http://www.aberdeenstandard.com).

Aberdeen Standard Investments has not considered the suitability of investment against your individual needs and risk tolerance. If you are in any doubt as to whether this fund is suitable for you, you should seek advice. An adviser is likely to charge for advice. We are unable to provide investment advice.

## Fund Information \*

### Composition by Region

	Fund %
Latin America	35.5
Asia	30.2
Central and Eastern Europe	20.3
Africa	8.8
Cash and Other	5.2

### Top Ten Currency Exposures

	Fund %
Indonesian Rupiah	13.3
Russian Ruble	10.8
Mexican Peso	10.2
Czech Koruna	8.4
Thai Baht	8.3
South African Rand	7.6
Brazil Real	7.5
Malaysian Ringgit	7.2
Colombian Peso	6.4
Hungarian forint	5.7
Total	85.4

### Largest Positions Relative to the Benchmark

Overweight Countries	Fund %	B'mark %	Relative %	Underweight Countries	Fund %	B'mark %	Relative %
Chile	6.5	2.3	4.2	Thailand	7.3	9.2	-1.9
Indonesia	12.8	9.6	3.2	Turkey	0.0	3.1	-3.1
India	3.0	0.0	3.0	Czech Republic	1.1	5.0	-3.9
Germany	2.2	0.0	2.2	China	0.0	4.0	-4.0
South Africa	8.8	7.4	1.4	Poland	2.9	8.5	-5.6

## Fund Performance \*

### Price Indexed



Performance has been calculated over the stated period on the share price performance basis, based on the institutional shareclass and net of fees. For your relevant charges please contact your Aberdeen Standard Investments Sales Representative.

Source: Aberdeen Standard Investments (Fund) and Thomson Reuters DataStream (Benchmark)

### Cumulative Performance

Source: Aberdeen Standard Investments (Fund) and Thomson Reuters DataStream (Benchmark)

	YTD (%)	1 month (%)	3 months (%)	6 months (%)	1 year (%)
Retail Fund Performance	-8.4	0.2	9.5	-8.4	-5.2
Institutional Fund Performance	-8.0	0.2	9.7	-8.0	-4.2
JPMorgan GBI-EM Global Diversified Index	-6.9	0.5	9.8	-6.9	-2.8

	3 years (%)	5 years (%)	Since launch (%)
Retail Fund Performance	-1.7	3.4	-8.4
Institutional Fund Performance	0.9	8.0	-2.8
JPMorgan GBI-EM Global Diversified Index	3.4	12.3	-3.7

### Year on Year Performance

Source: Aberdeen Standard Investments (Fund) and Thomson Reuters DataStream (Benchmark)

	Year to 30/06/2020 (%)	Year to 30/06/2019 (%)	Year to 30/06/2018 (%)	Year to 30/06/2017 (%)	Year to 30/06/2016 (%)
Retail Fund Performance	-5.2	7.6	-3.7	6.4	-1.2
Institutional Fund Performance	-4.2	8.5	-2.9	7.3	-0.3
JPMorgan GBI-EM Global Diversified Index	-2.8	9.0	-2.3	6.4	2.0

Note: Performance has been calculated over the stated period on the share price performance basis, based on the given shareclass and net of fees.

Past Performance is not a guide to future performance. The price of shares and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

For full details of the fund's objective, policy, investment and borrowing powers and details of the risks investors need to be aware of, please refer to the prospectus.

The fund does not have an index-tracking objective.

#### Definitions

**Yield to Maturity** - gives an indication of the total expected return from a bond if it is held to maturity. It reflects both the interest payments made to the bondholder and any capital gain or loss at maturity. It is based on a snapshot of the portfolio on specified date. It does not include any impact from charges.

**Modified Duration** - gives an indication of a bond's sensitivity to a change in interest rates. It is based on a snapshot of the portfolio on specified date. It does not include any impact from charges.

**Cash and Other** - may include bank and building society deposits, other money market instruments such as Certificates of Deposits (CDs), Floating Rate Notes (FRNs) including Asset Backed Securities (ABSs), Money Market Funds and allowances for tax, dividends and interest due if appropriate.

## Market Review

June was the third consecutive month of recovery for emerging market debt, following the historic declines of late March, when coronavirus fears peaked. Local-currency emerging market debt As measured by the JP Morgan GBI-EM Global Diversified index (unhedged in US dollar terms) returned +0.47%, with the yield of the index declining by 3 basis points (bps) to +4.51% by the end of the month.

Sentiment was helped by continued emergency financing from the International Monetary Fund (IMF) for less developed countries. Meanwhile, comments from the US central bank suggested that more monetary and fiscal help may be coming for the US economy. Another important positive factor, especially for oil exporting emerging markets, was the continuing strong recovery in the oil price<sup>3</sup>, which rose by +17% in June and is up by over +80% since the end of March. However, some Less positive factors in the background were signs of resurging virus cases in some parts of the world and re-escalating tensions between the US and China.

## Activity

Towards the end of the period, we added exposure to Mexico sovereign bonds, which should be a beneficiary of both the recent sharp recovery in oil prices and the expected rebound in the US economy in the second half of the year. In addition, we increased our overweight exposure to Chile, specifically by buying its 2030 bonds which have lagged shorter dated bonds of the same issuer. We also added further exposure to Ukraine, which would benefit from continued

sentiment recovery. On the sell side, following the good performance of recent months amid recovering oil prices, we trimmed some of our overweight exposure to Russia, by selling its 2029 and 2030 bonds. Over the period, we also sold the long-dated 2048 bonds of South Africa and the 2031 bonds of Hungary. 2048 bonds of South Africa and the 2031 bonds of Hungary.

## Performance

The Fund underperformed the benchmark over the period.

On a country level, the biggest positive contribution was from an overweight in Chile, which reflected the Fund's heavy exposure to the country's shorter dated bonds which outperformed its longer dated bonds, which have significant index weightings. The second biggest contributor was off-benchmark exposure to Ukraine, which benefited from the continuing sentiment recovery that boosted all higher yielding assets. Other contributors included overweights in Indonesia and the Dominican Republic. On the downside side, there were negative contributions from being underweight in Hungary, Thailand and Turkey.

## Outlook

Financial markets have been hit hard by the coronavirus pandemic. The unprecedented collapse in global activity warranted an equally unprecedented policy response, with emerging market countries rolling out strong fiscal and monetary-policy support measures, including increased healthcare spending, employment

support schemes, tax reliefs and deferrals, loans and loan guarantees, policy-rate cuts, foreign-exchange interventions and liquidity provision. Going forward, it will be important to monitor the progress of the pandemic as economies start to re-open and relax lockdown restrictions, with clear roadmaps and articulate policy responses needed at each stage of the crisis. A global recession, domestic containment measures, disruptions in international trade, lower commodities prices and a collapse in tourism will lead to a recession across most emerging markets. Some countries will be particularly vulnerable due to their delayed response to the pandemic – such as Russia, Brazil, Mexico, Hungary and Turkey.

While all countries will suffer in the near term, the scale, duration and persistence of the shock will vary depending on which countries have the strongest containment and the most effective policy responses relative to their pre-existing imbalances. As such, this will require an even more granular approach to differentiating between countries with stronger fundamental positions and those whose existing challenges and imbalances will be exacerbated further by this crisis.

## Other Fund Information

	Retail Acc	Retail Dist	Institutional Acc	Institutional Dist	Currency
Bloomberg	SLICDAA LX	N/A	SLICDDA LX	N/A	USD
ISIN	LU0913259262	N/A	LU0913259429	N/A	USD
WKN	A1T9LG	N/A	A1T9LL	N/A	USD

Domicile Luxembourg

Custodian Name The Bank of New York Mellon SA/NV, Luxembourg Branch, 2-4 Rue Eugene Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg

Auditor Name KPMG Luxembourg, 39, Avenue John F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg

	Interim	Annual
Reporting Dates	30 Jun	31 Dec

Settlement Time T+3

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Share Price Calculation Time 15:00 (Luxembourg time)

Dealing Cut Off Time 13:00 (Luxembourg time)

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Additional Information for Switzerland : The prospectus, the key investor information documents, the articles of incorporation, the annual and semi-annual report in German, and further information can be obtained free of charge from the representative in Switzerland: Carnegie Fund Services S.A., 11, rue du Général-Dufour, CH-1204 Geneva, Switzerland, web: [www.carnegie-fund-services.ch](http://www.carnegie-fund-services.ch). The Swiss paying agent is: Banque Cantonale de Genève, 17, quai de l'Île, CH-1204 Geneva. The last share prices can be found on [www.fundinfo.com](http://www.fundinfo.com).

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