



Standard Life Ireland MyFolio funds

Strategic Asset Allocation changes
December 2019

Standard Life

There's a lot to look forward to



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Strategic Asset Allocation changes

Aberdeen Standard Investments (ASI), formally review the Strategic Asset Allocation (SAA) for all the MyFolio funds on an annual basis and consider whether any asset changes are required.

The key consideration is to ensure the expected overall risk to which investors are exposed does not significantly vary over time, whilst also aiming to optimise returns at each risk level.

At the most recent review, it was concluded that a modest change in asset allocation would improve the prospects for long-term, risk-adjusted returns relative to those based on the previous strategic mix. Therefore some changes were implemented across the MyFolio funds in December 2019.

Overview[^]

The risk, reward and correlations between assets classes can change over time. Within MyFolio, it is important to understand what this means for the future risk-adjusted returns of the core asset classes used. At the 2019 review, ASI decided to continue with the current spread of asset classes, but alter the mix within the defensive and growth selections.

Across the risk levels, the overall allocations to defensive and growth funds remained broadly static.

MyFolio Market

Defensive assets

- Slight increase in global short-dated bonds at risk level III

Growth assets

- Increase in UK equities
- Increase in global high yield bonds at risk level III
- Sold out of UK direct property

MyFolio Active

Growth assets

- Increase in UK, European and US equities
- Smaller increases to Asia-Pacific and Emerging Market equities and global high yield bonds
- Sold out of UK direct property
- Reduction in diversifying growth assets

[^]Source: Aberdeen Standard Investments, December 2019

Reasons for key changes in growth assets?

UK direct commercial property was removed from all portfolios. This asset class has been gradually reduced in recent years and the portfolios' exposure to property is now provided by Global REITs, which offer diversified exposure to property companies across the world.

UK equities and **emerging market debt** remain the most attractive long-term positions in ASI's asset allocation framework. The increase to UK equities is due to the view it has a higher expected return and attractive valuations.

Emerging Market debt looks attractive as it offers a significant yield pick up over developed market bonds and has distinctive return drivers from traditional asset classes.

In MyFolio Active, the split between defensive and growth assets remains the same as last year but the exposure to **Diversifying Growth Assets** has been reduced by circa 50% across all of the Active funds. There are a number of key drivers for this change.

- The increase in exposure to emerging market debt in recent years has provided the portfolios with greater exposure to another distinct growth asset class with a lower volatility than equities, which reduces the portfolios' reliance on the Diversifying Growth element
- The merger between Standard Life Investments and Aberdeen Asset Management has provided greater internal resource in terms of asset class forecasting and modelling, which has allowed ASI to reassess the appropriate weighting to this area in portfolios. They believe that the new weighting improves the long-term return prospects of the portfolios, whilst retaining the key attributes that has made Diversifying Growth Assets a valuable component of the portfolios

MyFolio Active funds*

MyFolio Active I

Strategic asset allocation changes from December 2019

Defensive assets	Previous	Current	Difference
Cash/EURIBOR	8.0%	8.0%	=
EUR Government Bonds	6.8%	6.8%	=
Global Index-Linked Bonds (EUR hedged)	0.0%	0.0%	=
Global Corporate Bonds (EUR hedged)	14.5%	14.5%	=
Global Short-Dated Corporate Bonds (EUR hedged)	7.4%	7.4%	=
EUR Corporate Bonds	19.3%	19.3%	=
Diversifying Defensive Assets	14.0%	14.0%	=
Total defensive assets	70.0%	70.0%	=
Growth assets	Previous	Current	Difference
UK Equity	5.8%	7.2%	+1.4%
US Equity	2.5%	2.8%	+0.3%
Europe ex UK Equity	5.0%	5.6%	+0.6%
Japanese Equity	1.6%	1.7%	+0.1%
Asia-Pacific Equity	0.5%	1.0%	+0.5%
Emerging Markets Equity	1.1%	1.2%	+0.1%
Global High Yield Bonds (EUR hedged)	2.2%	2.4%	+0.2%
Emerging Market Debt (Local currency)	2.4%	2.7%	+0.3%
UK Direct Property (EUR Hedged)	0.7%	0.0%	-0.7%
Global REITs (EUR hedged)	2.2%	2.4%	+0.2%
Diversifying Growth Assets	6.0%	3.0%	-3.0%
Total growth assets	30.0%	30.0%	=

*All MyFolio Active funds data sourced from Aberdeen Standard Investments, December 2019

MyFolio Active II

Strategic asset allocation changes from December 2019

Defensive assets	Previous	Current	Difference
Cash/EURIBOR	1.0%	1.0%	=
EUR Government Bonds	2.0%	2.0%	=
Global Index-Linked Bonds (EUR hedged)	4.1%	4.1%	=
Global Corporate Bonds (EUR hedged)	12.3%	12.4%	+0.1%
Global Short-Dated Corporate Bonds (EUR hedged)	4.1%	3.9%	-0.2%
EUR Corporate Bonds	16.5%	16.6%	+0.1%
Diversifying Defensive Assets	10.0%	10.0%	=
Total defensive assets	50.0%	50.0%	=
Growth assets	Previous	Current	Difference
UK Equity	6.3%	8.3%	+2.0%
US Equity	4.1%	4.8%	+0.7%
Europe ex UK Equity	8.4%	9.5%	+1.1%
Japanese Equity	4.0%	4.6%	+0.6%
Asia-Pacific Equity	2.0%	2.3%	+0.3%
Emerging Markets Equity	2.3%	2.6%	+0.3%
Global High Yield Bonds (EUR hedged)	3.8%	4.2%	+0.4%
Emerging Market Debt (Local currency)	4.0%	4.5%	+0.5%
UK Direct Property (EUR Hedged)	1.3%	0.0%	-1.3%
Global REITs (EUR hedged)	3.8%	4.2%	+0.4%
Diversifying Growth Assets	10.0%	5.0%	-5.0%
Total growth assets	50.0%	50.0%	=

MyFolio Active III

Strategic asset allocation changes from December 2019

Defensive assets	Previous	Current	Difference
Cash/EURIBOR	1.0%	1.0%	=
EUR Government Bonds	0.0%	0.0%	=
Global Index-Linked Bonds (EUR hedged)	0.0%	0.0%	=
Global Corporate Bonds (EUR hedged)	4.9%	5.0%	+0.1%
Global Short-Dated Corporate Bonds (EUR hedged)	3.5%	3.6%	+0.1%
EUR Corporate Bonds	13.9%	14.0%	+0.1%
Diversifying Defensive Assets	5.8%	5.9%	+0.1%
Total defensive assets	29.1%	29.5%	+0.4%
Growth assets	Previous	Current	Difference
UK Equity	6.6%	7.5%	+0.9%
US Equity	9.8%	11.1%	+1.3%
Europe ex UK Equity	15.0%	16.9%	+1.9%
Japanese Equity	3.7%	4.1%	+0.4%
Asia-Pacific Equity	2.9%	3.2%	+0.3%
Emerging Markets Equity	2.9%	3.2%	+0.3%
Global High Yield Bonds (EUR hedged)	3.3%	5.2%	+1.9%
Emerging Market Debt (Local currency)	5.7%	6.4%	+0.7%
UK Direct Property (EUR Hedged)	1.7%	0.0%	-1.7%
Global REITs (EUR hedged)	5.1%	5.8%	+0.7%
Diversifying Growth Assets	14.2%	7.1%	-7.1%
Total growth assets	70.9%	70.5%	-0.4%

MyFolio Active IV

Strategic asset allocation changes from December 2019

Defensive assets	Previous	Current	Difference
Cash/EURIBOR	1.0%	1.0%	=
EUR Government Bonds	0.0%	0.0%	=
Global Index-Linked Bonds (EUR hedged)	0.0%	0.0%	=
Global Corporate Bonds (EUR hedged)	0.0%	0.0%	=
Global Short-Dated Corporate Bonds (EUR hedged)	1.7%	1.6%	-0.1%
EUR Corporate Bonds	6.8%	7.0%	+0.2%
Diversifying Defensive Assets	2.4%	2.4%	=
Total defensive assets	11.9%	12.0%	+0.1%
Growth assets	Previous	Current	Difference
UK Equity	5.9%	9.1%	+3.2%
US Equity	13.3%	14.9%	+1.6%
Europe ex UK Equity	19.6%	22.1%	+2.5%
Japanese Equity	4.8%	5.4%	+0.6%
Asia-Pacific Equity	3.8%	4.2%	+0.4%
Emerging Markets Equity	3.8%	4.2%	+0.4%
Global High Yield Bonds (EUR hedged)	3.5%	4.0%	+0.5%
Emerging Market Debt (Local currency)	7.0%	7.9%	+0.9%
UK Direct Property (EUR Hedged)	2.2%	0.0%	-2.2%
Global REITs (EUR hedged)	6.6%	7.4%	+0.8%
Diversifying Growth Assets	17.6%	8.8%	-8.8%
Total growth assets	88.1%	88.0%	-0.1%

MyFolio Active V

Strategic asset allocation changes from December 2019

Defensive assets	Previous	Current	Difference
Cash/EURIBOR	1.0%	1.0%	=
EUR Government Bonds	0.0%	0.0%	=
Global Index-Linked Bonds (EUR hedged)	0.0%	0.0%	=
Global Corporate Bonds (EUR hedged)	2.0%	2.0%	=
Global Short-Dated Corporate Bonds (EUR hedged)	0.0%	0.0%	=
EUR Corporate Bonds	0.0%	0.0%	=
Diversifying Defensive Assets	0.0%	0.0%	=
Total defensive assets	3.0%	3.0%	=
Growth assets	Previous	Current	Difference
UK Equity	7.1%	10.9%	+3.8%
US Equity	13.8%	15.7%	+1.9%
Europe ex UK Equity	24.4%	27.3%	+2.9%
Japanese Equity	6.4%	7.2%	+0.8%
Asia-Pacific Equity	4.7%	5.3%	+0.6%
Emerging Markets Equity	4.7%	5.3%	+0.6%
Global High Yield Bonds (EUR hedged)	1.1%	1.3%	+0.2%
Emerging Market Debt (Local currency)	5.0%	5.6%	+0.6%
UK Direct Property (EUR Hedged)	2.6%	0.0%	-2.6%
Global REITs (EUR hedged)	7.8%	8.7%	+0.9%
Diversifying Growth Assets	19.4%	9.7%	-9.7%
Total growth assets	97.0%	97.0%	=

MyFolio Market funds*

MyFolio Market I

Strategic asset allocation changes from December 2019

Defensive assets	Previous	Current	Difference
Cash/EURIBOR	10.0%	10.0%	=
Global Index-Linked Bonds (EUR hedged)	0.0%	0.0%	=
Global Corporate Bonds (EUR hedged)	18.1%	18.1%	=
Global Short-Dated Corporate Bonds (EUR hedged)	9.3%	9.3%	=
EUR Government Bonds	8.5%	8.5%	=
EUR Corporate Bonds	24.1%	24.1%	=
Total defensive assets	70.0%	70.0%	=
Growth assets	Previous	Current	Difference
UK Equity	7.5%	8.0%	+0.5%
US Equity	3.1%	3.1%	=
Europe ex UK Equity	6.2%	6.2%	=
Japanese Equity	1.9%	1.9%	=
Asia-Pacific Equity	0.6%	1.0%	+0.4%
Emerging Markets Equity	1.4%	1.4%	=
UK Direct Property (EUR Hedged)	0.9%	0.0%	-0.9%
Global REITs (EUR hedged)	2.7%	2.7%	=
Global High Yield Bonds (EUR hedged)	2.7%	2.7%	=
Emerging Market Debt (Local currency)	3.0%	3.0%	=
Total growth assets	30.0%	30.0%	=

*All MyFolio Market funds data sourced from Aberdeen Standard Investments, December 2019

MyFolio Market II

Strategic asset allocation changes from December 2019

Defensive assets	Previous	Current	Difference
Cash/EURIBOR	1.0%	1.0%	=
Global Index-Linked Bonds (EUR hedged)	5.1%	5.1%	=
Global Corporate Bonds (EUR hedged)	15.5%	15.5%	=
Global Short-Dated Corporate Bonds (EUR hedged)	5.2%	5.2%	=
EUR Government Bonds	2.5%	2.5%	=
EUR Corporate Bonds	20.7%	20.7%	=
Total defensive assets	50.0%	50.0%	=
Growth assets	Previous	Current	Difference
UK Equity	7.9%	9.3%	+1.4%
US Equity	5.1%	5.3%	+0.2%
Europe ex UK Equity	10.5%	10.5%	=
Japanese Equity	5.1%	5.1%	=
Asia-Pacific Equity	2.5%	2.5%	=
Emerging Markets Equity	2.9%	2.9%	=
UK Direct Property (EUR Hedged)	1.6%	0.0%	-1.6%
Global REITs (EUR hedged)	4.7%	4.7%	=
Global High Yield Bonds (EUR hedged)	4.7%	4.7%	=
Emerging Market Debt (Local currency)	5.0%	5.0%	=
Total growth assets	50.0%	50.0%	=

MyFolio Market III

Strategic asset allocation changes from December 2019

Defensive assets	Previous	Current	Difference
Cash/EURIBOR	1.0%	1.0%	=
Global Corporate Bonds (EUR hedged)	6.2%	6.2%	=
Global Short-Dated Corporate Bonds (EUR hedged)	4.4%	4.8%	+0.4%
EUR Corporate Bonds	17.5%	17.5%	=
Total defensive assets	29.1%	29.5%	+0.4%
Growth assets	Previous	Current	Difference
UK Equity	8.3%	8.3%	=
US Equity	12.3%	12.3%	=
Europe ex UK Equity	18.8%	18.8%	=
Japanese Equity	4.6%	4.6%	=
Asia-Pacific Equity	3.6%	3.6%	=
Emerging Markets Equity	3.6%	3.6%	=
UK Direct Property (EUR Hedged)	2.1%	0.0%	-2.1%
Global REITs (EUR hedged)	6.4%	6.4%	=
Global High Yield Bonds (EUR hedged)	4.1%	5.8%	+1.7%
Emerging Market Debt (Local currency)	7.1%	7.1%	=
Total growth assets	70.9%	70.5%	-0.4%

MyFolio Market IV

Strategic asset allocation changes from December 2019

Defensive assets	Previous	Current	Difference
Cash/EURIBOR	1.0%	1.0%	=
Global Short-Dated Corporate Bonds (EUR hedged)	2.2%	2.2%	=
EUR Corporate Bonds	8.7%	8.7%	=
Total defensive assets	11.9%	11.9%	=
Growth assets	Previous	Current	Difference
UK Equity	7.4%	10.1%	+2.7%
US Equity	16.6%	16.6%	=
Europe ex UK Equity	24.6%	24.6%	=
Japanese Equity	6.0%	6.0%	=
Asia-Pacific Equity	4.7%	4.7%	=
Emerging Markets Equity	4.7%	4.7%	=
UK Direct Property (EUR Hedged)	2.7%	0.0%	-2.7%
Global REITs (EUR hedged)	8.2%	8.2%	=
Global High Yield Bonds (EUR hedged)	4.4%	4.4%	=
Emerging Market Debt (Local currency)	8.8%	8.8%	=
Total growth assets	88.1%	88.1%	=

MyFolio Market V

Strategic asset allocation changes from December 2019

Defensive assets	Previous	Current	Difference
Cash/EURIBOR	1.0%	1.0%	=
Global Corporate Bonds (EUR hedged)	2.0%	2.0%	=
Total defensive assets	3.0%	3.0%	=
Growth assets	Previous	Current	Difference
UK Equity	8.9%	12.1%	+3.2%
US Equity	17.4%	17.4%	=
Europe ex UK Equity	30.4%	30.4%	=
Japanese Equity	8.0%	8.0%	=
Asia-Pacific Equity	5.9%	5.9%	=
Emerging Markets Equity	5.9%	5.9%	=
UK Direct Property (EUR Hedged)	3.2%	0.0%	-3.2%
Global REITs (EUR hedged)	9.7%	9.7%	=
Global High Yield Bonds (EUR hedged)	1.4%	1.4%	=
Emerging Market Debt (Local currency)	6.2%	6.2%	=
Total growth assets	97.0%	97.0%	=

Find out more

Talk to your financial adviser, they'll give you the information you need.
Also, you can call us or visit our website.

(01) 639 7000

Mon-Fri, 9am to 5pm. Call may be monitored and/or recorded to protect both you and us and help with our training. Call charges will vary.

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