Aberdeen Standard Select Investment Actively Hedged International Equities Fund

Monthly factsheet - performance data and analytics to 30 April 2019

AberdeenStandard Investments

Investment objective

To provide investors with high capital growth over the medium to long term by seeking exposure to companies listed on securities exchanges around the world.

Investment strategy

The Fund invests primarily in a concentrated portfolio of around 40-60 listed international securities (other than those listed on the Australian Stock Exchange) with the potential for capital growth and increased earning potential.

Our global equities team, located in Edinburgh, Scotland, draws on the research capabilities of our regional investment teams located worldwide. Through their own proprietary research each regional team creates a concentrated regional model portfolio of best ideas.

* The Fund currently gains exposure to international securities by investing in the Aberdeen Standard Actively Hedged International Equities Fund (the "underlying fund"). The fund breakdowns and commentary provided relate to the underlying fund. All other data (unless stated) including performance returns relate to the Aberdeen Standard Select Actively Hedged International Equities Fund.

Performance (%)

				Per annum		
	1 Month	3 Months	1 Year	3 Years	5 Years	Since Inception[1]
Aberdeen Standard Select Investment Actively Hedged International Equities Fund net returns[2]	3.81	11.11	9.21	11.40	8.13	3.61
Aberdeen Standard Select Investment Actively Hedged International Equities Fund gross returns[3]	3.91	11.42	10.47	12.68	9.37	4.79
MSCI All Countries World Accumulation Index (ex Australia) unhedged	4.43	11.57	13.34	15.11	13.78	4.08
Net returns[2] vs index	-0.62	-0.46	-4.13	-3.71	-5.65	-0.47
Gross returns[3] vs index	-0.52	-0.15	-2.87	-2.43	-4.41	0.71

1. This figure represents the annualised performance of the Fund from the first full month of operation. **Prior to 1 June 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 Select Investment International Shares Fund.

Past performance is not a reliable indicator of future results.

Performance review

The Fund returned 3.91% in April (before fees), underperforming the benchmark by 0.52%.

At the stock level, Swedish compressor maker Atlas Copco was a key contributor. Its shares climbed after it reported higher-than-expected orders in the first quarter, alleviating concerns linked to a slowdown in global manufacturing growth. Standard Chartered rose after the lender announced a share buyback of up to US$1 billion, together with a jump in first-quarter profits. German chipmaker Infineon Technologies rallied in tandem with other tech stocks in the month on the back of positive leading indicators for Chinese manufacturing.

Top ten holdings (%)

	Fund	Index
Visa Inc.	3.8	0.6
Samsung Electronics	2.9	0.5
Estee Lauder	2.6	0.1
Novartis	2.6	0.4
TSMC	2.6	0.5
Alphabet Inc	2.5	1.6
Banco Bradesco	2.4	0.1
EOG Resources	2.4	0.1
Nestle	2.4	0.6
British American Tobacco	2.3	0.2
Total	**26.5**	**4.7**

Sector breakdown (%)

	Fund	Index
Financials	19.3	16.6
Information Technology	16.9	16.5
Consumer Staples	16.5	8.3
Health Care	9.0	11.0
Industrials	7.7	10.6
Consumer Discretionary	7.3	11.1
Materials	7.0	4.5
Communication Services	6.6	9.1
Energy	6.1	6.1
Real Estate	0.0	3.1
Utilities	0.0	3.2
Cash	3.5	0.0
Total	**100**	**100**

Figures may not always sum to 100 due to rounding.

Regional breakdown (%)

	Fund	Index
United States	34.3	56.5
Asia Pacific (ex Japan)	20.7	11.0
United Kingdom	13.6	5.0
Europe (ex UK)	11.1	14.1
Japan	8.3	7.2
Latin America	4.4	1.4
Canada	2.0	3.0
Emerging Europe & Middle East	1.9	0.9
Africa	0.0	0.8
Cash	3.5	0.0
Total	**100**	**100**

Figures may not always sum to 100 due to rounding.

Key information

APIR Code	CSA0114AU
Benchmark	MSCI All Countries World Accumulation Index (ex Australia) unhedged
Date of launch	October 1999
Income payable	30 June
Management Costs[4]	1.15% pa of the net asset value of the Fund comprising: Management Fee 1.15% pa Indirect costs 0.00% pa
Buy/Sell spread	+0.15%/-0.15%
Fund size	A$101.23m
Redemption unit price	$1.2783

4. No double charging for management and advisory fees at the underlying fund level.

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Important information overleaf

Conversely, British American Tobacco was a top detractor. It slid despite positive earnings and outlook, as competitor Philip Morris received permission to sell its main heat-not-burn tobacco product in the US, giving it first mover advantage in this important segment. Swiss drugmaker Novartis fell following the spin-off of its eye care unit Alcon; its legal dispute with US biotech firm Amgen over a migraine drug partnership also weighed on the stock. Nevertheless, the group upgraded its earnings outlook for this year after net sales and core operating income exceeded forecasts, driven partly by the innovative medicines unit that it has focused on in recent years. Japan Tobacco declined on concerns over litigation risks in Canada and earnings growth prospects.

In portfolio activity, we exited eye care firm Alcon, recently spun out of Novartis, due to a lack of transparency about its business prospects, and Germany's Henkel in favour of better opportunities elsewhere. We pared US oil producer EOG Resources following recent share-price strength due to higher oil prices and merger-and-acquisition activity in the sector. We also lowered our exposure to industrial gas firm Linde following higher valuations due to expectations around merger benefits; we remain positive on its long-term prospects.

Against this, we added to exchange operator CME Group on share-price weakness, as we continue to believe in its medium-term earnings drivers and its competitive strengths. We topped up British speciality chemical firm Croda International to our preferred exposure level. We also added to Microsoft and contract researcher PRA Health Sciences which have lagged their peers but still have attractive long-term prospects.

Market review

Global equities rose in most major currencies in April. The US S&P 500 and Nasdaq indices reached new milestones, propelled by favourable first-quarter reports and dovish signals from central banks. Hopes that China and the US were nearing a deal to end their long-running trade dispute also boosted sentiment, as did both countries' faster-than-expected economic growth in the first quarter. Still, investors remained jittery with downbeat data more prevalent. The International Monetary Fund cut its forecasts for global growth to the lowest since the financial crisis, marking the third time it has downgraded its outlook in six months. March exports from Thailand, Taiwan and Singapore all showed sharper-than-forecast declines. The South Korean economy unexpectedly contracted in the first quarter.

As global risks continued to batter the European economy, its central bank signalled no further rate hikes for the rest of 2019. The US Federal Reserve also decided to stand pat on rates. In politics, EU leaders extended the Brexit deadline to end-October, with a review in June. Meanwhile, oil prices jumped to its highest in months after the US decided not to renew sanction waivers for buyers of Iranian oil.

Outlook

Global equities have outpaced their fundamentals in recent months. At the time of writing, a hitch in the US-China trade talks caused stocks worldwide to tumble. Whether the deal is eventually struck between the two largest economies in the world, one thing is certain: the relationship between both has irrevocably changed, and policy uncertainty will settle at a higher base level than in the past. Such heightened uncertainty will have an insidious and harmful impact on business investments. Other risks also remain, in the form of slowing European growth and a disruptive Brexit.

Amid such market conditions, we take comfort from our bottom-up approach that identifies winners in a fast-changing world. Our holdings also have the requisite cashflows and robust balance sheets that buffer them against the uncertainty. While valuations have increased following the decent rally year-to-date, we still see pockets of value, and will take advantage of volatility to add to our favoured holdings.

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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