

Aberdeen Standard Australian Equities Fund

Monthly factsheet - performance data and analytics to 28 February 2021

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	-0.58	-0.93	5.41	8.14	10.54	8.28
Aberdeen Standard Australian Equities Fund gross returns ³	-0.52	-0.74	6.25	9.00	11.42	9.15
S&P/ASX 200 Accumulation Index	1.45	3.00	6.48	7.39	10.74	8.21
Net returns ² vs index	-2.03	-3.93	-1.07	0.75	-0.20	0.07
Gross returns ³ vs index	-1.97	-3.74	-0.23	1.61	0.68	0.94

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 -0.52% in February (before fees), underperforming the benchmark by 1.97%.

Contributing to Fund performance: BHP announced a strong set of results that were topped off with a higher-than-expected dividend. While buoyant commodity prices were a key contributor, BHP also executed well operationally. It delivered record production in iron ore, and lower operating costs despite the effects of Covid-19, weather disruptions and other inflationary pressures. We retain a positive view on the sector, and see the expected global reflationary environment as supportive for commodity prices. This, in turn, will translate into higher shareholder returns and attractive free cash flow yields.

Detracting from Fund performance: Respiratory medical device maker Fisher and Paykel Healthcare detracted as the market rotated away from companies that benefited from the impact of Covid-19. With the global vaccine rollout underway, we expect hospitalisation rates to moderate and resultant hardware sales to reverse from current elevated levels. While this may optically impact short-term earnings, we remain upbeat on the longer-term opportunity to increase higher-margin consumables sales. This will be driven by both a larger number of devices now in circulation, as well as changes



Top ten holdings (%)		
	Fund	Index
BHP Group	9.0	7.8
Commonwealth Bank	8.9	7.8
CSL	8.0	6.4
National Australia Bank	5.7	4.3
Xero	4.3	0.7
Cochlear	3.8	0.7
Goodman trust	3.7	1.5
ANZ	3.6	4.0
Macquarie Group	3.6	2.6
Woolworths Group	3.5	2.7
Total	54.1	38.5

Sector breakdown (%)		
	Fund	Index
Financials	28.9	29.3
Materials	17.6	21.2
Health Care	16.5	10.0
Information Technology	7.2	4.0
Real Estate	6.6	6.4
Communication Services	4.2	4.0
Consumer Staples	3.9	5.7
Industrials	3.7	6.8
Consumer Discretionary	3.7	7.5
Energy	3.7	3.8
Utilities	2.6	1.3
Cash	1.6	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\$43.34m
Redemption unit price	\$1.2792

*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.

Aberdeen Standard Australian Equities Fund

Monthly factsheet - performance data and analytics to 28 February 2021

to hospitals' best-practices that will see use cases for the company's devices expand meaningfully. We continue to view Fisher and Paykel Healthcare as an attractive holding exposed to longer-term structural growth drivers.

Major portfolio moves: We reduced our position in Auckland International Airport, given near-term valuations have fully priced-in an aviation recovery. We also pared our exposure to AusNet in view of the headwinds arising from a rising yield environment. We re-invested this capital by initiating Wesfarmers and Mercury New Zealand. Our investment in Wesfarmers reflects our view that the domestic housing recovery will continue to underpin robust earnings at household hardware chain Bunnings over the medium term. Furthermore, we think it will benefit from its recent investment in lithium processing. Meanwhile, our positive view on Mercury is due to its exposure to 100% renewable electricity generation, with the recent share-price pullback offering an attractive entry point.

Market review

Australian equities rose in February in tandem with most Asia Pacific and developed markets. Positive corporate earnings, strength in commodity prices and the central bank's commitment to lower interest rates buoyed stocks for most of the month. However, rising US bond yields, amid fears of quickening inflation, spooked investors, causing asset prices to pull back and capped the market's gains.

At home, the Reserve Bank kept its cash rate at a record low and expanded its bond-buying programme by another A\$100 billion. It pledged to keep policy loose until inflation reached its target range, which would require further improvement in employment numbers and wage growth. In January economic data, the unemployment rate fell further, driven by a surge in full-time hiring. Home prices climbed by 0.9% to reach fresh highs, with gains across all capital cities. Separately, the country began its vaccine rollout, with the authorities aiming to inoculate all adults by October.

Outlook

The outlook for Australia seems to be brightening, even as several risks still merit scrutiny. The central bank remains committed to a dovish stance, with interest rates expected to remain low until 2024 at least. Meanwhile, commodity prices could rise further as the global growth outlook improves amid the wider rollout of Covid-19 vaccines. This will benefit the resource-rich market. In addition, rosier macro conditions and more upbeat company updates strengthen hopes of a rebound in corporate earnings. On the risks, the recent spike in bond yields indicate fears that rising inflation may compel a faster than expected unwinding of loose monetary policies. Another worry is the ongoing Australia-China rift, which might hit multiple sectors should tensions escalate. Nonetheless, the market does appear to be in something of a sweet spot.

Even as conditions recover, we remain committed to our bottom-up investment style with a focus on quality companies. We favour businesses with clear growth prospects, exposed to trends either accelerated by the pandemic, or leveraged to existing long-term structural shifts. Our holdings' defensiveness, in terms of their robust balance sheets, experienced management and prospects for through-cycle earnings and dividend growth, is an added advantage. We intend to stay disciplined, investing in high-conviction picks while exiting others with challenged prospects. This will ensure that the portfolio remains resilient to meet challenges while positioning it well for a post-pandemic future.

Important information

Issued by Aberdeen Standard Investments Australia Limited ABN 59 002 123 364 AFSL No. 240263. This document has been prepared with care, is based on sources believed to be reliable and opinions expressed are honestly held as at the applicable date. However it is of a general nature only and we accept no liability for any errors or omissions. This is not an offer of securities. A Product Disclosure Statement (PDS) and application form is available for each Fund by calling Aberdeen Standard Investments Client Services on 1800 636 888, at www.aberdeenstandard.com.au, or from your financial adviser. This document has been prepared without taking into account the particular objectives, financial situation or needs of any investor. Investments are subject to investment risk, including possible delays in payment and loss of income and principal invested. It is important that before deciding whether to acquire, hold or redeem an investment in a Fund that investors consider the Fund's PDS, the Fund's appropriateness to their own circumstances, objectives and financial situation and consult financial and tax advisers. Past performance is not a reliable indicator of future results. All dollars are Australian dollars unless otherwise specified. Indices are copyrighted by and proprietary to the issuer.

ABDNFSAE_0221

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