

Client Solutions in a complex world

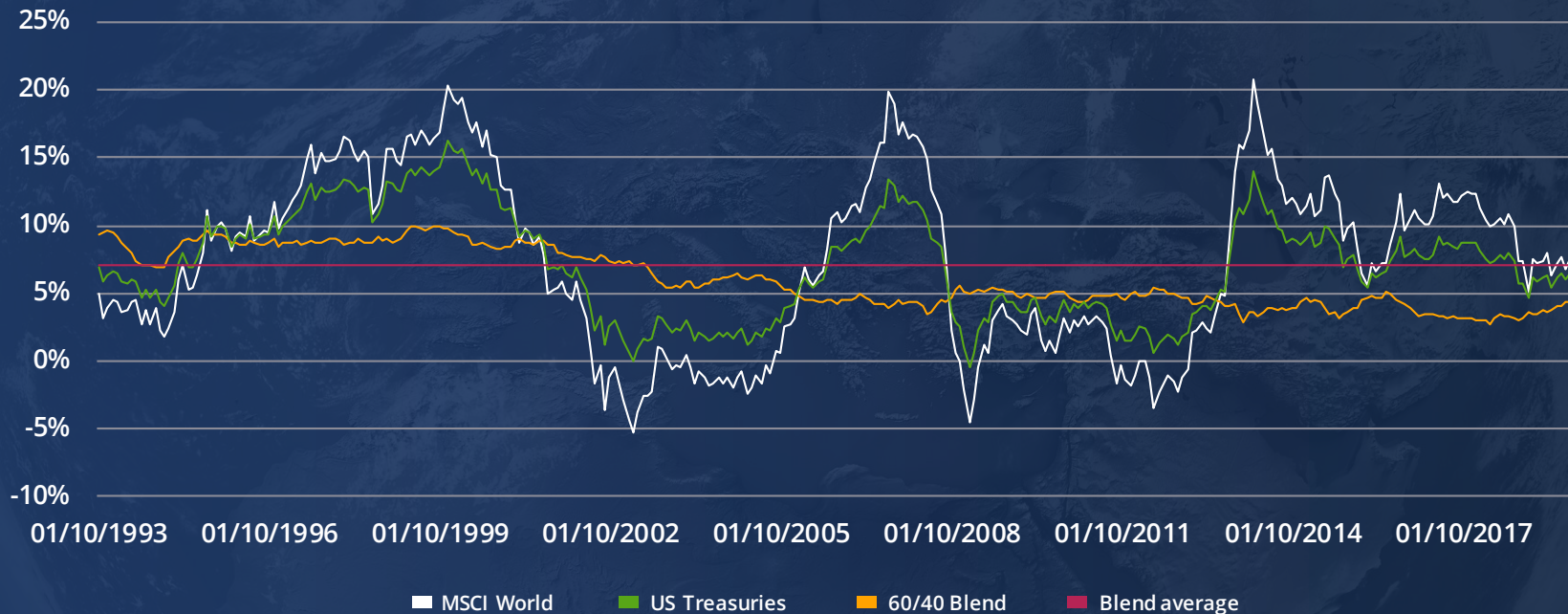
Robert McKillop,
Global Head of Product & Client Solutions

Russell Barlow,
Global Head of Alternative Investment Strategies

Traditional assets delivering rolling returns

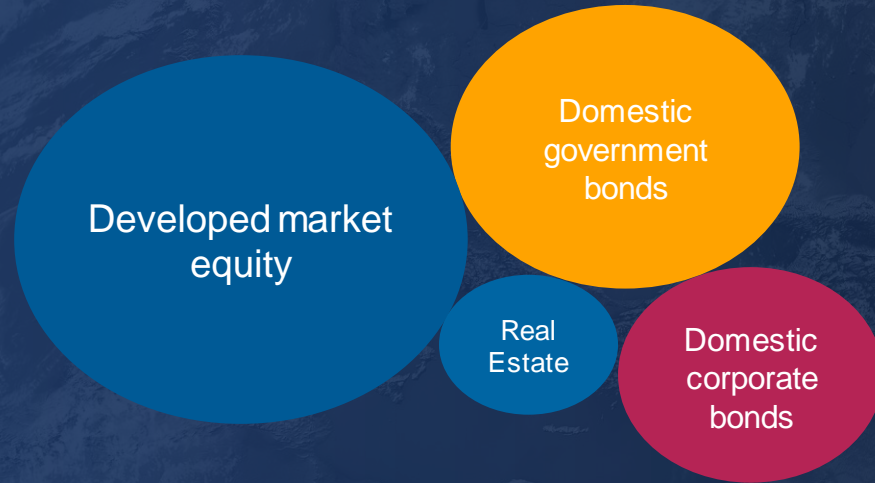
But future potential impacted by lower yields and ongoing equity risk

Rolling 5 year returns in USD terms



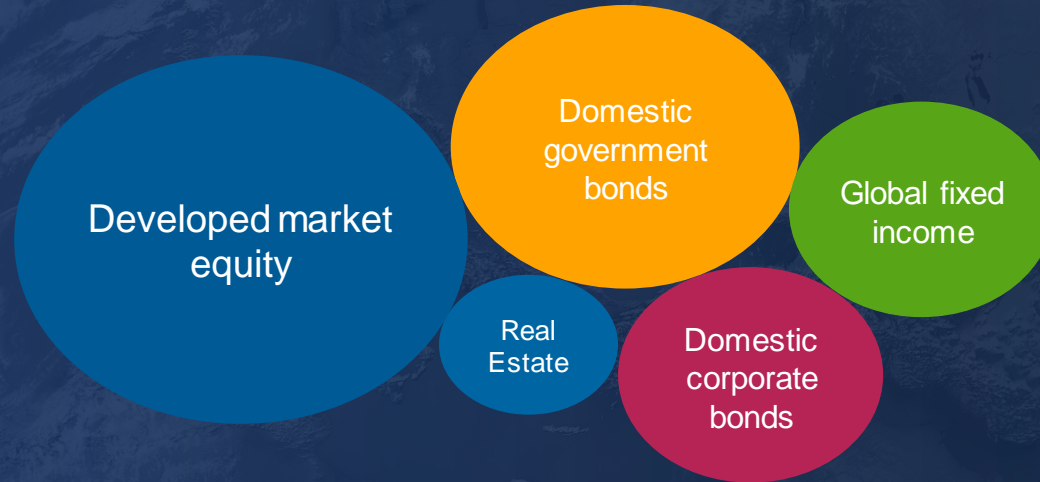
Changing investment universe

2002



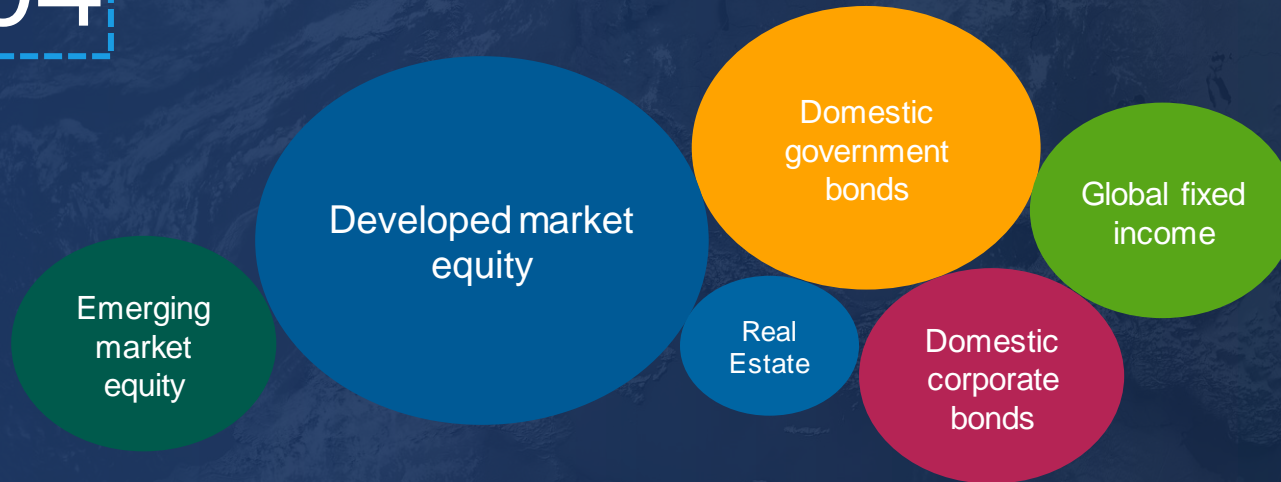
Changing investment universe

2003



Changing investment universe

2004



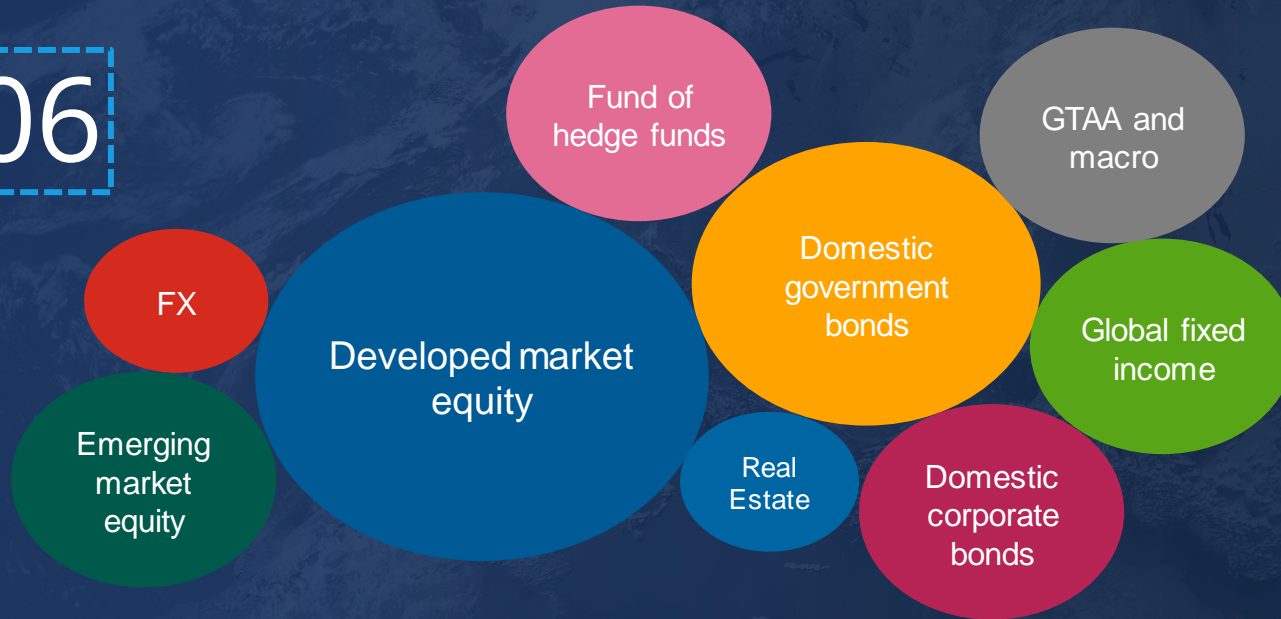
Changing investment universe

2005



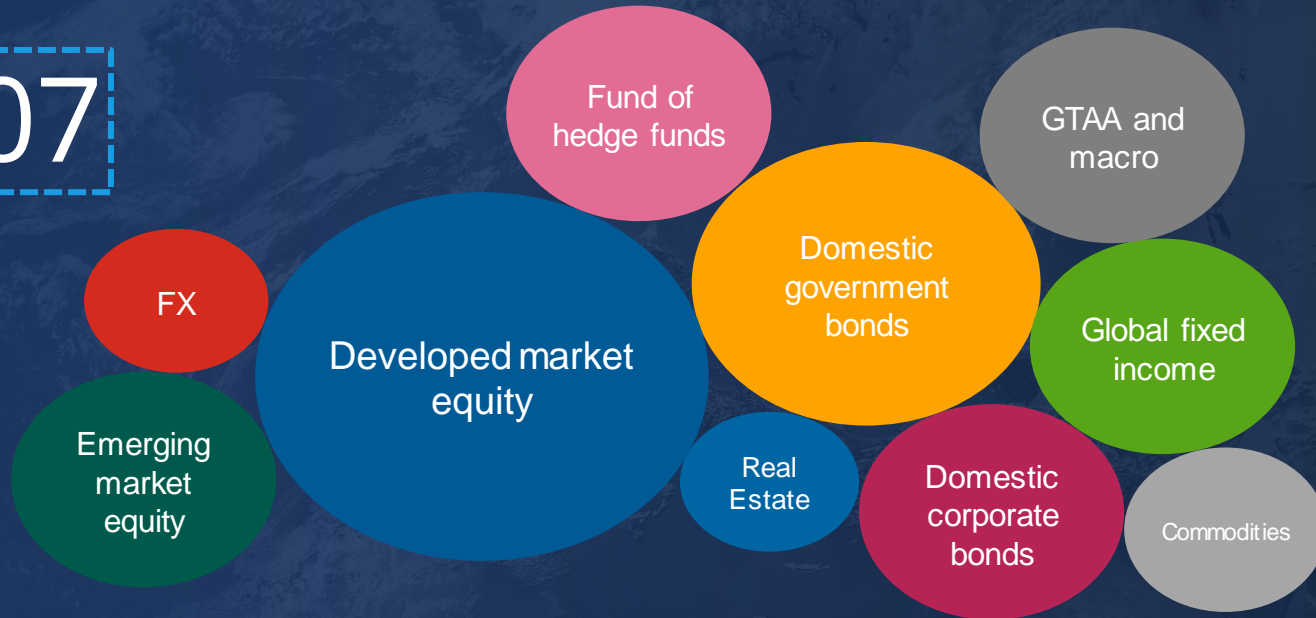
Changing investment universe

2006



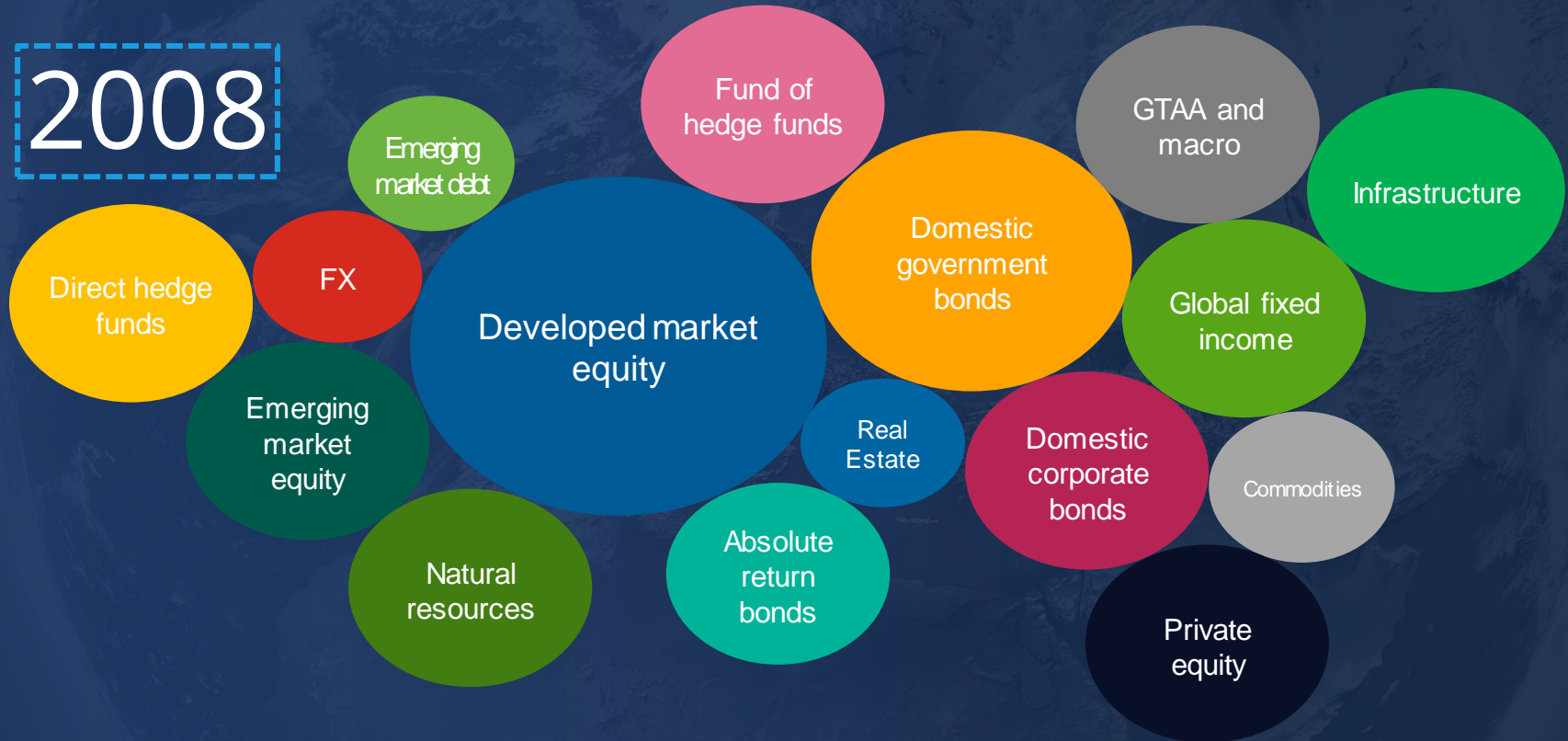
Changing investment universe

2007



Changing investment universe

2008



Changing investment universe

2009



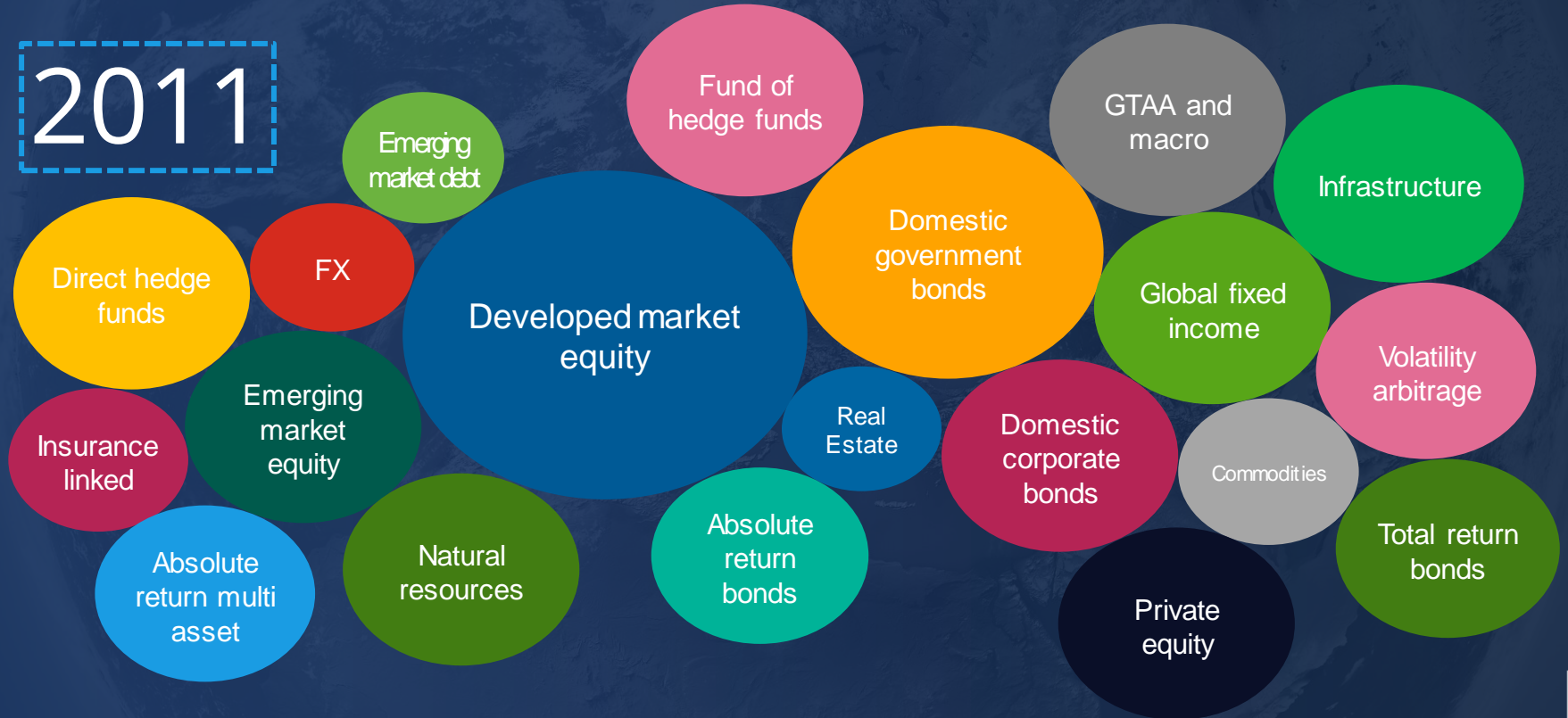
Changing investment universe

2010



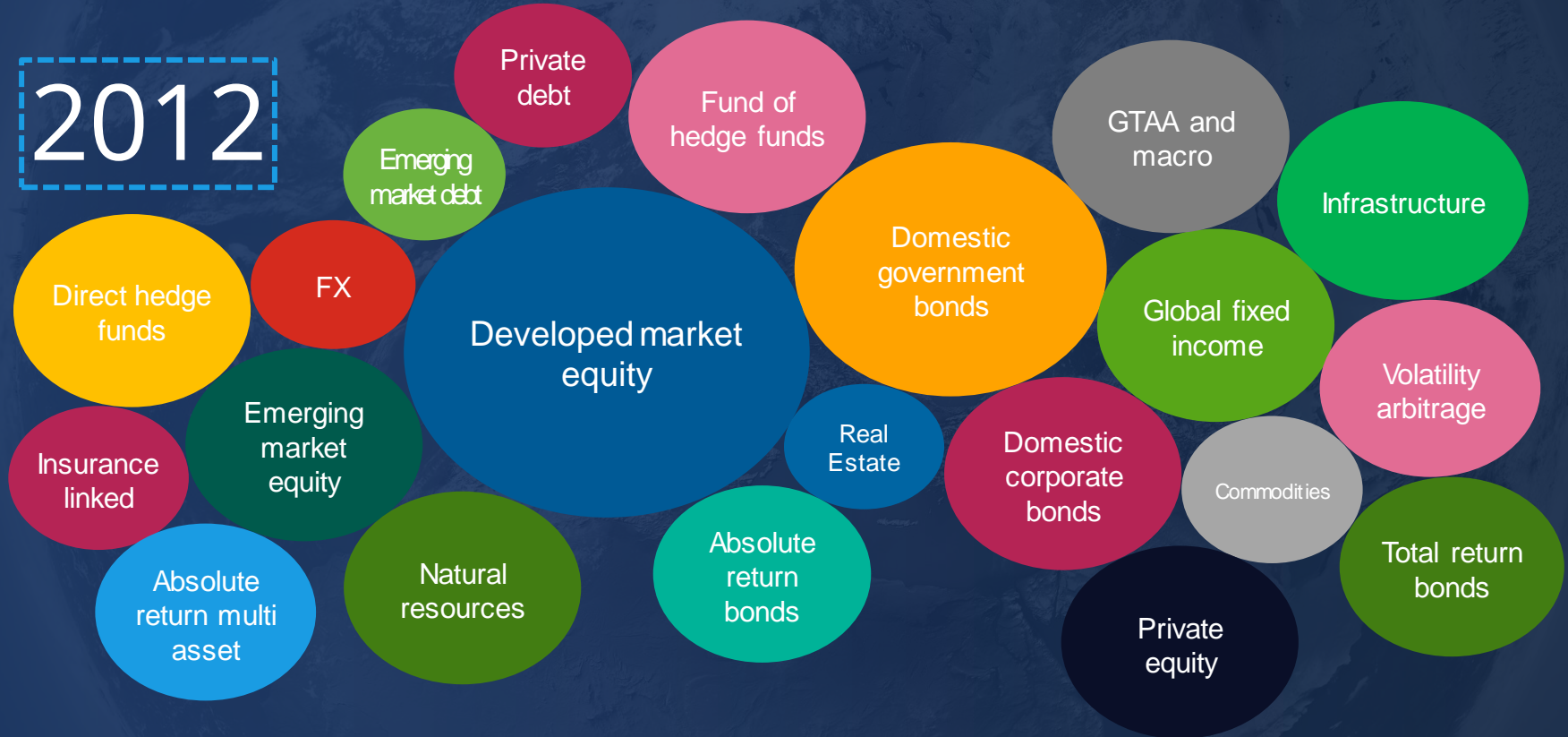
Changing investment universe

2011



Changing investment universe

2012



Changing investment universe

2013



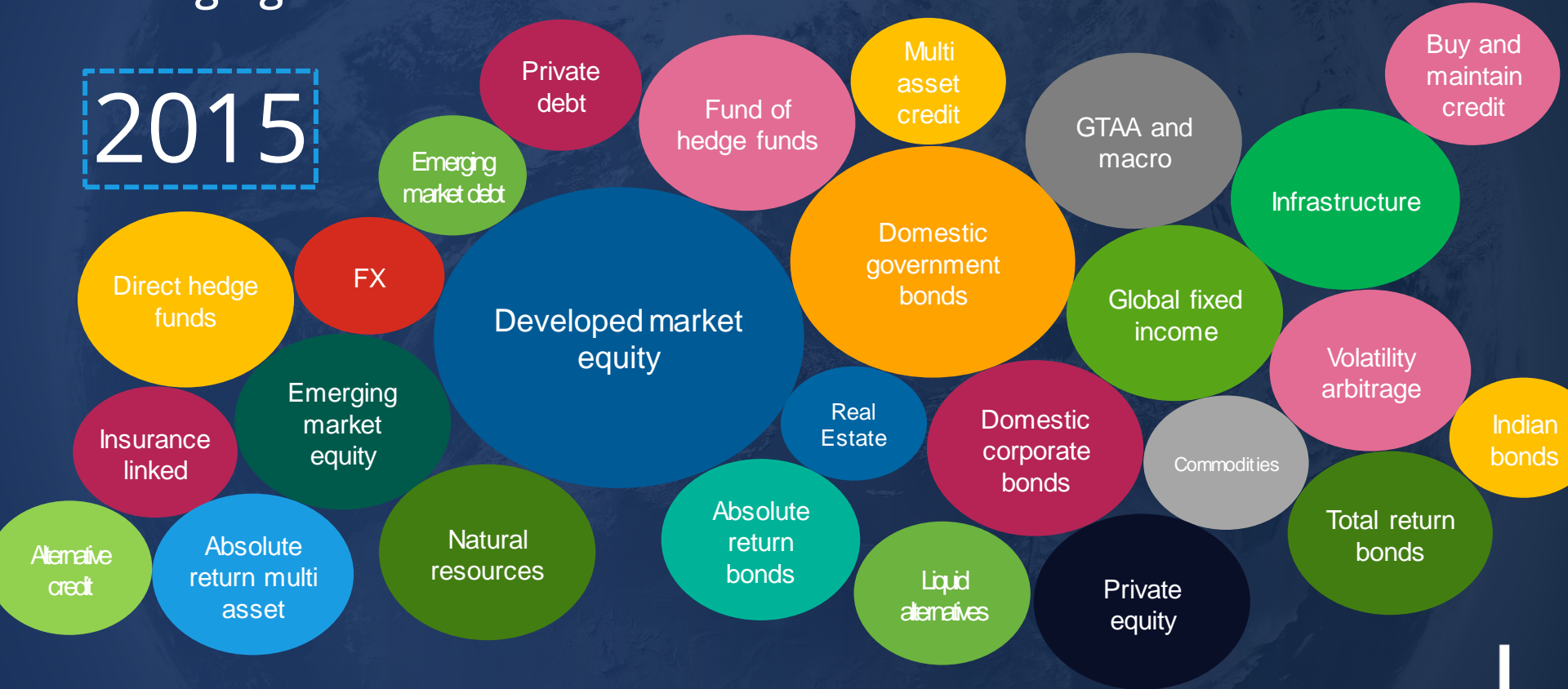
Changing investment universe

2014



Changing investment universe

2015



Changing investment universe

2016



Changing investment universe

2018



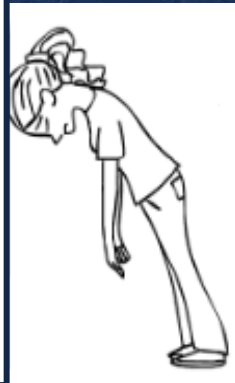
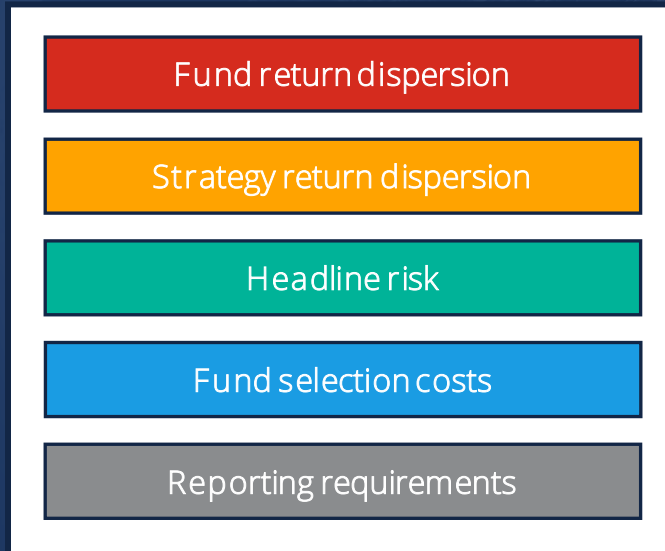
Today's opportunity set



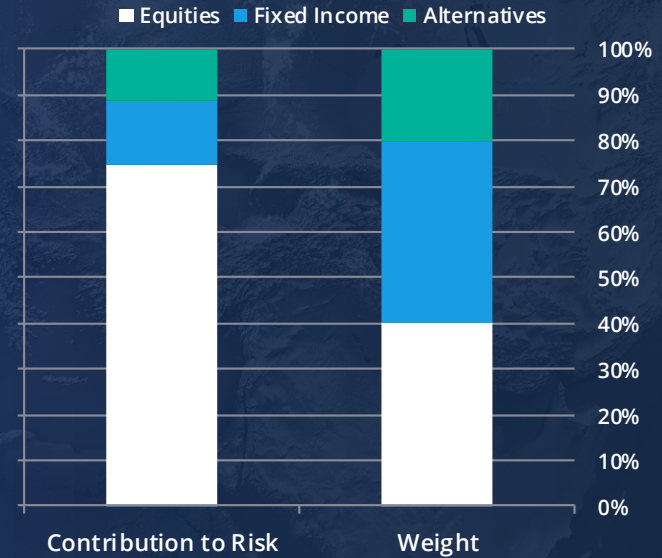
Client challenges #1

Rationale for an internal fund selection team vs the wider impact to portfolio risk

Return on time invested



Example portfolio weights and contribution to risk, Five years to August 2019



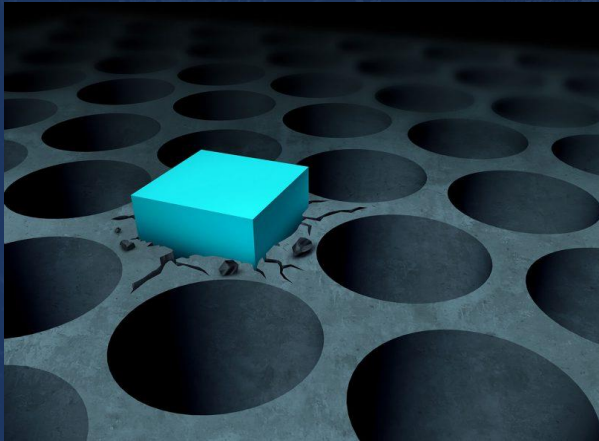
Client challenges #2

Product suitability

ASI as a "Client Partner"

Old Model

One size fits all...



New Model

Responding to complexity

- Efficient capital utilisation
- Position level transparency
- UCITS/40 Act
- Customisation
- Custody of assets
- Lower cost of ownership
- Access to research
- Environmental, Social and Governance (ESG) considerations
- Alignment of interest
- Solvency reporting
- Risk targeting
- Factor based investing
- Liquidity constraints
- Outcome orientated



How do we view our capability across Alternatives

Tailoring solutions to meet our clients' investment goals

Through our dedicated Alternative Investment Strategies capability, we seek to provide our clients with the most compelling opportunities that the asset class can offer while tailoring our solutions to their needs.

Relationship	Discretionary		Strategic partnership					
Access	Commingled		Segregated			Direct		
Hedge Fund Research								
Alternative Credit	Event Driven Equity	Discretionary	Long Bias Equity	Equity Long Short	Niche	Volatility	Relative Value	Systematic
Process	Rules based			Manager selection				
Objective	Portfolio construction			Risk management				

Case study 1- Accessing hedge fund beta

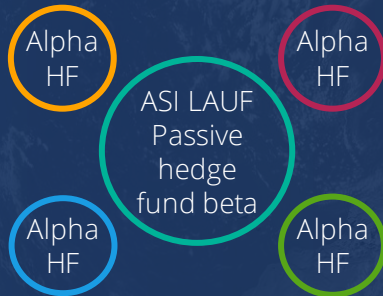
Solving for complexity

Problem: Addressing how the financial costs of fund selection and the high levels of return dispersion deters allocators from reaching their target SAA

Challenge: Delivering a simple and cost effective solution to accessing hedge fund returns

Solution: ASI HFRI index trackers

Core/Satellite



Liquidity Management



Introductory Alternatives Investment



Case study 2 – mitigating equity risk

Product suitability

Problem: With equity markets at (or near) an all time high how can clients efficiently manage their exposure to growth assets

Challenge: Addressing the path dependency in portfolio hedging

Solution: Global Risk Mitigation (GRM)



GRM is a new capital efficient strategy that is managed by ASI and designed to deliver an overall return profile with:

- *Negative correlation to equities*
- *Exponential pay-off*
- *Minimal drag in bull markets*



Case study 3 – Leveraging ASI’s due diligence

Disintermediation of the third party fund

Problem: Addressing the need to access hedge funds in a more efficient vehicle

Challenge: Reducing the costs associated with fund selection, monitoring & structuring whilst also retaining conviction and benefiting from greater control

Solution: ASI Explorer Managed Account Platform



ASI Explorer

		Managed Accounts	Fund of One	Co-mingled
Efficiency	<ul style="list-style-type: none"> Single strategy structure allows for more efficient portfolio construction and provides material cost advantages to investors 	✓	✗	✗
Customization	<ul style="list-style-type: none"> Bespoke investment guidelines negotiated and independently monitored with each manager, tailored to achieve the optimal value proposition 	✓	✓	✗
Transparency	<ul style="list-style-type: none"> Daily position-level reporting allows for closer monitoring of managers by ASI investment and risk teams; allows for faster decision-making 	✓	?	✗
Control	<ul style="list-style-type: none"> Control over assets (prevent gates/suspensions), customisation of policies (ESG or SRI), ownership of operational processes and anonymity to client 	✓	✗	✗

Industry recognition

...signs that the Client Partner model is differentiating the desk from wider industry trends



“Aberdeen Asset Management achieved the strongest percentage growth rate of all the Billion Dollar Club members.”

- InvestHedge, September 2019

	Rank June 2019	Rank Dec 2018	Total AUM Jun 2019	Total AUM Jan 2019	6-mth growth (\$ bn)	6-mth growth (%)	Region
Blackstone Alternative Asset Management	1	1	81.4	77.8	3.6	4.7%	US
UBS Hedge Fund Solutions	2	2	38.3	38.4	-0.1	-0.3%	US
Goldman Sachs Asset Management	3	3	35.5	31.4	4.2	13.4%	US
Grosvenor Capital Management	4	5	28.2	27.7	0.5	1.9%	US
BlackRock Alternative Advisors	5	6	24.2	23.7	0.5	2.0%	US
Morgan Stanley Investment Management	6	8	22.3	22.2	0.1	0.4%	US
Paamco Prisma	7	4	22.3	30.0	-7.7	-25.8	US
HSBC Alternative Investments	8	7	21.9	22.5	-0.6	-2.9%	EU
EnTrustPermal*	9	9	20.0	20.0	0.0	0.0%	EU
Lyxor Asset Management	10	10	17.0	15.0	2.0	13.3%	EU
Rock Creek Group	11	13	14.3	13.8	0.5	3.6%	US
Lighthouse Partners	12	12	14.2	14.7	-0.5	-3.4%	US
FRM	13	11	14.0	14.3	-0.3	-2.0%	EU
Aberdeen Asset Management	14	14	13.5	11.2	2.4	21.1%	EU
JP Morgan Alternative Asset Management	15	15	12.8	12.2	0.6	4.9%	US
Hall Capital Partners***	16	18	12.0	10.6	1.4	13.1%	US
Aetor Capital	17	16	11.8	11.2	0.5	4.6%	US
K2 Advisors	18	17	10.8	10.7	0.1	1.0%	US
Axa Investment Managers*	19	19	10.5	10.5	0.0	0.0%	EU

Client & customer perspective – are 'new' benchmarks emerging?



- Accumulation
- Preservation
- Income generation



- Volatility & risk
- Liquidity
- Passive or active
- Vehicle
- Insource or outsource
- Cost, etc.



- ESG & Impact
- Thematic
- Physical assets
- Data driven



- Targeted/Bespoke
- Frictionless transactions
- On-demand reporting
- Advice, guidance, education
- Simplicity & transparency

Passionate about understanding emerging or unmet needs



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