

Multi-Asset solutions: diversification matters

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Question

The best and worst asset classes from the last decade. Which are best, which are worst?

Russian
MICEX?

NASDAQ?

S&P 500?

CRB
Commodity
Index?

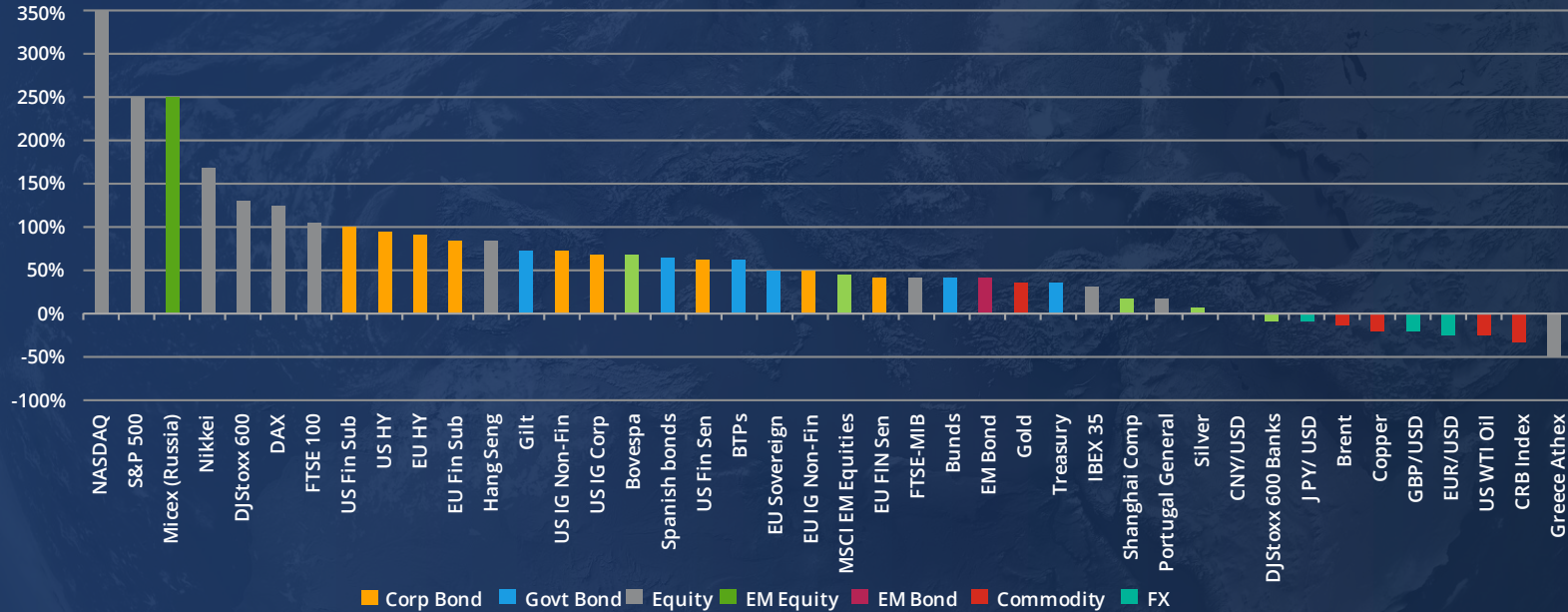
Athens Stock
Exchange?



Question

The best and worst asset classes from the last decade. Which are best, which are worst?

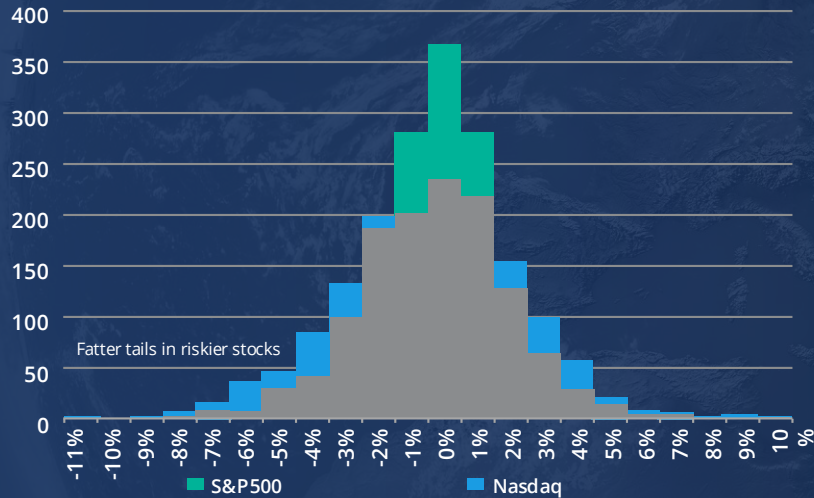
10 Year Returns



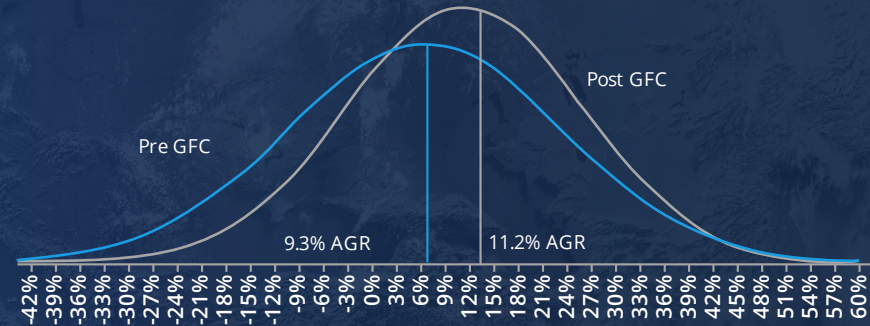
What does dependency on cheap money look like?

Risk of fatter-tailed & lower expected returns

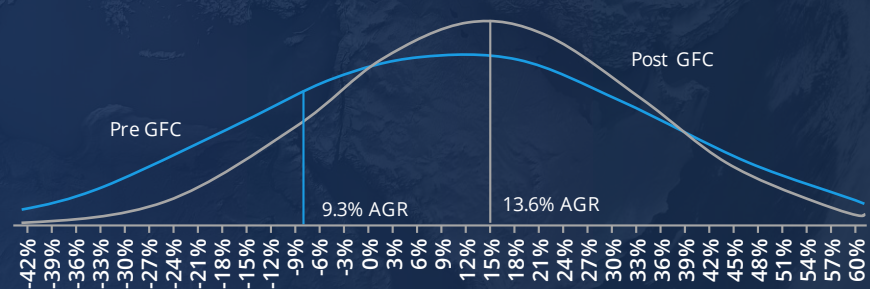
Frequency of weekly returns 1990-2019



S&P 500

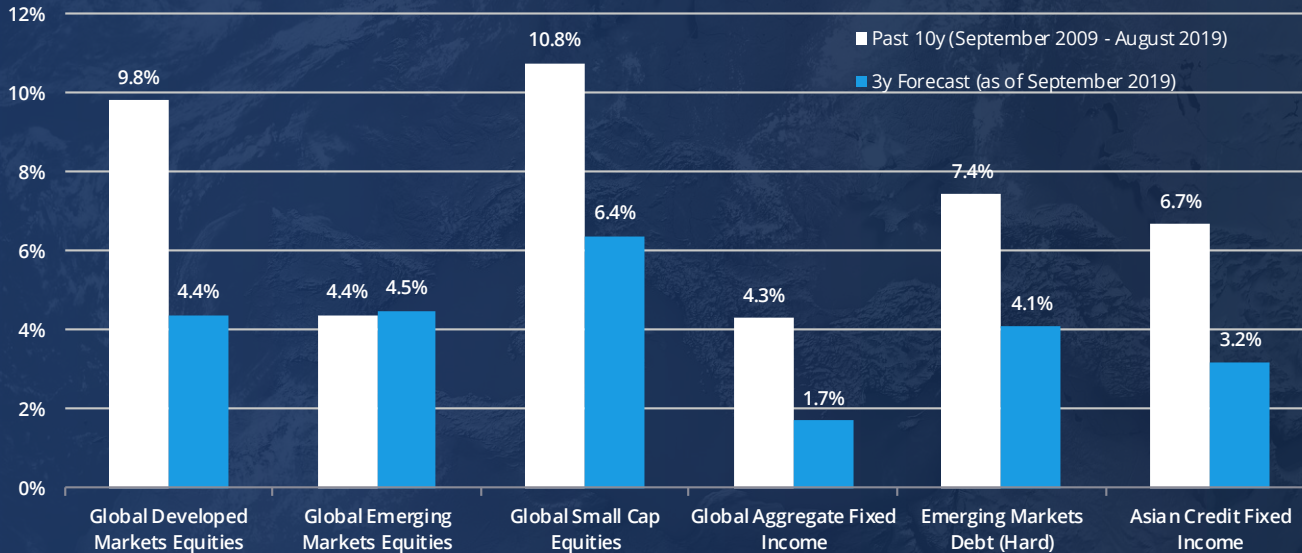


Nasdaq



Clients asking for private assets or active strategies as other flee to passive

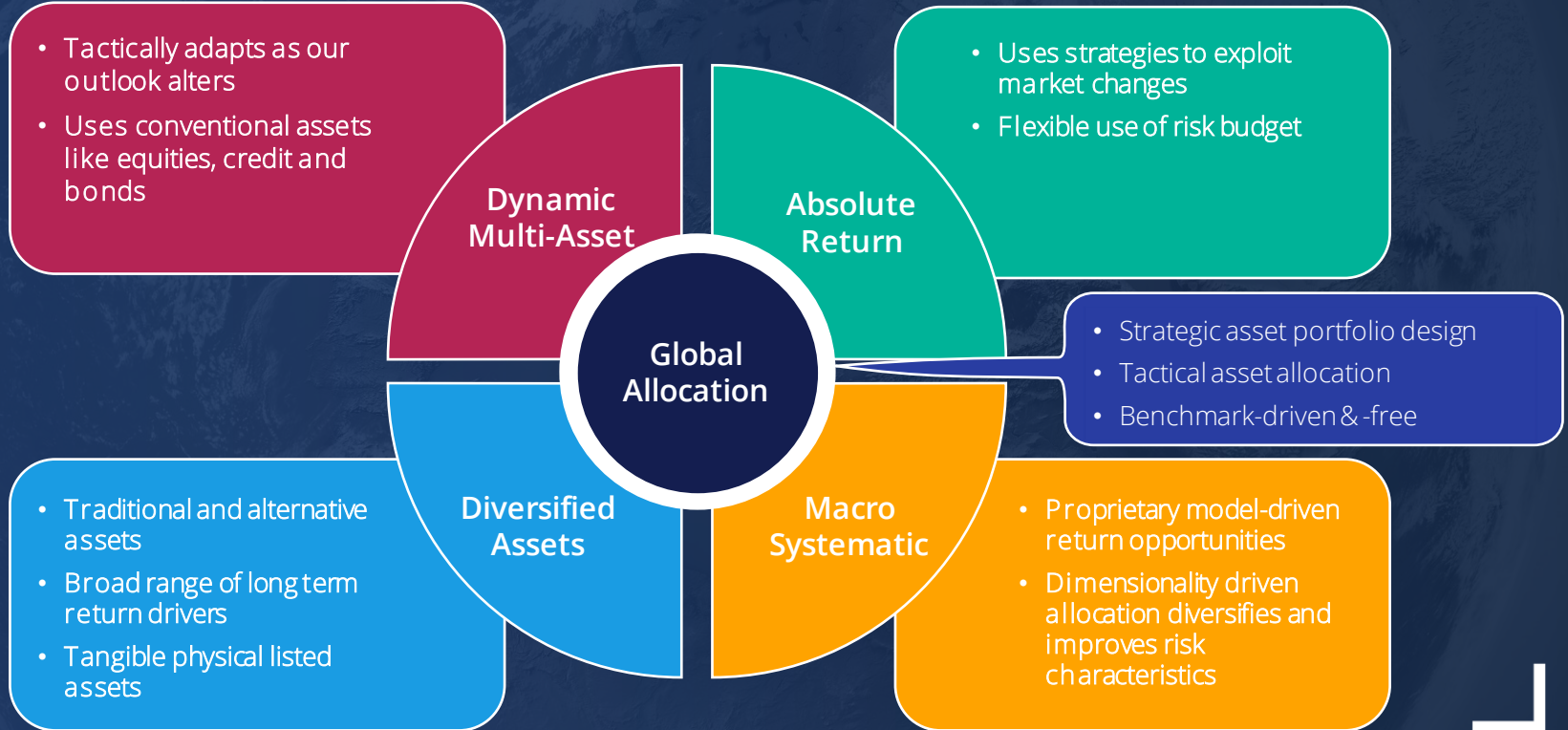
Traditional Asset Classes Face Deteriorating Return Prospects



Static allocation to traditional asset classes will unlikely deliver the same level of returns as in the past

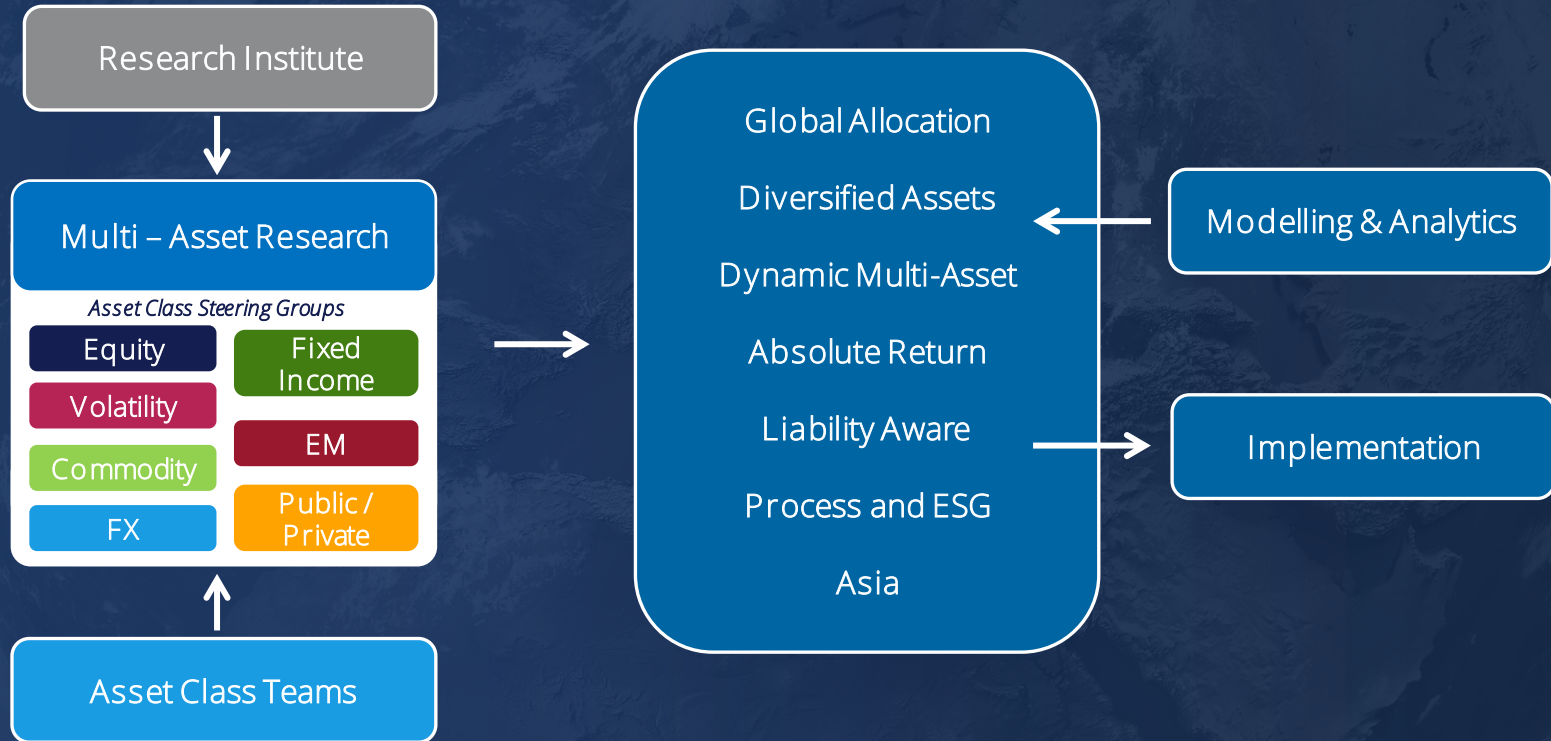
Multi-Asset Solutions

A wide range of advanced diversification approaches to suit client requirements



Portfolio Management teams' ecosystem

Outcome oriented and market independent products and solutions



Broad capabilities to service you on your investment journey

Actions taken

- Team integration
- Investment process strengthened
- Culture of continuous improvement
- Explicit process integration of ESG principles



Going forward

- Investment granularity
- Conviction and deeper diversification
- Climate Transition impact



Absolute Return Portfolios Themes

High long term sharpe ratio across the capabilities

Low rates for longer

- Global REITs
- High Yield Credit
- Australian interest rates

European growth remains subdued

- European Equity Infrastructure
- Swedish Interest Rates

EM growth greater than DM creates opportunities

- Emerging Market Income
- Mexican and Indonesian government bonds
- EM equities

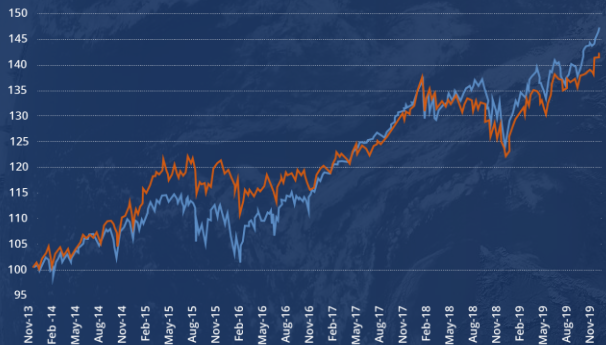
Geopolitics creates opportunities and risks

- Short UK inflation
- Short Hong Kong equity beta
- US vs German duration

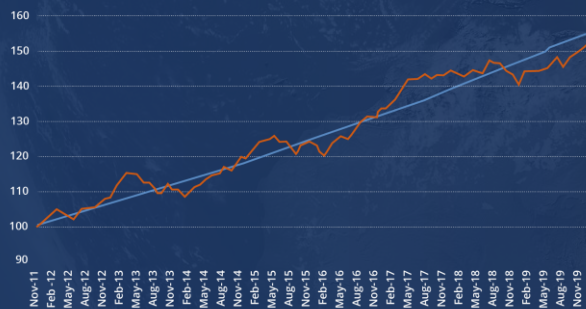
Multi-Asset Solutions performance summary

High long term sharpe ratio across the capabilities

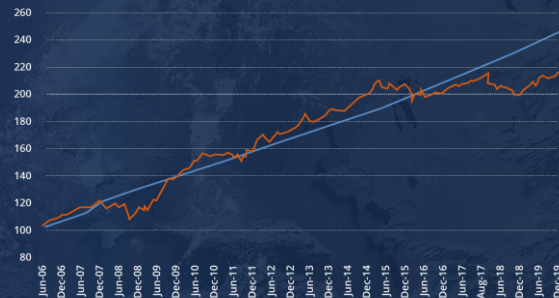
DMAG vs Risk Comparator



DGF vs Target

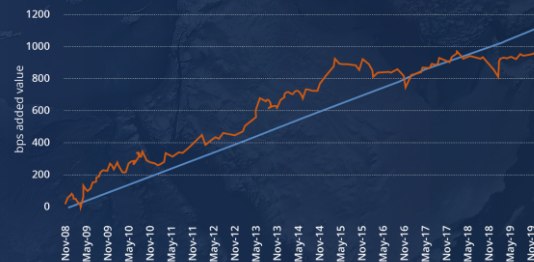


GARS vs Target



Source: Aberdeen Standard Investments, gross performance from 12/6/2006 to 31/12/2019. Fund performance is based on the institutional pooled pension fund, gross of fees. Libor sourced from ICE

GTAA vs Objective



Source: Aberdeen Standard Investments, 31 December 2019. For illustrative purposes only. The above is based upon simulated back tested performance for the periods shown, and is not reflective of any actual ASI offering and/or strategy. Several key assumptions were made in the preparation of the above simulated performance. Changes in these assumptions may have a material impact on the back-tested returns presented. When interpreting the results, the investor should always take into consideration the limitation of the model applied. The simulated back tested performance of the model is not a guide to future results. Returns are not guaranteed and actual events or results may differ materially.

Diversified Assets – Portfolio themes and new ideas

Infrastructure



Healthcare royalties



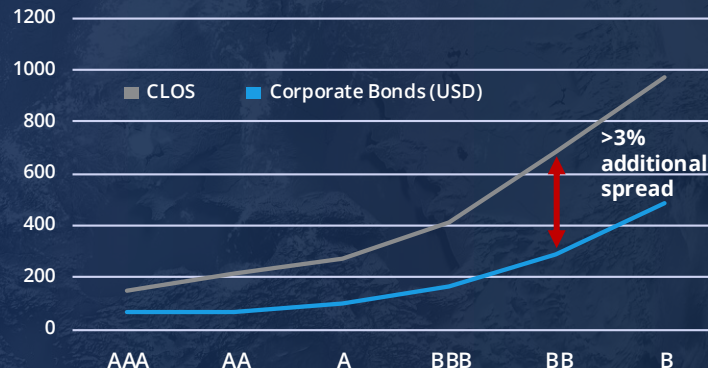
Diversified Assets – Portfolio themes and new ideas

Music Royalties



Asset-backed securities

CLOs offer significantly higher spreads than corporate bonds...



...and have experienced lower defaults historically

Historical default rates	AAA	AA	A	BBB	BB	B
US CLO	0.0%	0.0%	0.5%	0.3%	1.7%	2.6%
US Corporates	0.4%	0.5%	0.8%	2.4%	9.2%	21.4%

Summary

- Traditional asset classes face a challenging outlook
- More diversified approaches are required in order to deliver attractive returns more reliably
- We have several leading solutions to help our clients navigate the challenges ahead



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