

30 November 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	2.14%/1.98%
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	7.60/7.35
Current NAV	\$250.1m	Redemption Price**	\$1.072074
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	49.8	54.2	Brazil	0.6	0.2
United Kingdom	12.5	9.2	Spain	0.5	2.1
France	6.4	6.5	Ireland	0.5	0.5
Germany	5.6	4.5	Channel Islands	0.5	0.1
Not Classified	5.1	3.0	Luxembourg	0.5	0.5
Netherlands	3.4	2.8	Isle of Man	0.5	0.0
China	2.4	0.9	Hong Kong	0.4	0.6
Switzerland	1.5	1.9	India	0.4	0.1
Italy	1.5	1.4	Iceland	0.3	0.0
Denmark	1.5	0.4	Australia	0.3	1.9
Canada	1.4	4.4	British Virgin Islands	0.3	0.1
Mexico	1.0	0.5	Cayman Islands	0.3	0.2
Japan	0.9	2.8	Bermuda	0.2	0.2
Belgium	0.9	0.6	Finland	0.1	0.3
Portugal	0.7	0.1			

Composition by Credit Rating

Rating	Fund %	Index %
AAA	1.1	1.1
AA	3.0	7.9
A	26.6	38.9
BBB	56.2	51.0
BB	7.2	0.2
N/R	5.9	0.9

Top Ten Issuers

Issuers	Fund %	Index %
Bank of America	2.7	1.5
JPMorgan Chase	2.6	1.3
Citigroup	2.5	1.1
Verizon Communications	2.0	0.9
Morgan Stanley	1.5	0.9
BNP Paribas	1.2	0.7
Volkswagen	1.2	0.3
Barclays Bank	1.1	0.5
Groupe BPCE	1.1	0.5
Comcast	1.0	0.8

Source: Aberdeen Standard Investments/UBS Delta

Fund Performance



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)	2.52	6.92	6.89	6.02	6.39	5.71
Aberdeen Standard Global Corporate Bond Fund (Net)	2.48	6.65	6.36	5.47	5.80	5.12
Barclays Global Aggregate Corporate (Hedged to AUD)	2.05	5.69	6.72	5.68	5.90	5.15

*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 global Investment Grade (IG) bonds tightened significantly in November, resulting in a strong total return of +2.04% (hedged to Australian dollars). The biggest positive impetus to sentiment came from the announcement of three vaccines that were reported to be effective against coronavirus. There was also some positive impetus from the US election outcome that was seen as largely favourable.

With testing suggesting that all three vaccines from Pfizer/BioNTech, Moderna and AstraZeneca/Oxford respectively could be viable, attention has been moving towards how quickly they can be approved and distributed on a mass scale. One potential logistical issue in this regard is the cold storage requirement of the two higher efficacy vaccines from Pfizer/BioNTech and Moderna, which are thought to require storage at temperatures of -70 C and -20 C respectively.

Activity

In the primary market, we bought the dual tranche 2025 and 2030 euro bonds of Deutsche Bank. It posted solid third-quarter results and we expect both Fitch and S&P will follow the recent lead of Moody's to upgrade the outlook on the bank's capital stack from negative to stable, with some potential for ratings upgrades in 2021. In US dollar new issues, we bought the 2025 bonds of Volkswagen, which is one of our preferred auto industry names, and the 2032 bonds of Morgan Stanley, which is another credit that we like. We also bought the 2032 euro bonds of the European electricity transmission system operator Tennet and the 2026 US bonds of the Hong Kong property company CIFI Holdings.

In the secondary market, we bought the 2030 bonds of BB rated WPX Energy, which we think has good potential for ratings upgrades in the near future. On the sell side, we sold the 2030 bonds of China Overseas, which is more than 50% owned by China State

Construction, which was recently added to the list of sanctioned Chinese companies by the outgoing Trump administration, owing to alleged links to the Chinese military. Following its recent poor earnings results and given the risk of further negative headlines, we reduced exposure to the German pharmaceutical company Bayer. Finally, we looked to reduce exposure to longer-dated holdings that now appear less attractively valued. Examples of this included sales of the 2050 bonds of Amazon and the 2050 bonds of Japan's Takeda Pharmaceutical.

Performance

The Fund strongly outperformed the benchmark over the period. Amid risk-on conditions, off-benchmark High Yield holdings performed well, as well as an overweight in BBB rated credits and underweight in A rated credits.

In terms of individual securities, with the oil price (Brent crude) surging by 27% over the period, this was beneficial for energy-related credits,

including our holdings in Continental Resources, Plains All America Pipeline and Halliburton. In addition, risk-on conditions were supportive for longer-dated bonds, including the Fund's holdings in Apple, AbbVie and CVS Health.

On the negative side, strong investor sentiment was less favourable for the Fund's off-benchmark holdings in UK gilts. In addition, holdings in China National Agrochemical Corporation (also known as ChemChina) detracted as it was added to the list of companies deemed to have links with the Chinese military by the outgoing US Trump administration.

Outlook

Recent vaccine news, including higher-than-expected efficacy data has positively altered the market outlook. Given the high efficacy rates, herd immunity could potentially be achieved

with around 70% of the population being inoculated, which could be achieved by the early summer of 2021. Crucially, frontline workers, people with underlying health conditions and those aged over 65 will receive the vaccine first, allowing an easing of containment strategies from the end of the first quarter onwards. Logistical problems could delay distribution and take-up in the wider population could also be lower than expected, which would push out the likely timelines for reaching herd immunity. However, the markets now have a much clearer path towards normalisation, which we think outweighs the near-term negative factors of second virus waves and weaker economic growth.

We expect the Federal Reserve and the European Central Bank (ECB) to remain accommodative in the coming months, with the ECB expected to commit to additional stimulus measures in its December meeting (in light of the

weaker growth outlook), which will support government and IG corporate bonds. This entails a positive technical backdrop for credit markets and should support spreads. Moreover, in the US, further fiscal stimulus could be agreed on to support the economy. While credit valuations are certainly no longer cheap, we think further spread compression is possible heading into 2021. We are positioned accordingly, with a moderate long credit position, expressed through an overweight in BBs and an increased exposure to long-dated US dollar bonds.

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To find out more about our fund range, visit our website, contact us at client.service.aust@aberdeenstandard.com or alternatively speak to your usual Aberdeen Standard Investments representative.
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