Aberdeen Standard Ex-20 Australian Equities Fund

Monthly factsheet - performance data and analytics to 30 April 2019

Investment objective

To outperform the benchmark, the S&P/ASX 300 Accumulation Index excluding S&P/ASX 20 Leaders Index, after fees, over rolling three year periods.

Investment strategy

The Fund utilises Aberdeen Standard Invesments' proven investment philosophy and approach to invest in a concentrated portfolio of around 20-60 companies that are primarily listed on the Australian Securities Exchange (ASX), excluding the largest 20 securities in the S&P/ASX 300 Accumulation Index (as determined by their market capitalisation). Our equity managers seek to identify and invest in good quality Australian listed securities through first hand company visits.

Performance (%)

				Per annum		
	1 Month	3 Months	1 Year	3 Years	5 Years	Since Inception[1]
Aberdeen Standard Ex-20 Australian Equities Fund net returns[2]	3.69	9.52	6.27	8.96	11.82	9.41
Aberdeen Standard Ex-20 Australian Equities Fund gross returns[3]	3.76	9.74	7.15	9.86	12.75	10.14
S&P/ASX 300 Accumulation Index excluding S&P/ASX 20 Leaders Index	3.03	9.51	7.58	12.20	10.94	10.70
Net returns[2] vs index	0.66	0.01	-1.31	-3.24	0.88	-1.29
Gross returns[3] vs index	0.73	0.23	-0.43	-2.34	1.81	-0.56

Prior to 1 August 2014 the Fund was known as the Classic Series Australian Equities Fund and was managed to a different strategy. Performance of the new strategy is bolded in the table above.
1. This figure represents the annualised performance of the Fund from the first full month of operation. Prior to 1 May 2009 performance was obtained under a different process and different manager.
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 1 May 2009 the Fund was known as the Credit Suisse Australian Shares Fund.
Past performance is not a reliable indicator of future results.

Performance review

The Fund returned 3.76% in April (before fees), outperforming the benchmark by 0.73%.

Contributing to Fund performance was: Dulux Group, as its shares rose on the back of Nippon Paint's takeover offer at a 35% premium. The deal appears likely to be approved by regulators, as there are no plans to shift manufacturing offshore and it will remain a standalone business unit.

Detracting from Fund performance was: Spark New Zealand, which retreated on the news that well-respected CEO Simon Moutter would be retiring after nearly seven years. He will be replaced by Jolie Hodson, who joined in 2013 and has worked in various senior-leadership positions across the business, including CFO. This should ensure a smooth leadership transition.

Major Portfolio Moves: We introduced global electronic design automation software company Altium, with a highly-differentiated product offering of a unified end-to-end production environment. Its reputation in product development and innovation stems from its designer-friendly flexible software, with frequent product updates and attractive price points. These factors position Altium for further expansion, both in terms of its existing mass-market share via its subscription model, as well as ascending the value chain into the high-end segment.

AberdeenStandard Investments

Top ten holdings (%)

	Fund	Index
Cochlear	6.1	1.4
ASX	5.7	1.9
ARB Corporation	4.9	0.2
Xero	4.6	0.8
BapCor	4.0	0.2
Auckland Airport	3.9	0.1
Goodman trust	3.9	2.8
Fisher & Paykel Healthcare	3.5	0.3
Oil Search	3.5	1.4
Spark New Zealand	3.4	0.1
Total	**43.5**	**9.2**

Sector breakdown (%)

	Fund	Index
Financials	16.0	12.2
Health Care	13.3	7.4
Consumer Discretionary	12.6	9.7
Real Estate	12.2	14.5
Industrials	10.7	11.6
Information Technology	8.9	5.7
Energy	8.3	8.3
Consumer Staples	5.1	5.7
Communication Services	3.4	3.1
Materials	3.1	17.3
Utilities	2.5	4.4
Cash	4.0	0.0
Total	**100**	**100**

Figures may not always sum to 100 due to rounding.

Key information

ASX mFund Code	**AFZ19**
APIR Code	**CRS0003AU**
Benchmark	**S&P/ASX 300 Accumulation Index excluding S&P/ASX 20 Leaders Index**
Date of launch	**December 1992**
Income payable	**30 June and 31 December**
Management costs	**0.95% pa of the net asset value of the Fund comprising: Management Fee 0.95% pa Indirect costs 0.00% pa**
Buy/Sell spread	**+0.10%/-0.10%**
Fund size	**A$71.07m**
Redemption unit price	**$4.1348**

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Market review

Australian equities rose in April, in tandem with global markets amid signs of macroeconomic stabilisation and better outlooks across emerging markets and China. Although commodities edged lower, iron ore rose by more than 9% on firm Chinese demand and tight supply. At home, consumer staples and technology-sector stocks led the rise, while property trusts, resource and materials lagged. Also boosting sentiment was the competition between the incumbent and opposition parties to win over middle- to low-income voters with fiscal sweeteners. First-quarter GDP rose and exceeded expectations amid solid infrastructure investments, while that for manufacturing moderated. Exports exceeded expectations in March. In contrast, business confidence sagged and unemployment nudged higher on the back of more people looking for work. Inflation remained benign, paving the way for the central bank to cut rates.

Outlook

Looking ahead, while Australian equities may remain supported by reasonably accommodative fiscal and monetary policy, volatility will feature in light of lower sentiment among consumers and businesses. Domestically, consumption has been grinding lower as high household indebtedness, a near-zero savings ratio and low wage growth have constrained the consumer.

Globally, among the concerns are ongoing trade tensions between the US and China despite some signs of rapprochement and uncertainty around Brexit's new deadline. We have seen downward revisions to global growth, and expectations are for these to continue. In the resources sector, we expect ongoing capital expenditure and productivity initiatives to sustain production and contribute to GDP growth, with all three major Australian iron-ore producers planning to undergo substantial replacement capital spending. This has coincided with a disruption to supply of a major Brazilian competitor.

We expect a similar dynamic in the energy sector, as several players ramp up large LNG projects to exploit a tightening market into the mid-2020s. For domestically-focused firms, those that are self-reliant and well managed should prosper because of their commitment to improving internal efficiencies, either by upgrading their operations through investments in technology and automation, or from cost savings. Business investment should continue, supported by higher government spending on infrastructure – especially in the Eastern states.

Domestic risks to this scenario include the implications of an election year, in which industry reviews could hamper listed companies, while tighter credit standards in the banking sector could dampen both the housing market and the construction sector. Nevertheless, we continue to find value within the Australian market. As always, our focus is on accumulating positions in companies led by excellent management, with healthy balance sheets and upbeat long-term prospects.

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