

Aberdeen Standard Australian Equities Fund

Monthly factsheet - performance data and analytics to 30 November 2020

Investment objective

To outperform the benchmark, the S&P/ASX 200 Accumulation Index, after fees, over rolling three year periods.

Investment strategy

The Fund utilises Aberdeen Standard Investments' proven investment philosophy and approach to invest in a concentrated portfolio of around 20-40 companies that are primarily listed on the Australian Securities Exchange (ASX) and have the potential for capital growth and increased earning potential. Our equity managers seek to identify and invest in good quality Australian listed securities through first hand company visits.

Performance (%)

	1 Month	3 Months	1 Year	Per annum		
				3 Years	5 Years	Since Inception ¹
Aberdeen Standard Australian Equities Fund net returns ²	8.23	7.34	1.56	9.23	10.09	8.43
Aberdeen Standard Australian Equities Fund gross returns ³	8.30	7.56	2.37	10.10	10.97	9.30
S&P/ASX 200 Accumulation Index	10.21	8.22	-1.98	6.94	9.05	8.16
Net returns ² vs index	-1.98	-0.88	3.54	2.29	1.04	0.27
Gross returns ³ vs index	-1.91	-0.66	4.35	3.16	1.92	1.14

1. This figure represents the annualised performance of the Fund from the first full month of operation.

2. Net performance figures are calculated using end-of-month exit prices, post standard fees, reflect the annual reinvestment of distributions and make no allowance for tax. If investing through an IDPS Provider, the total after fees performance returns of your investment in the Fund may be different from the information we publish due to cash flows specific to your portfolio and any fees charged by the IDPS Provider.

3. Gross performance figures are calculated using end-of-month exit prices, pre-fees, reflect the annual reinvestment of distributions and make no allowance for tax. These returns are provided for the purpose of wholesale investors only. Retail investors should refer to net returns.

Please note: Prior to June 4 2007 the Fund was known as the Deutsche Australian Equities Alpha Fund and performance up to this date was achieved using a different investment process. Since June 4 2007 the Fund's benchmark has been the S&P/ASX200 Accumulation Index. In line with the revisions to the ASX Index series on 3 May 2000 the S&P/ASX 300 Accumulation Index was adopted as the Fund's performance benchmark. Benchmark calculations prior to this date are based on the ASX All Ordinaries Accumulation Index.

Past performance is not a reliable indicator of future results.

Performance review

The Fund returned 8.30% in November (before fees), underperforming the benchmark by 1.91%.

Contributing to fund performance: Oil and gas producer Beach Energy enjoyed a robust re-rating and contributed to performance. Oil prices rose from US\$36 a barrel at end-October to US\$45 a barrel at end-November, driven largely by the announcement of successful trial results from three major Covid-19 vaccine candidates. This brought forward expectations about the resumption of economic activity, and in turn, a rebound in oil demand. While the macro backdrop has turned more positive, we are also attracted to downside protection offered by Beach's healthy contracted gas book, along with a substantial pipeline of growth opportunities, given its balance sheet strength.

Detracting from fund performance: ASX Limited detracted after returning some of the gains from earlier in the year. While ASX has proven to be a resilient business, despite the sharp capital market dislocation in the first quarter, more short term risks have emerged. These risks include persistently lower fixed-interest futures volumes from the derivatives business, the delay of the CHES replacement blockchain, and the recent trade outage that may point to the need for increased IT servicing and capital spending. Despite these concerns, we continue to maintain an upbeat view. We



Top ten holdings (%)		
	Fund	Index
CSL	9.3	7.5
Commonwealth Bank	8.7	7.7
BHP Group	8.1	6.2
Xero	4.8	0.9
National Australia Bank	4.2	4.2
Goodman trust	3.9	1.7
Cochlear	3.7	0.8
Fisher & Paykel Healthcare	3.7	0.2
ASX	3.5	0.8
Telstra	3.4	2.0
Total	53.3	32.0

Sector breakdown (%)		
	Fund	Index
Financials	25.8	28.3
Health Care	19.5	11.4
Materials	15.5	18.9
Information Technology	7.9	4.1
Real Estate	7.3	7.1
Communication Services	4.7	4.1
Industrials	4.7	7.4
Consumer Staples	4.3	5.9
Energy	3.3	3.9
Consumer Discretionary	3.0	7.4
Utilities	2.4	1.5
Cash	1.5	0.0
Total	100	100

Figures may not always sum to 100 due to rounding.

Key information

APIR Code	MGL0114AU
Benchmark	S&P/ASX 200 Accumulation Index
Date of launch	June 1999
Income payable	30 June and 31 December
Management costs	0.80% pa of the net asset value of the Fund comprising: Management Fee 0.80% pa Indirect costs 0.00% pa
Buy/Sell spread	+0.18%/-0.18%*
Fund size	A\$46.54m
Redemption unit price	\$1.3012

*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.

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think its strong market position and technology initiatives will be key drivers of longer-term growth.

Major portfolio changes: In November, we trimmed our exposure to Rio Tinto and recycled the proceeds into BHP. We feel BHP offers higher relative returns, a better social responsibility culture and an asset mix that is better leveraged to the energy sector's recovery. In light of the positive Covid-19 vaccine news, we also reviewed our investment in Sydney Airport and increased our position, with the timeline for an expected recovery in passenger volumes now brought forward. Together with cost cuts, a robust balance sheet, and relatively attractive valuations, we expect Sydney Airport to continue to outperform.

Market review

Australian equities posted robust gains in November, tracking rallies across global stock markets on upbeat news about Covid-19 vaccines. Positive late-stage clinical trial results from three major drugmakers fuelled investors' hopes of a faster economic revival globally. Easing of US election uncertainty as President-elect Joe Biden's transition formally began buoyed share prices as well. Rallying oil and commodity prices, amid the brightening growth outlook, further lifted the mood.

Several developments at home added to the buoyant sentiment, including the central bank's latest round of stimulus. The Reserve Bank lowered its benchmark rate to 0.1%, a record low, and launched a A\$100 billion bond-buying program. Meanwhile, Australia signed the Regional Comprehensive Economic Partnership (RCEP) with 14 other Asia Pacific nations, forming the world's largest trade pact. That said, worsening tensions with China capped gains, with Beijing increasing sanctions on Australian wine products.

Across sectors, there was a rotation into value stocks, along with sectors that were most blighted by the pandemic, such as financials. Mining shares rose, tracking iron ore prices higher on solid Chinese demand and supply disruptions. In addition, the resumption of interstate travel between New South Wales and Victoria boosted travel-linked names.

Outlook

Optimism about Covid-19 vaccines has powered global stockmarkets, including Australia, but we maintain caution in view of ongoing challenges on various fronts. Questions remain over how quickly these vaccines can be distributed, with new infection waves still a risk until one becomes widely accessible. Australia's souring relations with China, its key trading partner, is another worry as it could undermine the economic rebound. That said, government support is proving crucial in supporting the recovery. While most companies' spending forecasts are still muted, continued fiscal stimulus, low interest rates and improving business conditions could catalyse a modest upturn. Furthermore, corporate earnings downgrades appear to have troughed, alongside material upgrades in dividend projections as cash flows start to normalise.

Ultimately, we remain committed to our bottom-up investment style with a focus on quality companies. We favour businesses with clear growth drivers, hitched to structural trends that will continue to play out. Our holdings' defensiveness, in terms of their robust balance sheets, experienced management and prospects for earnings and dividend growth through market cycles, is another advantage. Hence, we intend to stay disciplined, adding to high-conviction picks while exiting those with challenged outlooks. We believe this will strengthen the portfolio and ensure that it is well-positioned to deliver sustainable returns over the long term.

Important information

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Contact us

Telephone:
1800 636 888 or +61 2 9950 2853
if calling from outside Australia
Email:
client.service.aust@aberdeenstandard.com
Website:
aberdeenstandard.com.au