

Aberdeen Standard Multi-Asset Income Fund

Monthly factsheet - performance data and analytics to 31 January 2021

Investment objective

To invest across a range of asset classes with the aim of delivering an income yield each year that exceeds the RBA Cash Rate as well as capital growth over the medium to long term.

Investment strategy

The Fund's investment strategy primarily focusses on delivering an income yield to investors, at a rate determined at the start of each financial year.

The investment strategy also aims to generate capital growth over the medium to long term to mitigate the effects of inflation.

The Fund may invest in income generating strategies across a range of asset classes including Australian equities, International equities, property securities, fixed income, sub investment grade credit, alternatives, cash and short maturity income.

Within the Australian equities and property securities components of the portfolio, the Fund's investment strategy aims to produce tax effective returns through the bias towards companies with high levels of franking credits and tax deferred income.

The Fund may also invest in derivatives for hedging, risk management or for investment purposes. Fund volatility will be controlled through the use of active asset allocation and effective diversification of assets.

Performance (%)

	1 Month	3 Months	1 Year	Per annum		
				3 Years	5 Years	Since Inception ¹
Distribution return	0.33	1.02	4.29	4.85	4.59	4.92
Growth return	-0.19	5.81	-6.11	-2.48	-0.69	0.47
Aberdeen Standard Multi-Asset Income Fund net returns ²	0.14	6.82	-1.81	2.38	3.90	5.39
Aberdeen Standard Multi-Asset Income Fund gross returns ³	0.20	7.02	-1.11	3.11	4.65	6.16

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 or franking credits. 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 1 April 2010, the Fund was known as the Sustainable Income Fund. Prior to 10 October 2008, the Fund was known as the Capital Stable Fund. Performance and distribution history prior to 10 October 2008 can be provided by the Aberdeen Standard Investments' Client Service Team on request.

Past performance is not a reliable indicator of future results.

Performance review

The fund posted a gross return of 0.20% in January, largely thanks to positive contributions from the Global Dynamic Dividend Fund and the Syndicated Loan fund.

Across world markets, appetite for risk assets remained robust in the new year. Optimism over newly inaugurated US president Joe Biden's proposed US\$1.9 trillion stimulus plan, as well as the US Federal Reserve's continued support for a loose monetary policy, propelled global stocks for most of January.



Portfolio structure and investment parameters (%)^{4,5}

	Fund	SAA ⁶	Min/Max
Australian Equities ⁷	30.7	35	0 - 50
International Equities ⁷	15.9	10	0 - 15
Property Securities ⁷	2.3	2	0 - 50
Alternatives ⁷	13.6	9	0 - 15
Growth Assets	62.6	56	
Fixed Income	8.1	13	0 - 50
Sub-inv. Grade Credit	30.5	29	0 - 35
Cash and short maturity income	-1.2	2	0 - 70
Income Assets	37.4	44	

4. We will provide you with information about any changes to the Fund's strategic asset allocation via our website at www.aberdeenstandard.com.au, where permitted by law.

5. Currency hedging of the Fund's non-Australian dollar denominated assets may vary between 0-100%. Please see the 'Currency risk' section in the PDS for more information about currency hedging.

6. Strategic Asset Allocation from 25 July 2019. May not equal 100% due to rounding.

7. Maximum combined exposure of these assets is 65%.

Top ten equity holdings (%)

	Fund
Commonwealth Bank	2.9
BHP Group	2.4
Telstra	2.0
AusNet Services	1.7
Spark New Zealand	1.6
Rio Tinto	1.6
NAB	1.4
Fortescue Metals Group	1.4
Goodman trust	1.4
ASX	1.3
Total	17.7

Distribution yield (%)⁸ vs cash (%)⁹

	Fund	Cash
2019/2020 Financial Year	3.8	0.6
2018/2019 Financial Year	6.2	1.3
2017/2018 Financial Year	4.4	1.5
2016/2017 Financial Year	5.0	1.5
2015/2016 Financial Year	4.6	2.0
2014/2015 Financial Year	5.1	2.3
2013/2014 Financial Year	4.0	2.5
2012/2013 Financial Year	5.1	3.2
2011/2012 Financial Year	6.4	4.3
2010/2011 Financial Year	6.5	4.7

Income estimate for 2020/21 Financial Year

Pre-announced distribution yield is 4.78% (after fees, including franking credits).¹⁰

8. Distribution Yield as at 30 June based on the unit price at the beginning of each period (including franking credits).

9. Based on the average RBA Cash Rate compounded monthly during the relevant period.

Source: RBA, Aberdeen Standard Investments

10. Based on the unit price as at 1 July 2019. Income estimate is purely from income sources and therefore does not include any potential for distributed capital gain. This income estimate is not a guarantee. Assumes no reinvestment of income.

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However, a surge in volatility in the final week due to high-profile short squeezes in a number of US stocks weighed on broader markets and erased earlier gains. Bond markets were unperturbed by the extreme stock market volatility, but prospects of more US stimulus led to an increase in government bond yields (prices fell).

On a total return basis, stocks fared better than bonds, though both asset classes ended the month in the red. In equity, emerging markets again outperformed their developed-market counterparts. Asian stocks led the way, as better-than-expected Chinese GDP data raised hopes that strength in the world's second-largest economy would underpin growth in the region. On the other hand, most developed markets fell. European stocks were among the largest laggard as the European Union grappled with vaccine supply shortages and poor economic data. Separately, Australian equities were flat as losses towards the month-end erased earlier gains. Notably, falling iron ore prices weighed on mining stocks.

Within global fixed income, the riskiest parts of the spectrum continued to shine. US high-yield outperformed investment-grade bonds as ratings agency Fitch lowered its expectations for defaults in 2021. Meanwhile, US government bond yields moved higher, driven in equal parts by rising inflation expectations on the back of fresh stimulus as well as an increase in real yields. However, towards the end of the month, a potential delay in stimulus measures arrested the yield rise, resulting in the 10-year benchmark finishing at 1.06%, up by 15 basis points (bps). In Asia, US-dollar credit fared better than local-currency government bonds. In particular, despite significant new issues from Chinese property developers and concerns over China Fortune Land, Asian high-yield spreads tightened, helping it to become the best-performing dollar asset class among global credit markets in January.

In January, we rolled our covered calls strategy, buying back the AS51 calls that we previously sold, making a small profit of A\$20 per contract. This translated to about A\$ 26,000 in total profits. We then sold the February AS51 contract.

We also sold our position in Australian 10-year bond futures. While relatively attractive, Australian-dollar government bond yields are likely to track rising interest rates across developed markets as fiscal support drives the economic recovery. In this environment, the diversification benefits of developed-market government bonds may be temporarily lessened, until they reach levels that compensate for the risk of rising inflation and growth expectations.

Meanwhile, we raised about A\$8 million to meet redemptions, by paring our positions across the board to maintain our asset allocations. An exception was our small position in the Aberdeen Standard SICAV I – China Onshore Bond Fund, which we liquidated in view of its rebound.

With client inflows near the month-end, we initiated the Aberdeen Standard SICAV I – Frontier Market Bond Fund (Australian dollar hedged share class). We also continued to tweak our equities exposure, rotating away from US industrials, Japanese and Indonesian equities, which have fared well amid the cyclical rebound of the past few months. We recycled the proceeds by raising our exposure to the Aberdeen Standard SICAV I – Global Dynamic Dividend Fund, increasing our exposure to global dividend-paying stocks that helps the fund achieve its income objectives.

January's technical correction was driven by short squeezes and hedge-fund deleveraging. Since then, hedge funds' equity beta exposure have fallen back from elevated levels to their historical averages. Looking ahead, we are still upbeat on risk assets, given the presence of key positive signposts. These include a more favourable macroeconomic and corporate earnings outlook, supportive fiscal policies and surplus liquidity conditions, as well as a faster vaccine rollout leading to falling Covid-19 cases in key developed markets. We remain cognizant of risks on multiple fronts, such as high valuations, new virus strains and a potential peak in the global liquidity and inflation outlook. Nonetheless, we do not think these risks are significant enough to derail the global recovery or bull market at this time. Therefore, we are overweight to risk in the portfolio, favouring equities and sub-investment grade credit. We have also reduced duration to mitigate against the risk of rising inflation.

Key information

ASX mFund Code	AFZ16
APIR Code	CRS0001AU
Investment Team	Aberdeen Standard Investments' Multi-Asset team
Strategy launch	October 2008 ¹⁰
Income payable	Monthly. The set distribution amount for the following financial year is set at the beginning of each financial year. ¹¹
Management costs	0.97% pa of the net asset value of the Fund comprising: Management Fee 0.72% pa Indirect costs 0.25% pa
Buy/Sell spread	+0.45/-0.45%*
Fund size	A\$82.85m ¹²
Redemption unit price	\$1.0077

*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.

10. Prior to 1 April 2010 the Multi-Asset Income Fund was known as the Sustainable Income Fund. Prior to 10 October 2008, the Sustainable Income Fund was run as a different investment strategy known as the Capital Stable Fund.

11. Distributions will include income received by the Fund. The distributions may or may not include a return of capital. The set distribution rate may be amended during each financial year due to prevailing market conditions.

12. The method of calculating the Fund's net asset value is disclosed in our unit pricing policy which can be viewed or downloaded from our website, www.aberdeenstandard.com.au

Key Service Providers

Registry	Citigroup Pty Ltd
Administrator	State Street Australia Limited
Custodian	State Street Australia Limited
Auditor	KPMG

The Registry service provider was changed to Citigroup Pty Ltd in August 2020. The remaining key service providers did not change.

Important information

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