

SLI UK Real Estate Income Feeder Fund

Monthly Factsheet

July 2021

All trading in the SLI UK Real Estate Fund, the SLI UK Real Estate Accumulation Feeder Fund and the SLI UK Real Estate Income Feeder Fund has been suspended effective from the valuation point at midday on 18 March 2020. For more information visit www.aberdeenstandard.com/fundssuspension

Objective

To generate income and some growth over the long term (5 years or more) by investing all or substantially all of its capital in the Standard Life Investments UK Real Estate Fund. To the extent the fund is not fully invested it will hold its remaining assets in money-market instruments including cash. The returns of this fund are not expected to be materially different than the returns of Standard Life Investments UK Real Estate Fund. The objective of the Standard Life Investments UK Real Estate Fund is to generate income and some growth over the long term (5 years or more) by investing in UK commercial property. It is intended that the fund will be a PAIF at all times and, as such, its investment objective is to carry on property investment business and to manage cash raised for investment in the property investment business.

Performance Target of Standard Life Investments UK Real Estate Fund: To exceed the return of the IA UK Direct Property Sector Average (after charges) over rolling three year periods. The Performance Target 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. The ACD of the Standard Life Investments UK Real Estate Fund believes this is an appropriate target for the fund based on the investment policy of the fund and the constituents of the sector. The investment policy of the Standard Life Investments UK Real Estate Fund is as follows:

Portfolio securities

- The fund will invest at least 70% in a diversified portfolio of UK freehold and leasehold commercial property selected from across the retail, office, industrial and other sectors.
- The fund may also invest indirectly in commercial property through investment vehicles such as quoted and unquoted property companies or funds (including those managed by Aberdeen Standard Investments).
- The fund may also invest in short term government bonds such as gilts, money-market instruments, and cash.

Discrete annual returns (%) - year ended 31/07

	2017	2018	2019	2020	2021
Fund Retail Inc shareclass	8.58	6.56	0.56	-6.30	4.79
Fund Institutional Inc shareclass	8.82	7.09	0.89	-5.93	5.13
Fund Platform One Inc shareclass ^A	8.91	6.92	0.85	-5.99	5.13
Performance Target ^B	9.64	6.29	0.43	-5.54	1.44

Past performance (%)

	1m	3m	6m	1y	3y p.a.	5y p.a.
Fund Retail Inc shareclass	0.37	2.60	3.12	4.79	-0.43	2.70
Fund Institutional Inc shareclass	0.34	2.65	3.28	5.13	-0.07	3.06
Fund Platform One Inc shareclass ^A	0.38	2.67	3.30	5.13	-0.11	3.04
Performance Target ^B	0.83	2.27	2.48	1.44	-1.43	1.83

Performance Data: Fund Performance prior to 18 May 2016 relates to the Standard Life Investments Ignis UK Property Fund.

^A Platform One share class performance from 21 March 2016. Retail accumulation share class used prior to 21 March 2016.

^B Benchmark includes both master and feeder funds in the IA UK Direct Property Peer group.

Source: Aberdeen Standard Investments (Fund) and Morningstar (Target)

Past performance is not a guide to future results.

Top five property holdings

Name	£ of property*	Sub-sector
Belvedere, Isis Reach	£50m-£75m	Industrial – South East
Sutton, Io Centre & Tradeway	£50m-£75m	Industrial – South East
South Ruislip, The Old Dairy	£50m-£75m	Standard Retail – South East
Masthead Industrial Estate	£50m-£75m	Industrial – South East
Leamington Spa, Leamington Shopping Park	£25m-£50m	Retail Warehouses

Source: Aberdeen Standard Investments, July 2021

^C The Ongoing Charge Figure (OCF) is an estimate as at end of March 2020 and may vary from year to year. It excludes the cost of buying and selling assets for the Fund. An estimate is used in order to provide the figure that will most likely be charged. It does not include any initial charges or the cost of buying and selling stocks for the Funds. The Ongoing Charge Figure can help you compare the annual operating expenses of different Funds.

^D MSCI UK Daily Traded APUTs and PAIFs in the UK Quarterly Universe Property Index (unfrozen) from 01/01/2019. Prior MSCI UK Quarterly Balanced Monthly Index Funds Quarterly Property Index (Unfrozen)

^E **Historic Distribution Yield** - this represents the income generated by the assets in which the fund has been invested over the last twelve months, expressed as a % of the fund's value for Institutional Inc Shareclass. Please note that this income stream may be subject to taxes and charges.

^F The Average Lease Length is the weighted average (by estimated rental value, "ERV") of all contracted income within the fund. ERV refers to the rent that a particular asset would be expected to achieve if it were to be re-let in current market conditions. Benchmark is MSCI UK Daily Traded APUTs and PAIFs Quarterly Property Index.

^G The vacancy rate represents the sum of all assets within the fund's portfolio which do not generate rental income. It is expressed as a percentage of the total portfolio estimated rental value, ERV, which is the sum of rental income that the portfolio would be expected to achieve if all assets were to be re-let in current market conditions. Benchmark is MSCI UK Daily Traded APUTs and PAIFs Quarterly Property Index.



Key facts

Dealing information

Minimum initial investment	
Retail shareclass	£500
Institutional shareclass	£1,000,000
Platform One shareclass	£1,000,000
Valuation point	12:00 UK Time
Settlement terms	T+3
Accounting period end dates	31 Dec (final) and 30 Jun (interim)
Ex-dividend dates	First day of each month
Payment dates	15 Feb (final) and Last day of each month. Jan no payment (interim)

Ongoing charges figure (OCF) ^C

Retail shareclass	: 1.32%
Institutional shareclass	: 0.85%
Platform One shareclass	: 0.90%

Annual management charge (AMC)

Retail shareclass	: 1.30%
Institutional shareclass	: 0.75%
Platform One shareclass	: 0.75%

Retail Inc Shareclass

Sedol	BYPHPJ7
ISIN	GB00BYPHPJ73
Bloomberg	IGUKFAI
Lipper	68362407

Institutional Inc Shareclass

Sedol	BYHPK8
ISIN	GB00BYHPK88
Bloomberg	IGUKFII
Lipper	68362409

Platform One Inc Shareclass

Sedol	BYPHPL9
ISIN	GB00BYPHPL95
Bloomberg	SLUIFP
Lipper	68367080

Performance Target/Performance Comparator IA UK Direct Property Sector Average

Portfolio Constraining Benchmark ^D MSCI UK Daily Traded APUTs and PAIFs in the UK Quarterly Property Index

Property Fund NAV £1,201,649,141

No. of holdings 45

Fund Launch date 18 March 2016

Historic Distribution Yield ^E 2.97% (Fund)

Average Unexpired Lease Length ^F 6.3 years

Benchmark 6.3 years

% Vacancy Rate ^G 10.1%

Benchmark 9.9%

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Management process

- The management team use market research and their discretion (active management) to identify investments that are expected to benefit from changes in property prices and property improvements. They will maintain a diverse asset mix at sector level.

- In seeking to achieve the Performance Target, the MSCI UK Daily Traded APUTs and PAIFs in the UK Quarterly Universe Property Index is used as a reference point for portfolio construction and as a basis for setting risk constraints. Due to the fund's risk constraints, the intention is that the fund's performance profile will not deviate significantly from that of the MSCI UK Daily Traded APUTs and PAIFs in the UK Quarterly Universe Property Index over the longer term.

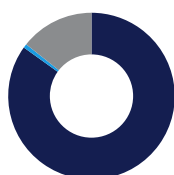
- Please note: Selling property can be a lengthy process so investors in the fund should be aware that, in certain circumstances, they may not be able to sell their investment when they want to.

Top five tenants (consolidated)

Name	% of total income
Office Depot International	4.66
Tesco Stores Limited	4.02
ASDA Stores Ltd.	3.57
Weatherford UK Limited	3.29
TP Bennett LLP	3.02

Source: Aberdeen Standard Investments, July 2021.

Asset allocation



*The unencumbered cash figure includes cash or cash equivalents plus any short term assets and liabilities within the fund less any future committed capital expenditures.

Source: Aberdeen Standard Investments, July 2021.

Property portfolio: regional analysis

Region	Portfolio %
Central London	3.04
Rest of London	26.60
South East	27.54
South West	0.29
Eastern	4.89
East Midlands	3.32
West Midlands	10.75
Yorks/Humber	0.00
North West	9.93
North East	4.48
Scotland	7.01
Wales	2.15

Source: Aberdeen Standard Investments, July 2021.

Property portfolio: sector analysis

Sector	Portfolio %
Retail	22.17
Retail Warehouses	7.11
Standard Retail - South East	8.80
Standard Retail - Rest of UK	3.70
Shopping Centres	2.56
Offices	25.11
Office - Rest of UK	12.61
Office - Rest of South East	9.46
Office - West End & Mid Town	3.04
Industrial	45.92
Industrial - South East	33.16
Industrial - Rest of UK	12.76
Other	6.80

Source: Aberdeen Standard Investments, July 2021.

Market review

According to the MSCI UK Monthly Index, the all property total return for June (the latest data available) were 1.9%, which was the strongest monthly return since June 2014.

This brought the annual return to June – a period that included two national lockdowns – to 9.1%. It was primarily driven by the continued strength in the industrial sector where the 3.5% total return for industrials was the highest monthly return in over 32 years and now stands at 23.4% for the 12 months to end June. Meanwhile, retail (1.3%) outperformed offices (0.6%) for the fifth month in succession and by the widest margin in five years. It was once again led by retail warehouses, returning 2% on the month, which was the highest monthly return for the segment since March 2010.

Fund performance

During July the I Acc shares returned investors 0.34% over the month. Over the past 12 months the Fund has returned 5.13%. The Fund has outperformed the IA UK Direct Property Sector average over one, three and five years.

Fund management activity

The Fund completed the sale of Tudor Arcade, Dorchester, generating a receipt of £9m, following exchange of contracts in June.

In the office sector, at 55 Princess Street, Manchester, the Fund completed a rent review and reversionary lease with Trowers Hamlin to secure an unexpired term of 10 years at a reviewed rent of £408,803 per annum (an uplift of 5%). At Central Square South, Newcastle, Debt Finance Collections entered into a new lease with a 10 year term and an initial rent of £300,015 per annum (£22.50 psf).

In the industrial sector, at Ascent Park, Harlow, the Fund completed a new lease to UK Plumbing Supplies securing a 10 year term at an initial rent of £70,000 per annum.

In the other commercial (leisure) sector, at Knights Park, Tunbridge Wells, the Fund regeared an existing lease with Nuffield Health, to secure an additional 8 years of term (23 years unexpired) at an initial rent of £328,080 per annum and a CPI linked rent review basis.

Outlook and Fund positioning

The favourable risk-adjusted returns offered by assets offering long, secure income streams with indexation remain. Longer income assets are currently outperforming shorter income assets by a very wide margin in absolute terms and continued strong demand for those cash flows is expected to drive continued outperformance this year.

Signs of divergence in the retail sector continue to grow. Retail that is skewed towards grocery, value and core bulky goods categories has not just stabilised but started to see rising capital values. In contrast, discretionary and particularly fashion-led retail is expected to see further significant value loss, with shopping centre returns expected to be sharply negative in 2021. We believe that there has been a structural shift in the required risk premium and that the investor base has shifted to reflect the additional risk of more volatile cash flows and increased capex requirements.

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Important Information

The following risk factors should be carefully considered before making an investment decision:

- The value of investments and the income from them can fall and investors may get back less than the amount invested.
- The SLI UK Real Estate Income Feeder Fund invests in assets that may at times be hard to sell. This means that there may be occasions when you experience a delay or receive less than you might otherwise expect when selling your investment. For more information on risks, see the prospectus and key investor information document.
- Commercial property is less liquid than other asset classes such as bonds or equities. Selling property can be a lengthy process so investors in the fund should be aware that they may not be able to sell their investment when they want to.
- Commercial property transaction charges are higher than those which apply in other asset classes. Investors should be aware that a high volume of transactions would have a material impact on fund returns.
- Property valuation is a matter of judgment by an independent valuer and is therefore a matter of the valuer's opinion rather than fact.
- The fund employs a single swinging pricing methodology to protect against the dilution impact of transaction costs. Due to the high transaction charges associated with the fund's assets, a change in the pricing basis will result in a significant movement in the fund's published price.

To help you understand this fund and for a full explanation of risks and the overall risk profile of this fund and the share classes within it, please refer to the Key Investor Information Documents and Prospectus which are available on our website www.aberdeenstandard.com. The Prospectus also contains a glossary of key terms used in this document.

The fund's Authorised Corporate Director is Aberdeen Standard Fund Managers Limited.

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