

December 2018

Impact investing

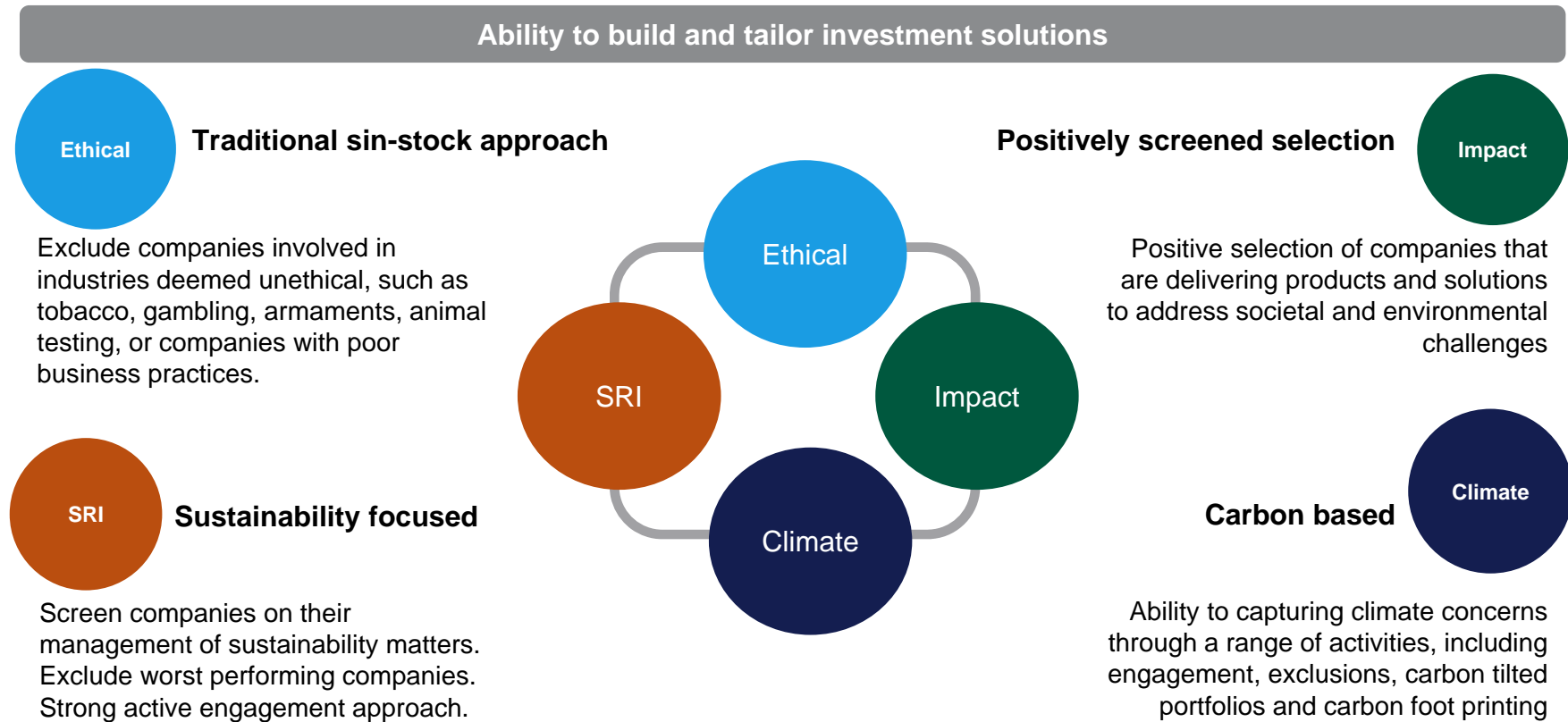
Is this the greatest mission of our time?

Ross McSkimming, Senior Investment Specialist, Equities

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Aberdeen Standard Investments is a brand of the investment businesses of Aberdeen Asset Management and Standard Life Investments.

ESG Investment – values based funds and approaches



The problems



Poverty



Pollution



Poor Health & Mortality



Hunger & Malnutrition



Inequality



Ageing Population



Climate Change



Access to Clean Water



Unsustainable production

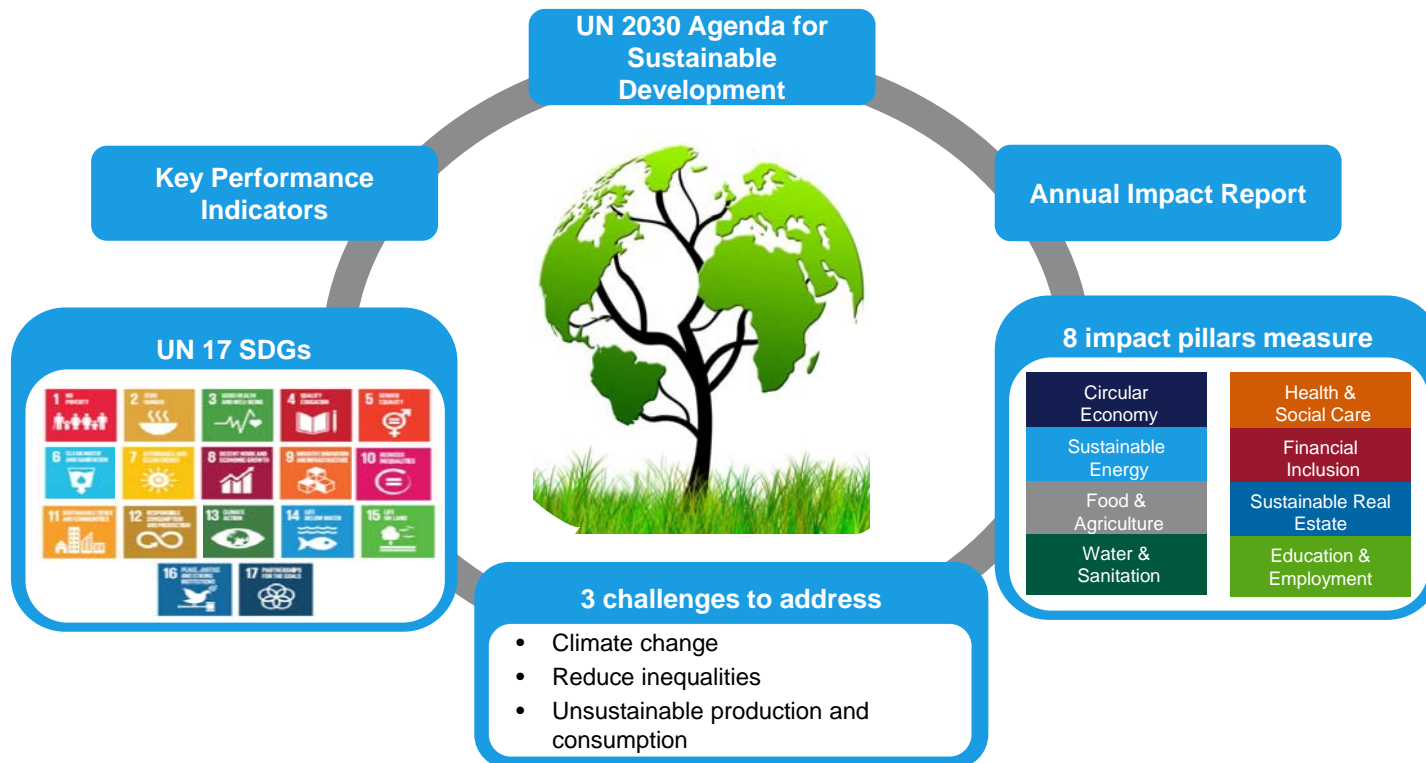
UN Sustainable Development Goals (“SDGs”)

Increasing global recognition of the need to commit mainstream capital towards impact goals



“The U.N. Sustainable Development Goals offer a capital call to the world”
Amit Bouri, CEO, Global Impact Investor Network (GIIN)

Impact Investing framework



UN Sustainable Development Goals (“SDGs”) – increasing global recognition

Aligning UN SDGs and impact pillars

SUSTAINABLE DEVELOPMENT GOALS				Pillars	Sub Goals
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	15 LIFE ON LAND			Circular Economy	Resource efficiency Material recovery & reuse
7 AFFORDABLE AND CLEAN ENERGY	13 CLIMATE ACTION			Sustainable Energy	Access to energy Clean energy Energy efficiency
1 NO POVERTY	2 ZERO HUNGER	14 LIFE BELOW WATER	15 LIFE ON LAND	Food & Agriculture	Access to nutrition Food quality Sustainable agriculture
1 NO POVERTY	6 CLEAN WATER AND SANITATION	14 LIFE BELOW WATER		Water & Sanitation	Access to water & hygiene Clean water Water efficiency
1 NO POVERTY	3 GOOD HEALTH AND WELL-BEING	5 GENDER EQUALITY		Health & Social Care	Access to healthcare & social care Enhanced healthcare Drug development
1 NO POVERTY	8 DECENT WORK AND ECONOMIC GROWTH	10 REDUCED INEQUALITIES		Financial Inclusion	Access to financial services
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	11 SUSTAINABLE CITIES AND COMMUNITIES	17 PARTNERSHIPS FOR THE GOALS		Sustainable Real Estate & Infrastructure	Affordable housing Eco-construction Improved access
4 QUALITY EDUCATION	5 GENDER EQUALITY	8 DECENT WORK AND ECONOMIC GROWTH	10 REDUCED INEQUALITIES	Education & Employment	Access to education & skills development Quality employment & job creation

Impact assessment framework

Impact analysis incorporated in stock selection

Robust research-led investment approach

Deep coverage

3,000+ stocks covered

750+ buy ideas

7,000+ company meetings in 2017

Strong analytical resource

149 Equity Investors

145 Credit Investors

30+ ESG Experts

Integrated ESG approach

Responsible Investment Rating

Controversies

Engagement Outcomes

Governance Health Warning



750 BUY Ideas assessed for impact



Impact maturity assessment

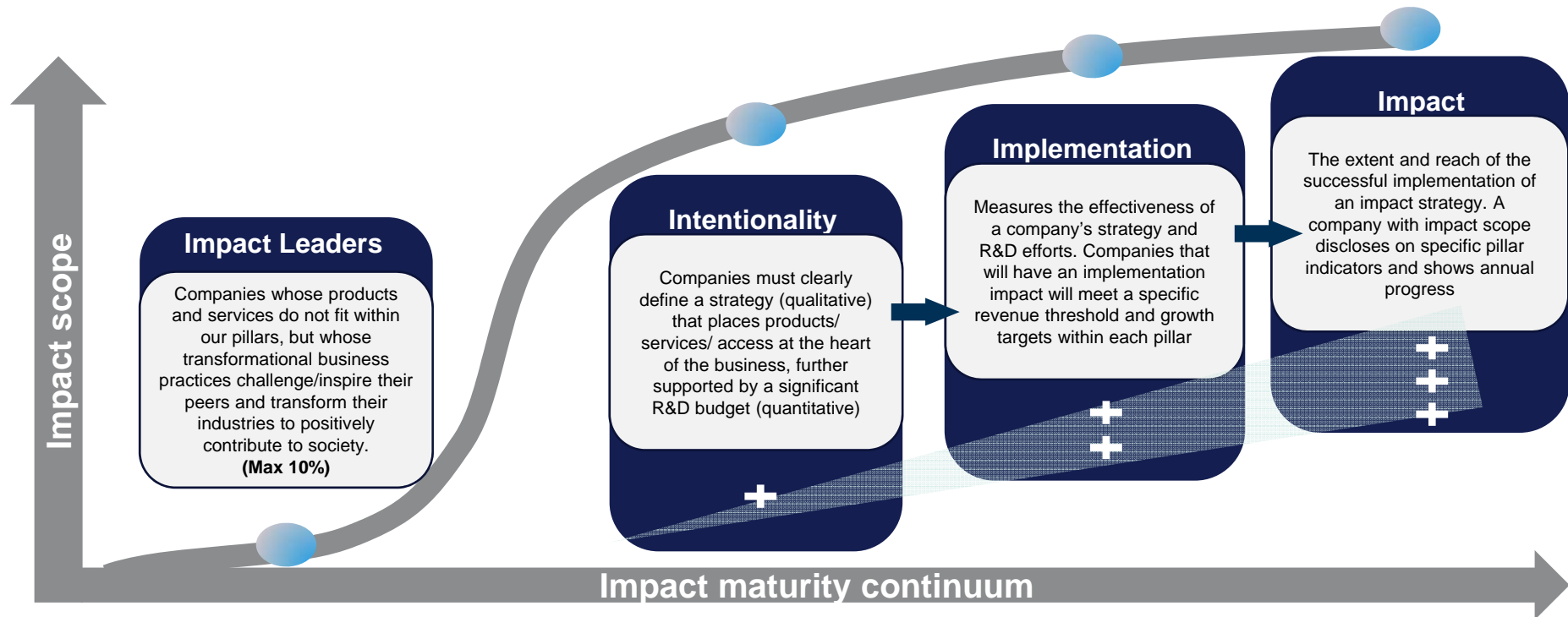
Intentionality

Implementation




Impact Scope

Impact maturity stages

Three stages of impact are considered:

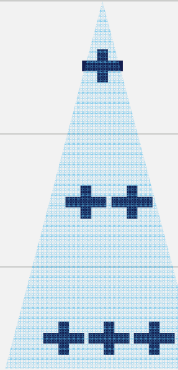


Measuring impact by pillar

Circular Economy		Main industries: Packaging, Water, Recycling		
Impact qualification	Measures			
Intentionality	>1/3 rd R&D directed toward Circular Economy Strategy: to promote circular economy as a core tenet of business practice			
Implementation	Revenue from circular economy: 30% and double digit growth, or At least 50% of revenue			
Impact	Tonnes of material saved Tonnes of waste recovered Tonnes of waste diverted Number of products reused			
				

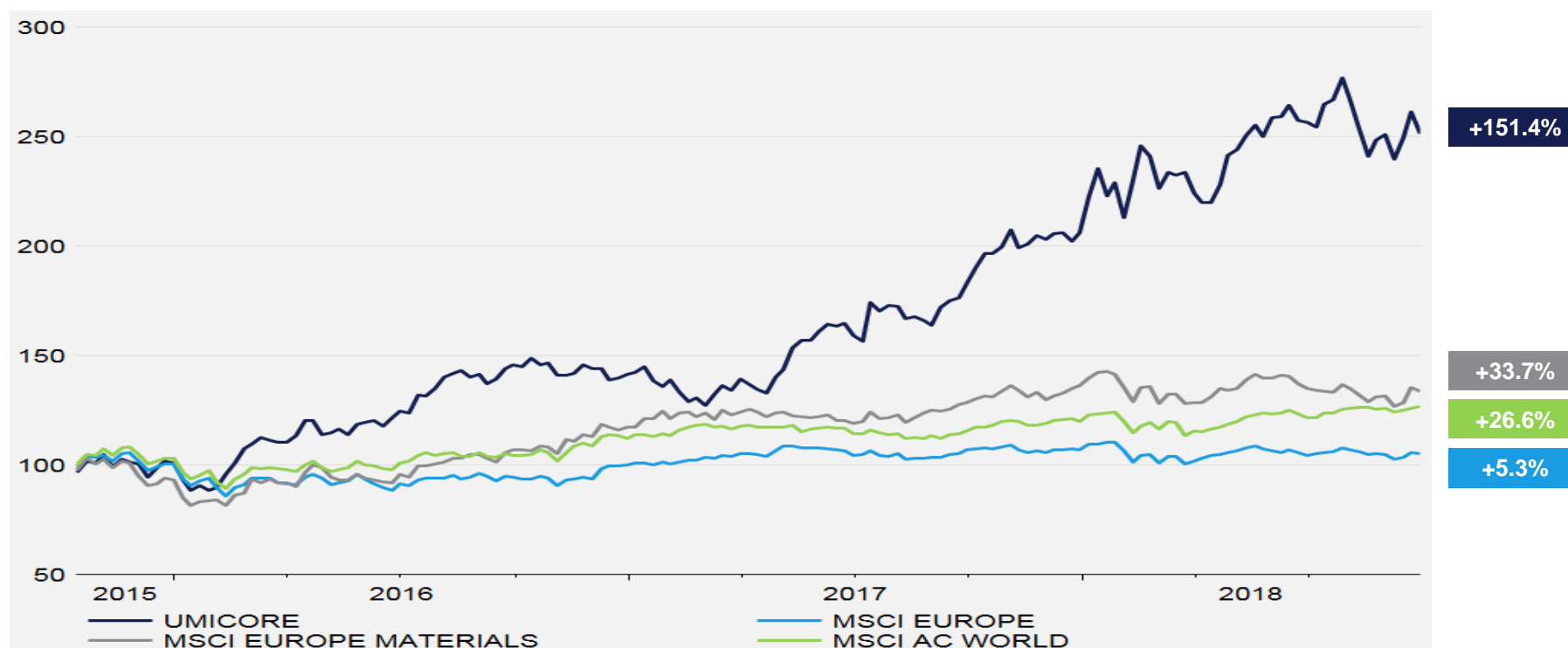
Source: Aberdeen Standard Investments, June 2017

Measuring impact by stock

Circular Economy		Umicore: <i>Belgian materials technology company</i>	
Impact qualification	Measures		
Intentionality	The main areas of product R&D spending are in recycling and clean tech for the auto industry		
Implementation	Recycling (primarily of batteries) accounts for 30% of revenues, with a further 60% from clean tech		
Impact	Umicore recycled c.350,000 tonnes of waste in 2015 Improving operations of its recycling division meant further reductions of CO ₂ and of metal emissions		

Source: Aberdeen Standard Investments, June 2017. Companies selected for illustrative purposes only to demonstrate ASI's investment management style and not as an indication of performance nor investment recommendation.

Umicore performance



Source: Aberdeen Standard Investments, Thomson Reuters DataStream, 30 September 2018. Companies selected for illustrative purposes only to demonstrate ASI's investment management style and not as an indication of performance nor investment recommendation.

Companies making a positive difference

Safaricom



Infineon Technologies



Costa Group



Clinigen



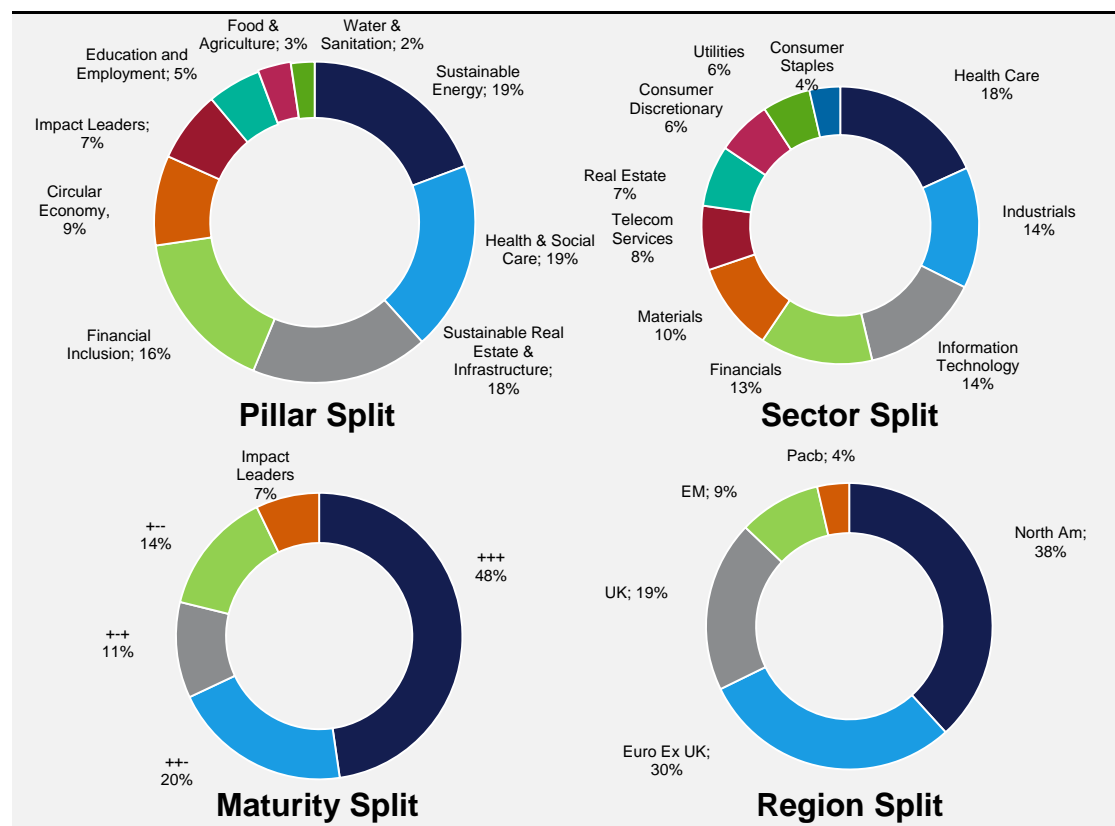
Companies selected for illustrative purposes only to demonstrate ASI's investment management style and not as an indication of performance nor investment recommendation.

Portfolio positioning

Top 10 positions

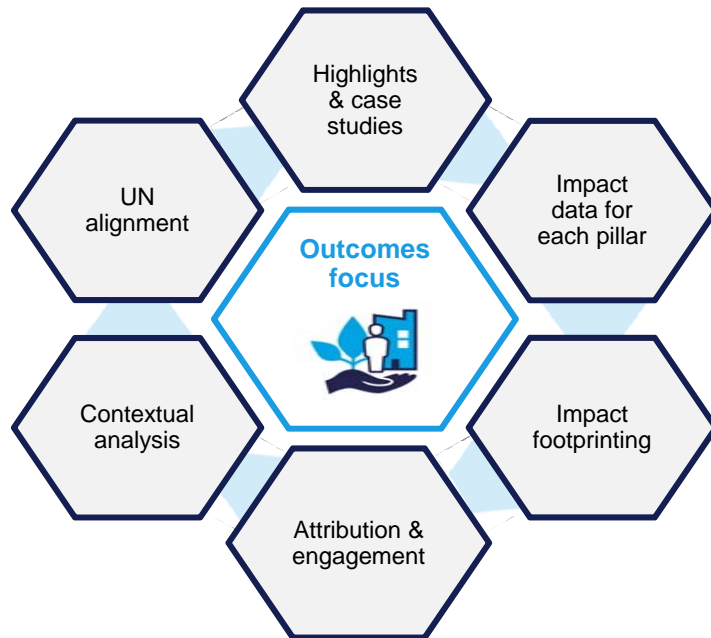
Holding	Pillar	Weight
Mastercard	Financial Inclusion	4.49
Umicore	Circular Economy	4.21
UnitedHealth	Health & Social Care	3.67
Prologis	Sustainable Real Estate & Infrastructure	3.62
DS Smith	Circular Economy	3.52
Equinix	Sustainable Real Estate & Infrastructure	3.51
NextEra Energy	Sustainable Energy	3.46
Safaricom	Financial Inclusion	3.28
salesforce.com	Education and Employment	3.22
Schneider Electric	Sustainable Energy	3.13

Source: Aberdeen Standard Investments, 30 September 2018



Measurement of impact

A critical component of impact investing is measuring the impact of the holdings



- Aligned to the UN Agenda and indicators
- Addresses the long term challenges of:
 - Climate change
 - Rising inequalities
 - Unsustainable production and consumption
- Moving from outputs to outcomes
- Quantitative and qualitative approaches:
 - Data aggregation
 - Contextual analysis
- Active engagement to encourage progress and disclosures

Pillar level reporting: Financial Inclusion

Holdings: Axis Bank, Bradesco, Garanti, Mastercard, Safaricom, Unifin



Underserved customers

31.9 million underserved customers open a bank account: **more people than the entire population of Peru**



Access points

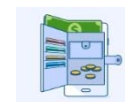
3,016 new branches in rural and underserved areas including **India, Turkey and Mexico**



New finance

\$10.9 billion made

available to underserved customers, including rural, retail agriculture and SMEs.



Mobile money

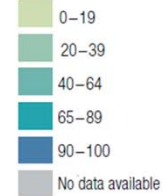
66 million mobile wallet users: the equivalent **population of France**

Companies selected for illustrative purposes only to demonstrate ASI's investment management style and not as an indication of performance nor investment recommendation.

Impact foot printing: Account penetration

Account penetration around the world

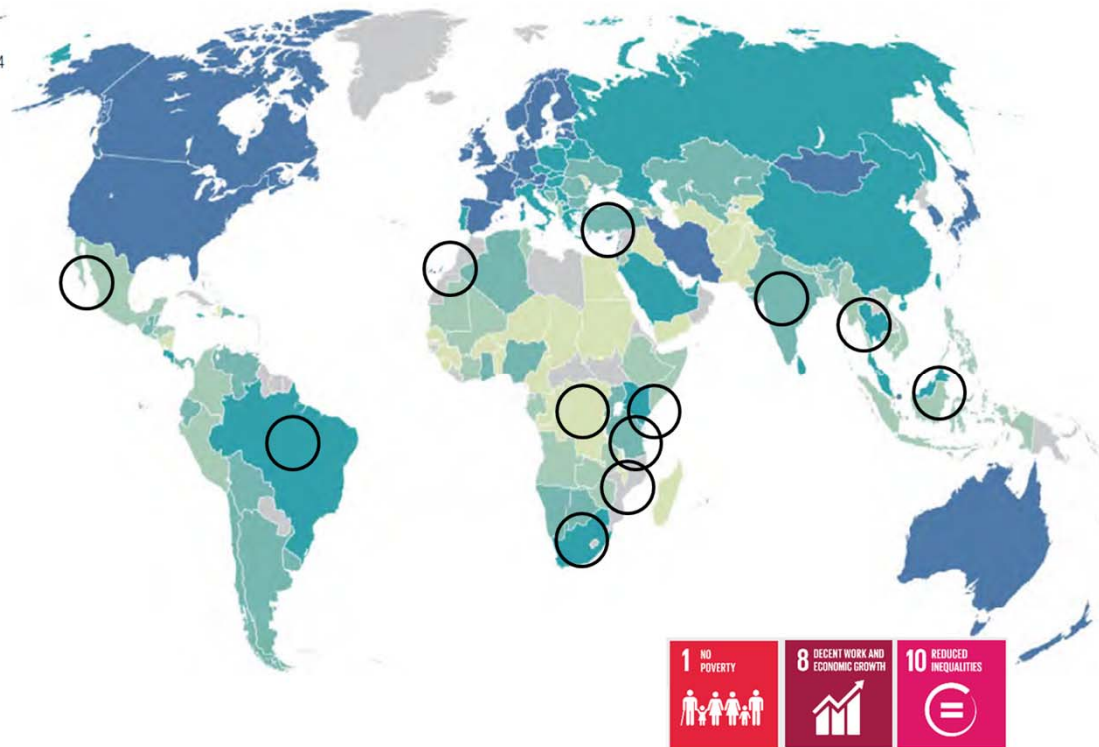
Adults with an account (%), 2014



Source: Global Findex database.
IBFD 41559 | APRIL 2015

Account penetration directly provided by companies held:

Mexico: 0.215%
Morocco: 1.24%
Brazil: 6.6%
India: 1.75%
Turkey: 27.8%
Kenya: 32%
South Africa: 8.4%
DRC: 34%
Tanzania: 49%
Sub Saharan Africa: 2%
Asia: 0.35%



Source: Aberdeen Standard Investments, December 2016

Impact Reports

Annual Impact Report and Quarterly Activity Report

Annual Impact Report



Quarterly Activity Report



Please find the reports on aberdeenstandard.nl

Our impact investing proposition

Mainstream impact investing leveraging strengths of our integrated investment process

- A portfolio of our **‘best’ impact ideas** combining **positive financial returns** and a **positive social impact**
- Our unique impact ratings system: effectively all the **UN’s 17 Sustainable Development Goals** are covered in **8 ‘pillar’s of impact**. This system allows us to assess and measure a company’s ability to affect positive change
- **Broad research coverage**, disciplined investment process, strong idea generation
- Annual review, measurement and reporting of the impact of the portfolio
- Available for wholesale and institutional channels

Corporate Capability and Team Experience

Portfolio construction parameters

Portfolio construction framework

Strategy Limits:	Global Equity Impact Strategy
Number of stocks:	35 - 60
Reference index	MSCI ACWI
Stock absolute weight max	5%
Pillar absolute weight max	30%
Minimum pillars invested	5

- Focus portfolio risk budget on bottom-up, company specific ideas with a non-consensus insight and attractive impact characteristics
- Stocks designated “+++”, “++” or “+” depending on impact maturity, can also include Impact Leaders
- Portfolio managers debate and determine portfolio structure and activity
- On desk support and quant tools support effective management of portfolio risk
- Relatively low turnover, with expected holding period of 3-5 years
- Sell Discipline
 - When stock is downgraded to a SELL
 - When a company no longer meets impact criteria
 - When higher conviction impact ideas are identified

Source: Aberdeen Standard Investments

Portfolio characteristics

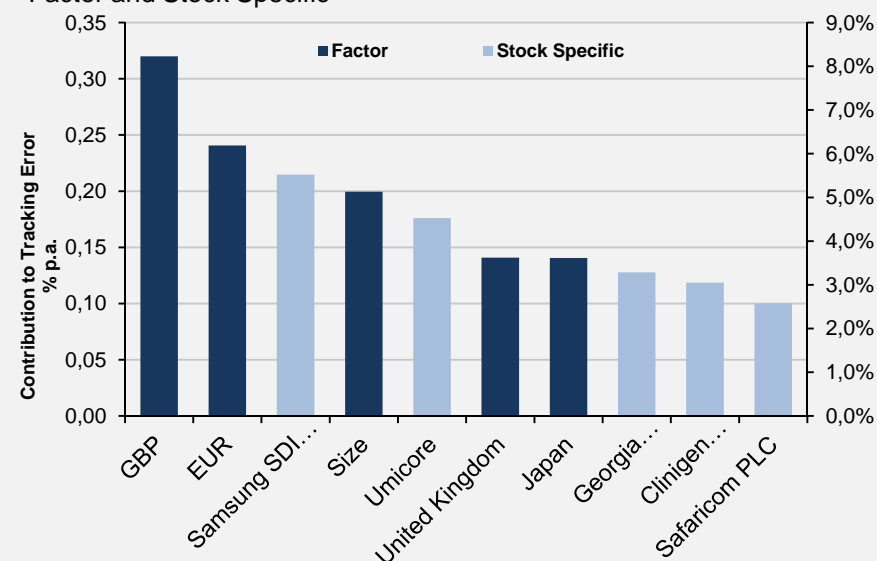
- Reference Index MSCI ACWI
- Predicted Tracking Error 4.14%
- Predicted Beta 0.95
- Active Share 97%
- Number of Holdings 39

	Portfolio	Reference Index
Market capitalisation	\$53.9bn	\$160.7bn
Price / earnings	18.2x	17.5x
Price / book	3.0x	2.3x
Historic 3yr EPS growth	12.1%	11.8%
Return on equity	22.6%	17.6%
Long term debt / capital	30.1%	35.1%
Volatility	9.7%	9.3%

Source: Aberdeen Standard Investments (Axioma, Factset), 30 September 2018

Top Contributors to Tracking Error

Factor and Stock Specific



Our ESG credentials

Established and resourced responsible investment team

- 30+ strong ESG team, established over 25 years ago
- Active RI industry involvement (PRI, Eurosif, UKSIF, VBDO, UN Global Compact, CDP; EITI; 30% Club; Insurers' Investors for Impact Investment, Investment Leadership Group)

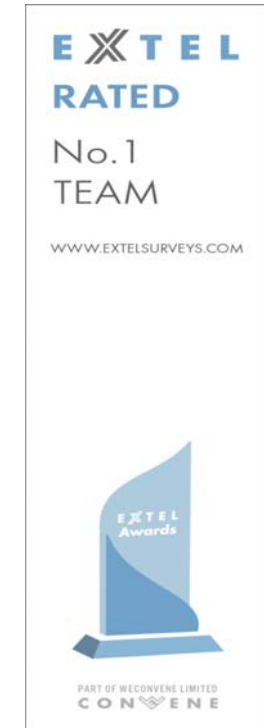
Successful track record of integrated responsible investment

- Over £11bn AuM in dedicated Ethical and Sustainable & Responsible Investment funds
- Responsible Investment team involvement in integrating ESG into other portfolios

Capability and track record of active and positive company engagement

- Full global universe rating capability, 100+ RI company engagements per year
- Led by Responsible Investment Team, joined-up with investment and governance teams
- Rigorous approach to engagement, combining risk analysis with investment materiality

Source: Aberdeen Standard Investments, 31 March 2018



Stewardship and ESG deeply embedded within investment process

ESG at the heart of company research



Clear ESG strategy

- We aim to be an industry leader in ESG
- Stewardship and ESG are fundamental components of our investment process
- Critical to protecting and enhancing the value of the portfolios we manage on behalf of clients



ESG investment resource

- Large team of 30+ ESG professionals
- Centralised function and integrated on-desk analysts
- Expertise in each of the functions of environmental, social, governance



Integrated, in depth research

- Thought leadership in major ESG issues
- Company specific assessment of the management of ESG issues and risks
- Insight informs our investment decisions

Source: Aberdeen Standard Investments

ESG assessment and corporate engagement enhances returns

Active corporate engagement

On-going due-diligence

- Business performance
- Company's financials
- Corporate governance
- Company's key risks and opportunities

Frequent dialogue

- Senior executives
- Board members
- Site visits



Consider all options

- Buy, sell or fight
- Seek to collaborate
- Legal action, if necessary

Exercise rights

- Always vote
- Explain voting decisions
- Attend AGM/EGMs as required

Impact Investing team



Dominic Byrne
Investment Director



Sarah Norris
Investment Director

Portfolio Managers



Euan Stirling
Head of Stewardship
& ESG Investment



Amanda Young
Head of Responsible
Investment



Elizabeth Meyer
Responsible
Investment Analyst



Eva Cairns
Responsible
Investment Analyst



Andrew Patrick
Portfolio Manager
SLW



Julie-Ann Ashcroft
Head of Investments,
SLW



Ross McSkimming
Senior Investment
Specialist, Equities

Regular contribution from ESG experts across regional equity desks

Impact Management Group

Source: Aberdeen Standard Investments, 30 September 2018

External validation

Summary of findings

“Standard Life Investments has a proven track record in ethical investing, and this fund is a **welcome development** which builds on this heritage. The fund is **distinctive** for its focus on larger companies (when compared with other impact funds) at different stages of impact maturity. The extent of impact is measured and reported in a **comprehensive** and detailed way, according to eight impact pillars that draw on the UN Sustainable Development Goals. Aberdeen Standard is a large institution and uses its size to engage with holdings on ESG issues. In summary this is a very **welcome addition** to the global equity sector that provides **real diversification**.”



Source: 3D Investing / Ethical Money – December 2017

Active participation



Source: PRI August 2018

ESG voting and engagement summary in Q2 2018

Company	Human Rights	Labour Issues	Environment	Bribery & Corruption	Board Matters	Remuneration	Audit & Reporting	Strategy
Alkermes	•							
AmerisourceBergen	•				•			
BMW			•	•				
Centurylink					•	•	•	•
Cincinnati Bell		•		•				
CVS Health Care	•				•			
Endo Pharmaceuticals	•				•			
First Derivatives		•			•	•	•	•
First Republic Bank					•	•		
Glencore	•	•	•	•	•			
HSBC		•	•		•			
Indivior	•				•			
James Fisher & Sons					•	•	•	•
Johnson and Johnson	•				•			
Joules Group				•	•	•	•	•
Lloyds Banking Group		•		•	•			
London Stock Exchange					•			•
McDonald's		•						
Mckesson	•				•			
Morgan Sindall					•	•	•	•
National Express	•		•		•			
Next Fifteen Communications					•	•		•
Pfizer	•				•			
Polypipe					•	•	•	•
Pulte Group		•	•		•			
Sainsbury's	•	•						
Scout24		•			•	•	•	
Shell			•		•			
Telecom Plus					•	•	•	•
Tesco	•	•						
Whitbread		•						
WPP					•	•		•
YouGov					•	•	•	•
Total	12	11	6	5	26	12	9	11

- We are committed to being a responsible investor
- We actively engage companies specifically on ESG issues
- We undertake thematic research and produce though leadership and insight papers across the ESG spectrum

Voting summary Q2 2018	
	Total
Shareholder meetings at which our clients' shares were voted	2,859
Percentage of meetings with at least one vote against or abstention	61%
Number of resolutions voted	35,327
Percentage of resolutions voted with management recommendations	85%
Percentage of resolutions voted against management recommendations	11%
Percentage of abstentions	4%

Appendices

Global Equity Impact

Fund Profile: Standard Life Investments Global Equity Impact Fund

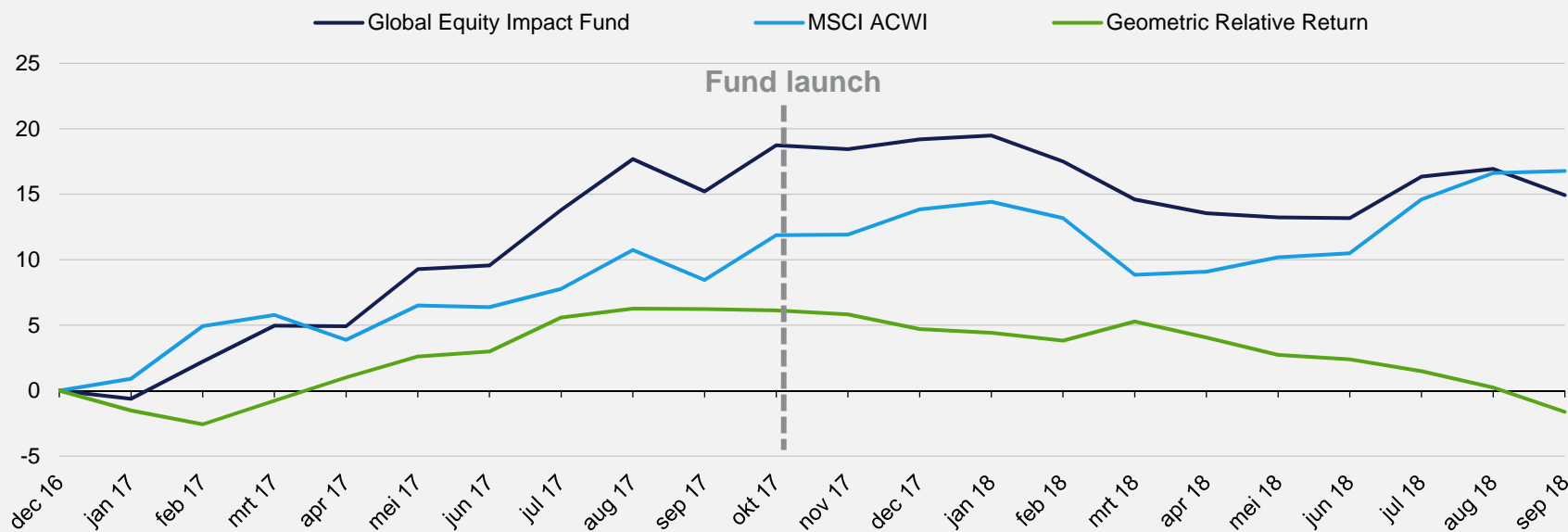
Launch date:	18 October 2017					
Sector:	Global Equities					
Structure:	UCITS IV SICAV					
Domiciled:	Luxembourg					
Reference Index	MSCI All Country World Index (ACWI)					
Dealing frequency:	Daily, subscription deadline 13:00 CET, (settlement T+3)					
	Retail (Class A), US\$		Platform (Class B), US\$		Institutional (Class D), US\$	
Minimum investment:	\$1,000		\$1,000,000		\$1,000,000	
Management fee:	1.40%		0.75%		0.70%	
Ongoing charges figure:	1.56%		0.91%		0.82%	
Share Class / ISIN:	EUR ^{A,U}	LU1697922752	EUR ^{A,U}	LU1697923057	USD ^A EUR ^{A,U} EUR ^{I,U}	LU1697552567 LU1697552641 LU1697923305
Other Share classes available	Other share classes available for early adopters which have preferential charges					
Registered for sale:	UK; Austria; Finland; France; Germany; Ireland; Luxembourg; Netherlands; Spain; Sweden; Switzerland					

* A (Accumulation); I (Income); H (Hedged); U (Unhedged)



Standard Life Investments Global Equity Impact Fund

Performance of impact portfolio to 30 September 2018



Paper portfolio performance 01 January 2017 to 17 October 2017

Source: Aberdeen Standard Investments, 30 September 2018. Standard Life Investments claims compliance with the Global Investment Performance Standards (GIPS®). The fund specific data presented above is supplementary information to the SICAV Global Equity Impact GIPS® composite report, which is enclosed in the Appendix for your reference

SICAV Global Equity Impact

Composite Name	SICAV Global Equity Impact
Inception Date	01-11-2017
Firm	Standard Life Investments
Currency	USD
Report End Date	31-12-2017
Benchmark	MSCI ACWI

	Anlzd Return (Composite)	Anlzd Return (Benchmark)	3 Year Anlzd StdDev (Composite)	3 Year Anlzd StdDev (Benchmark)	Dispersion	Market Value	Total Firm Assets	% of Firm Assets	Number of Portfolios
Dec 2008	--	--	--	--	--	--	--	--	--
Dec 2009	--	--	--	--	--	--	--	--	--
Dec 2010	--	--	--	--	--	--	--	--	--
Dec 2011	--	--	--	--	--	--	--	--	--
Dec 2012	--	--	--	--	--	--	--	--	--
Dec 2013	--	--	--	--	--	--	--	--	--
Dec 2014	--	--	--	--	--	--	--	--	--
Dec 2015	--	--	--	--	--	--	--	--	--
Dec 2016	--	--	--	--	--	--	--	--	--
Dec 2017	2.26	3.66	--	--	--	5,125,871	310,707,867,689	0.00	1

Firm Disclosures

A complete list and description of all of the firm's composites are available from Standard Life Investments. There are no minimum asset levels set below which portfolios are not included in a composite. All performance calculations and returns have been calculated gross of management fees. All returns are presented on an all-inclusive basis and as such all capital gains interest income and withholding taxes have been taken into account in market valuations and returns. All indices are on a gross of tax basis apart from FTSE UK indices which are net of Withholding Tax. There are no Non-Fee-Paying portfolios included in any composite. The Daily True Time Weighted Rate of Return methodology has been used from 2001 apart from unitised Cash, Property, GARS and Myfolio products where NAV performance is used. Prior to this NAV performance was used for all products. Additional information regarding policies for calculating and reporting returns is available upon request. Dispersion is calculated using high/low difference. Where there are less than 36 months of returns, the Composite and Benchmark Standard Deviations have not been calculated. Standard Life Investments 'The Firm' consists of all fee-paying funds managed by Standard Life Investments and its Subsidiaries which include Standard Life Investments (Mutual Funds) Limited SLTM Limited Standard Life Investments (Corporate Funds) Limited Standard Life Investments (USA) Limited and Standard Life Investments (Hong Kong) Limited. Past performance results from Standard Life Investments Limited UK Firm and Standard Life Investments Limited Irish Firm have been linked to form the performance record of the new firm Standard Life Investments. The new firm was created on 01 Jan 2008. Standard Life Investments claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Standard Life Investments has been independently verified

by PricewaterhouseCoopers LLP for the periods 1996 to 2017. The verification report is available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. Aberdeen Standard Investments is a brand of the investment businesses of Aberdeen Asset Management and Standard Life Investments.

Unless otherwise indicated, this document refers only to the investment products, teams, processes and opinions of Standard Life Investments as at the date of publication.

Composite Disclosures

The composite includes funds that aim to generate growth over the long term by investing in equities which aim to create positive measureable environmental and/or social impacts. The impact criteria may change from time to time and may include areas such as sustainable energy, recycling practices, health and social care, sanitation, education and employment, agriculture, housing and financial inclusion.

The composite is benchmarked against the MSCI ACWI.

Derivatives may be used to reduce risk or cost, or to generate additional capital or income at low risk. Usage of derivatives is monitored to ensure that the fund is not exposed to excessive or unintended risks.

The standard annual fee applicable to the composite is 0.7%, but individual fees are negotiated on an account basis.

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Risk factors you should consider before investing for Global Impact Equity Fund:

This indicator reflects the volatility of the fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the fund invests. Historical data may not be a reliable indication for the future. As the fund does not have a history of five years, a comparable fund or a representative benchmark has been used to show how the fund's share price may have behaved over the period. The current rating is not guaranteed and may change if the volatility of the assets in which the fund invests changes. The lowest rating does not mean risk free.

The fund is rated as {4} because of the extent to which the following risk factors apply:

- (a) The fund invests in equities and equity related securities. These are sensitive to variations in the stock markets which can be volatile and change substantially in short periods of time.
- (b) A concentrated portfolio may be more volatile than a more broadly diversified one.
- (c) Interpretation of "Impact Investing" will vary according to beliefs and values. Consequently the fund may invest in companies which do not align with the personal views of any individual investor.
- (d) The use of derivatives carries the risk of reduced liquidity, substantial loss and increased volatility in adverse market conditions, such as a failure amongst market participants. The use of derivatives may result in the fund being leveraged (where market exposure and thus the potential for loss by the fund exceeds the amount it has invested) and in these market conditions the effect of leverage will be to magnify losses. The fund does not make extensive use of derivatives.

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