

31 October 2020

The Aberdeen Standard Global Corporate Bond Fund\*\*\* aims to provide long term growth by investing predominantly in global investment grade bonds. The fund is actively managed by our investment teams who may invest in a wide range of bonds (e.g. corporate bonds including high yield bonds, government backed securities, overseas bonds, index-linked bonds, floating rate notes (FRNs) and asset backed securities (ABSs) and/or money market instruments) issued anywhere in the world in order to take advantage of opportunities they have identified.

#### Key Features

- Focus on change investment approach embedded in fundamentally driven credit selection tailored to the overall environment
- Global reach and collaborative environment encourages constructive dialogue among teams
- History of credit expertise and high conviction portfolios, in conjunction with downside focused risk-based approach, has delivered compelling information ratios

Australian Unit Trust

Monthly

Fund Launch Date	24 February 2015	Yield to Maturity Fund/Benchmark	2.43%/2.21%
Benchmark (Index)	Barclays Global Aggregate Corporate Index (hedged to AUD)	No. of Holdings	232
Aberdeen Standard Investments AUM (Jun 30, 2020)	AUD 918.5bn	Modified Duration Fund/Index	7.15/7.20
Current NAV	\$244.0m	Redemption Price**	\$1.046153
Base Currency	AUD	Buy/Sell Spread*	Buy +0.23%/Sell -0.23%
		ASRN	125 896 184
		APIR	ETL0132AU

\*This is the current buy/sell spread and it is reviewed monthly. We may vary or waive the buy/sell spreads without notice when it is appropriate to protect the interests of existing investors and if permitted by law. If you wish to confirm the buy/sell spread, please contact the investment manager on 1800-636-888 prior to making an investment or redemption.

\*\* Unit price as at last valuation point of the report period.

\*\*\* Formerly the Standard Life Investments Global Corporate Bond Trust (The Trust).

#### Important information

There has been no material change to the risk level or strategy of the fund for the reporting period. There has been no material change to the expected risk profile or investment objective of the fund for the reporting period.

## Fund Information

### Composition by Country

Country	Fund %	Index %	Country	Fund %	Index %
United States	48.2	54.3	Japan	0.7	2.7
United Kingdom	12.7	9.1	Brazil	0.6	0.2
Not Classified	6.2	3.0	Luxembourg	0.6	0.5
France	6.1	6.4	Ireland	0.5	0.5
Germany	5.3	4.6	Hong Kong	0.5	0.7
Netherlands	3.3	2.9	Channel Islands	0.5	0.1
China	2.3	0.9	India	0.5	0.1
Italy	1.6	1.4	Isle of Man	0.5	0.0
Denmark	1.6	0.3	British Virgin Islands	0.4	0.1
Switzerland	1.5	1.9	Iceland	0.3	0.0
Canada	1.5	4.4	Australia	0.3	1.9
Mexico	1.2	0.5	Cayman Islands	0.3	0.2
Spain	0.9	2.1	Bermuda	0.2	0.2
Belgium	0.8	0.6	Finland	0.1	0.3
Portugal	0.8	0.1			

### Composition by Credit Rating

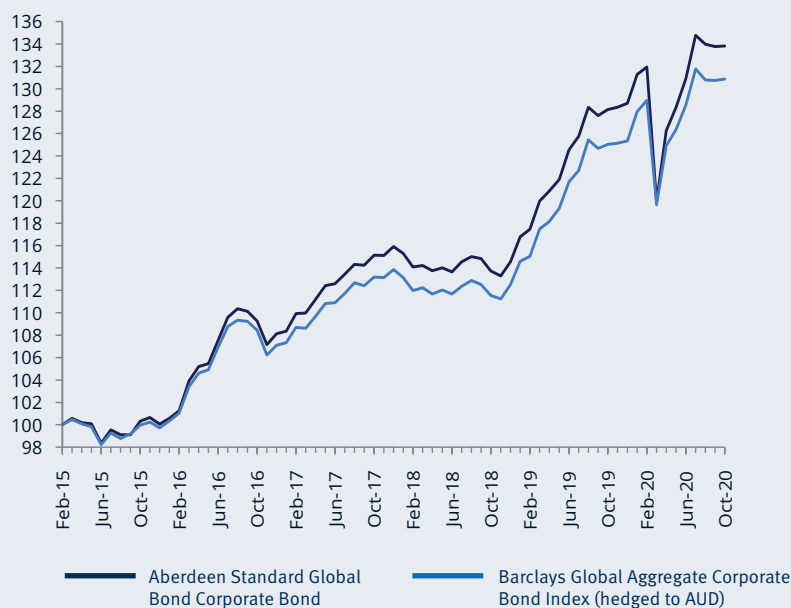
Rating	Fund %	Index %
AAA	1.2	1.1
AA	2.3	8.0
A	25.0	39.1
BBB	56.5	50.8
BB	7.4	0.1
N/R	7.6	0.9

### Top Ten Issuers

Issuers	Fund %	Index %
Bank of America	2.8	1.5
Citigroup	2.6	1.1
JPMorgan Chase	2.1	1.4
Verizon Communications	1.7	0.8
General Motors	1.4	0.4
Morgan Stanley	1.2	0.9
Barclays Bank	1.1	0.5
Groupe BPCE	1.1	0.5
Comcast	1.0	0.8
Banque Federative	1.0	0.4

Source: Aberdeen Standard Investments/UBS Delta

## Fund Performance



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 Datastream (Benchmark)

## Performance

Source: Aberdeen Standard Investments (Fund) and Thomson Datastream (Benchmark)

	1 Month (%)	6 Month (%)	1 Year (%)	3 Year p.a.(%)	5 Year p.a.(%)	Since Inception p.a.(%)
Aberdeen Standard Global Corporate Bond Fund (Gross)	0.05	5.99	4.43	5.14	5.93	5.33
Aberdeen Standard Global Corporate Bond Fund (Net)	0.00	5.72	3.91	4.59	5.35	4.75
Barclays Global Aggregate Corporate (Hedged to AUD)	0.10	4.78	4.66	4.95	5.53	4.85

\*Since inception- Date 24/02/2015

Note: Past performance is not a reliable indicator of future performance. Net of fees performance is for Class A units and is calculated based on end of month redemption prices after the deduction of fees and expenses and the reinvestment of all distributions. Gross of fees performance for the Class A units is the net return with fees and expenses added back.

## Investment Review and Outlook

### Market Review

Spreads for the Global Investment Grade (IG) bonds, as measured by the Bloomberg Barclays Global Aggregate Corporate Index, tightened by 8 basis points (bps) in October. This was more than offset by a 20 bps increase in the 10-year US treasury yield. However factoring in coupon income, the total index return for the period (hedged to Australian dollars) was still positive at +0.10%.

Some regions of the world, including parts of the US, Europe and the UK, are now seeing second waves of coronavirus infections, as well as increased hospitalisations. The initial policy response to this was much more targeted than in the spring, with governments imposing local restrictions in a bid to avoid national lockdowns. However this approach appears to have been less successful than expected with an increasing number of countries now re-imposing national level restrictions. This is likely to have a negative impact on incoming economic data.

### Activity

In the primary market, we bought the attractively priced 2027 US dollar bonds of Conagra. This is one of the largest packaged food companies in North America, which we see as an improving credit, helped in part by material tailwinds from increased at-home food consumption that has resulted from the pandemic. We also bought the 2025 new issue US dollar bonds of the US truck-leasing company Penske. Its second quarter results showed that while the pandemic has resulted in weaker rental demand, this has been offset by stronger demand from grocery/package deliveries and growth in new lease customers. We also bought the attractively priced new issue corporate hybrid bonds of the Spanish electric utility Iberdrola.

In the secondary market, we reduced some of our underweight in Boeing in light of more positive recent newsflow regarding the possible return to operation of its grounded MAX aircraft range. On the sell side, given increased

uncertainty regarding the demand outlook for oil, we trimmed our energy-related exposure by selling Western Midstream, Florida Gas Transmission and some of our corporate hybrid holdings of the Italian energy company Eni. Owing to reduced conviction at more elevated prices, we also reduced exposure to the Mexican telecoms company America Movil and Royalty Pharma.

### Performance

The Fund underperformed the benchmark over the period.

In terms of individual securities, less favourable news in terms of some countries re-imposing stronger lockdowns weighed on the Eastern European-focused shopping centre company NEPI Rockcastle. In addition, an underweight position in Boeing detracted from relative returns amid increasing hopes that its MAX range of aircraft might return to service in the next few months. On the positive side, there were contributions from the

long-dated bonds of the US telecoms company Verizon, the air conditioner manufacturer Carrier Global and Apple. The Brazilian paper company Suzano was another relatively strong performer.

### Outlook

It appears very likely that the outcome of the US presidential election will be that Joe Biden will enter the White House with a Democratic majority in the House of Representatives. However, it appears that the Senate will stay Republican, although an election to be held in the State of Georgia in January could change that. The split balance of power in Congress means that we can expect less fiscal stimulus compared to a Democratic 'clean sweep' but also less likelihood of higher taxes for the corporate sector. Biden might introduce more coronavirus containment measures which would be negative for US economic growth. Externally, a Biden-led government is

likely to be positive for US/EU relations as well as emerging market assets owing to a weaker US dollar and less confrontational foreign policies. On balance then, the US election outcome should be mixed for US growth, which is likely to lead to more monetary support from the US Federal Reserve. However, the result should be more positive for Europe and emerging markets. In Europe, where new coronavirus cases have been increasing, containment measures will weigh on growth but equally this is likely to induce more European Central Bank (ECB) support actions, most likely to be announced in the December meeting.

The next important catalyst to watch out for is the vaccine efficacy data coming out of clinical trial stages. These results could surprise positively or negatively. The latest news from the Pfizer and BioNTech vaccine trial show encouraging signs, with effectiveness said to be in the 90% area, which is

higher than the 60-70% which most observers would have seen as a good outcome for any vaccine candidate. The next steps will be in assessing how quickly and efficiently the different vaccines can be deployed to the population to ensure collective immunity.

The technical backdrop for IG bonds should remain strong into year-end, helped by a drop in supply and the continued support of central banks. On balance, we remain constructive on credit spreads into year-end and the start of 2021 based on likely vaccine delivery, decreasing bond supply outweighing the negative growth impact of rising coronavirus cases and associated containment measures. We have reduced our exposure to cyclicals but maintain our overweight in subordinated financials and selective BBs.

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