

SHINING A LIGHT ON THE.....
Standard Life Global Focused Strategies Fund

AT A GLANCE

Investment Objective	
The fund aims to deliver a positive absolute return over the medium to longer term in all market conditions. It will achieve this objective by investing in a portfolio of equities, equity related investments, fixed interest securities, cash and permitted derivatives. "Equity related investments" may include Depositary Receipts, convertible stocks 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 influenced significantly by the stock market performance of the company's ordinary shares. Additionally, the fund may invest in other forms of eligible transferable securities, deposits, money market instruments and undertakings for collective investment. The fund may, subject to and in accordance with the UCI Law and applicable CSSF circulars, take long and short positions in markets, securities and groups of securities through derivative contracts.	

Inception Date	11 December 2013
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000S7JK

Management	
Manager Name	Start Date
Multi Asset Team	11 December 2013

Volatility Measurements	
3-Yr Std Dev (volatility)	5.67%
3-Yr Mean Return (average)	-0.85%

FUND PERFORMANCE

Performance from 11 December 2013 to 31 January 2017.

	2013	2014	2015	2016	2017
Standard Life Global Focused Strategies Fund	1.55%	-1.01%	8.60%	-9.32%	-0.10%

Performance over 1 year, 3 years, 5 years and since launch:

	1 year	3 years (p.a.)	Since launch (p.a.)
Standard Life Global Focused Strategies Fund	-7.94%	-0.85%	-0.35%

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.

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UPDATE....

This is a relatively new fund and was launched on the back of the successful Global Absolute Return Strategies Fund. It carries higher volatility between 6% and 12% but targets a return of cash plus 7.5%. Similar to the Global Absolute Return Strategies (GARS) Fund it is based around ideas and has a significant team working on the strategy.

The challenge has been that since launch the fund has simply not delivered, with 2016 being the most difficult time for the strategy. In the update with the team they explained that 43 of the strategies were down compared to 24 being up in 2016. The main areas where the performance was hit was with the lack of monetary divergence between the US and the rest of the world, they underestimated the impact of BREXIT and in particular housebuilders and although they introduced new strategies towards the end of the year these were too late to correct the falls in the year.

The three biggest hits were in January (China), February (Energy) and June (BREXIT) and quarter 4 saw 5 new strategies being added to the fund with 7 closing. Equities now make up 40% of the standalone risk and inflation risk has increased. They have reduced credit risk.

Some of the new strategies during the year included European Dividend Strategy, US Forward Short Duration, Russian vs Brazilian Equities, Long Argentinian Equities and Long US Dollar vs Sterling.

One key piece of understanding in 2016 was that they had too many strategies pointing towards a particular scenario (being a divergence with US monetary policy) and a movement towards EM strategies.

Moving forward into 2017, they believe the fund is better placed to deliver positive returns. They are aware of political risks particularly with US trade wars and impacts on China and Japan, as well as elections in Europe.

They believe equities will perform better in this environment compared to fixed income assets. The challenge with the fund is that it hasn't delivered on its target return over three years and since launch, and is significantly short of that target. In fact, only in 2015 did it hit the target return. It is down in 2017 and therefore starts the year with a headwind.

Similar to GARS it has a significant team behind it and these strategies are an important part of the overall investment capabilities of Standard Life Investments. The question is therefore whether Standard Life will want this to fail, or will they want to turn this around and make it the success that GARS has been. Our gut feeling is that they will want to turn this around.

For investors considering this fund there are two things to consider, firstly do they wait to see if there is any upturn in performance, or do they think it has hit the bottom and will now reverse in which case now might be a good time to invest.

In conclusion, the fund has had a difficult three years and as such it is harder to highlight this as a fund for investors. The question is whether the team can now turn this around and if so, will investors agree that it is worth their money?

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The source of information in this note has been provided by Standard Life and is correct as at February 2017. 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.