

**SHINING A LIGHT ON THE.....
SLI Global Smaller Companies Fund**

AT A GLANCE

Investment Objective	
<p>The objective of the Fund is to provide capital appreciation; it is intended that income will not be a prime consideration. The investment policy of the Fund is to invest mainly in global smaller company equities (excluding Investment Trusts) and equity type investments. "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.</p>	

Inception Date	19 January 2012
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000NMQA

Management	
Manager Name	Start Date
Alan Rowsell	19 January 2012
Harry Nimmo	19 January 2012

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	0.00%
Large	11.89%
Medium	53.57%
Small	34.24%
Micro	0.00%

Top 10 Holdings		
Total number of holdings	51	
Assets in Top 10 Holdings	27.54	
Name	Sector	% of Assets
Align Technology Inc	Healthcare	3.17%
Teleperformance SE	Industrials	3.15%
Balchem Group	Basic Materials	2.95%
Shenzhou International Group Holdings	Consumer Cyclical	2.77%
HMS Holdings Corp	Industrials	2.72%
NMC Health Plc	Healthcare	2.64%
MarketAxess Holdings Inc	Financial Services	2.64%
JB Hi Fi Ltd	Consumer Cyclical	2.54%

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Cognex Corp	Technology	2.50%
AmTrust Financial Services Inc	Financial Services	2.49%

Volatility Measurements	
3-Yr Std Dev (volatility)	3-Yr Mean Return
10.80%	13.37%

FUND PERFORMANCE

Performance 19 January 2012 to 30 September 2016

	2012	2013	2014	2015	2016
SLI Global Smaller Companies Fund	9.54%	38.94%	-1.65%	11.74%	23.29%
IShares MSCI World Dist	3.85%	21.87%	10.53%	1.85%	18.01%

Performance over 1 year, 3 years, and since launch:

	1 year	3 years	Since launch
SLI Global Smaller Companies Fund	31.82%	46.82%	106.20%
IShares MSCI World Dist	27.31%	39.49%	68.14%

You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

UPDATE....

We have followed this fund since it was launched in 2012. This fund invests in smaller companies but it is not a pure small cap fund. The size of companies they look to invest in are around the \$2 to \$3 billion mark.

There is an argument that smaller companies carry greater risk and Alan would argue that this is not always the case. The universe they work from is 6,000 global companies and often within this universe are the most innovative companies. An example is Align Technologies which is a US dental company. They are patent protected and growing sales by 20% p.a.

Since 2000 there have been five down years and of these only in 2008 and 2011 did small caps underperform large caps. This is often because small cap companies have better corporate governance and are easier to manage than large caps.

Alan added that as part of the process and to reduce risk the focus on quality, they will screen out poor companies. Evidence shows that when the markets are down quality holds up better and therefore this provides downside protection for the fund. He also added that with the fund you get a list of stocks which are rarely in other funds and that these companies are less sensitive to economic situations and interest rates because performance is driven by the growth in earnings.

Standard Life have a small cap expertise and they can tap into other parts of the business to identify opportunities. Some examples include Sunny Optical who make mobile phone camera lenses and are

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leaders in dual lens technology. Another example is Shenzhou who are leaders in producing products for the likes of Nike and Adidas. And within the financial services, Market Axess are a trading platform for corporate bonds.

In conclusion, the fund is nearing its five-year anniversary and has been able to outperform its benchmark. It is not a pure small cap fund but does look to get returns from smaller companies with growing earnings. This may act well as a blend with a larger cap global fund or a pure small cap fund.

The source of information in this note has been provided by Standard Life Investments and is correct as at October 2016. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.