

Standard Life
There's a lot to look forward to

The case for investing in smaller companies

Q1 2021

For financial advisers only



Small companies provide big opportunities

Smaller companies are under-researched despite their proven ability to broadly outperform their larger peers. They remain overlooked, and investors who choose this dynamic asset class have the potential to continue to be rewarded into the future.



Source: FE Fundinfo, 31 December 1999 to 31 December 2020.

Past performance is not a reliable guide to future performance. It is not possible to invest directly in an Index.

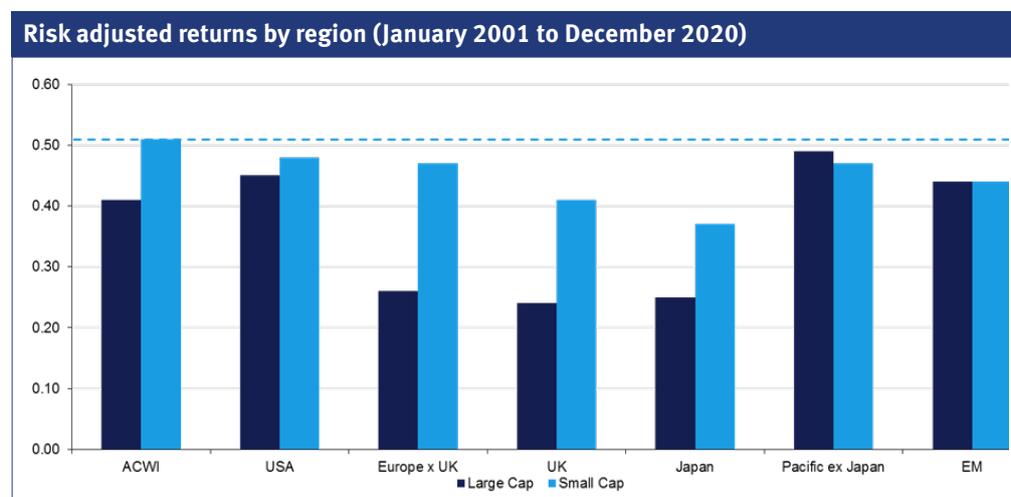
Although marginally more volatile than their larger counterparts, since the start of the century global smaller companies have delivered superior returns to larger companies.

Why invest in smaller companies?

1

Small companies provide big opportunities

Smaller companies have the ability to deliver strong earnings regardless of what is happening in the wider economy, and deliver superior risk-adjusted returns to larger companies. Risk-adjusted returns measure the return of an investment compared with its volatility. Smaller companies generate greater returns for a given amount of risk than larger companies.



MSCI All Country World Index and MSCI All Country World Small Cap Index.

Source: Aberdeen Standard Investments, 01 January 2001 to 31 December 2020 in GBP.

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2

Opportunities to add value

Smaller companies are an under-researched asset class, which opens up opportunities for the smaller companies team to find compelling investment ideas that others have yet to discover.

3

Room to grow

Smaller companies tend to be undervalued relative to their growth prospects and have potential for substantial returns that are more difficult to achieve from companies perceived to be fully grown.

Why Standard Life for smaller companies?

Aberdeen Standard Investments is a leading asset manager with an expanding global reach. The smaller companies team have an exceptional reputation within the industry and a proven track record in smaller companies investing.

1

Flexibility in your investment options

With three funds investing across different regions, the Standard Life smaller companies funds offer greater flexibility and diversification.

2

The resource capabilities of a leading asset manager

At the heart of their success is over 1,200 investment professionals and support staff working for Aberdeen Standard Investments around the world. They thoroughly research and analyse each company before they add it to any fund. They constantly look ahead to anticipate change so they can deliver the best rewards for you.

3

A robust, repeatable and proven investment process

Aberdeen Standard Investments combine the use of their stock screening tool with in-depth qualitative analysis by the smaller companies investment team. This has resulted in the funds' strong performance record to date. The investment process, and an emphasis on quality, provides a solid grounding that allows the funds to perform consistently in the medium-long term.

The investment process

Aberdeen Standard Investments aim to identify positive drivers of change within a company that have not yet been identified by the wider market. With a focus on finding high quality, profitable businesses with significant growth potential, the smaller companies team seek to identify tomorrow's larger companies today.

What do the team look for in a smaller company?

The experience of the smaller companies team is that companies with potential for high returns typically exhibit organic expansion and operate in growth sectors. They look for companies that have

- high quality business models
- elevated levels of recurring revenue
- strong cashflow

How are the stocks chosen?

In the search for companies with long-term sustainable growth prospects, the smaller companies investment team are supported by their stock screening tool. The tool is used to track a group of factors that have been shown to enhance stock performance. These include:

- measures of price and earnings momentum
- valuation
- earnings growth
- cashflow
- balance-sheet strength

This process enables the team to create a manageable list of companies on which they can focus their research capabilities in order to identify high-quality companies with the potential to outperform.

Getting to know the companies

The smaller companies team place face-to-face meetings at the core of their investment process, allowing them to perform in-depth qualitative analysis, which provides a number of benefits:

- 1) They allow the team to cross-check the accuracy of their investment rationale. This could mean scrutinising company forecasts or verifying assessments based on the stock screening tool with company management.
- 2) They allow the team to assess the strength and repeatability of a company's business model. Factors such as recurring revenue, barriers to entry, price flexibility and market share are all important considerations.

“ The smaller companies team seek to identify tomorrow's larger companies today.”

Standard Life Global Smaller Companies Fund

The Standard Life Global Smaller Companies Fund aims to provide long term growth by investing predominantly in the shares of smaller companies listed on the global stock markets. The fund typically holds a concentrated portfolio of stocks and is actively managed by Aberdeen Standard Investments.

Fund Manager	Alan Rowsell
Launch Date	14 Oct 2013
Fund Size	€145.2m
Underlying Fund Size	£1,473.1m
Base Currency	EUR

Source: Aberdeen Standard Investments, 31 December 2020.



Source: FE Fundinfo, 31 December 2020. Net of annual management charge.

Past performance is not a reliable guide to future performance.

Annualised performance to 31 December 2020					
1 Month	YTD	1 Year	3 Years	5 Years	Since Launch*
3.5%	26.4%	26.4%	14.7% p.a.	15.0% p.a.	15.1% p.a.

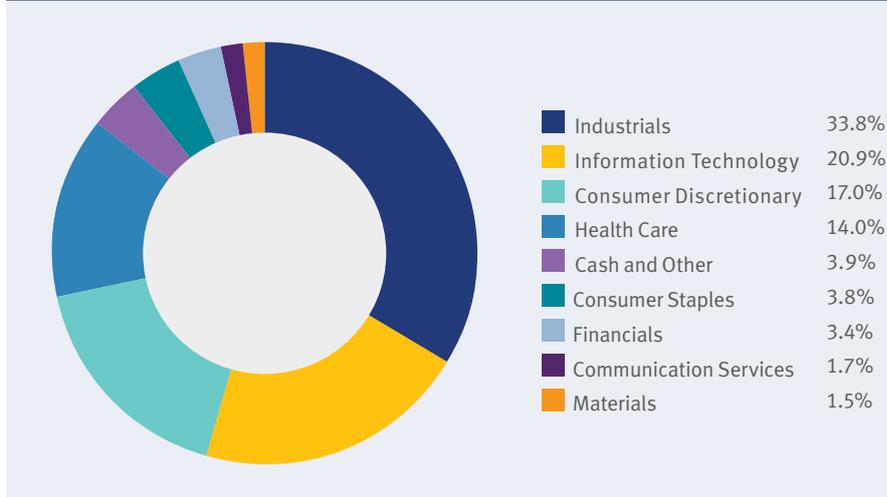
Source: Aberdeen Standard Investments, 31 December 2020.

Gross of annual management charge. Performance based in Euro.

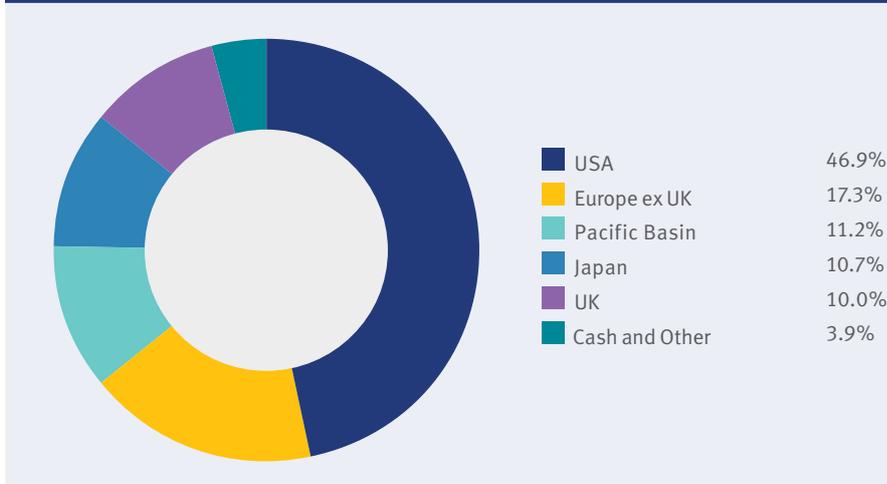
*Standard Life Global Smaller Companies fund launched on 14 October 2013.

Past performance is not a reliable guide to future performance.

Fund Composition by Sector*



Fund Composition by Region*



*Source: Aberdeen Standard Investments, 31 December 2020.

Standard Life European Smaller Companies Fund

The Standard Life European Smaller Companies Fund aims to provide long term growth by investing predominantly in the shares of smaller companies listed on European stock markets, including the UK. The fund is actively managed by Aberdeen Standard Investments, who will select stocks to try to take advantage of opportunities they have identified.

Fund Manager	Andrew Paisley
Launch Date	8 Aug 2007
Fund Size	€187.1m
Underlying Fund Size	€1,212.7m
Base Currency	EUR

Source: Aberdeen Standard Investments, 31 December 2020.



Source: FE Fundinfo, 31 December 2020. Net of annual management charge.

Past performance is not a reliable guide to future performance.

Annualised performance to 31 December 2020

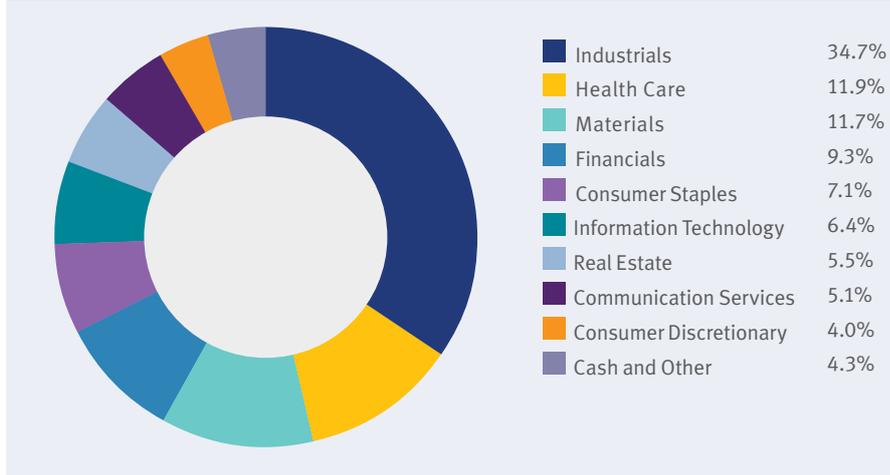
1 Month	YTD	1 Year	3 Years	5 Years	10 Years	Since Launch*
5.4%	16.0%	16.0%	12.7% p.a.	11.1% p.a.	14.6% p.a.	11.8% p.a.

Source: Aberdeen Standard Investments, 31 December 2020. Gross of annual management charge. Performance based in Euro.

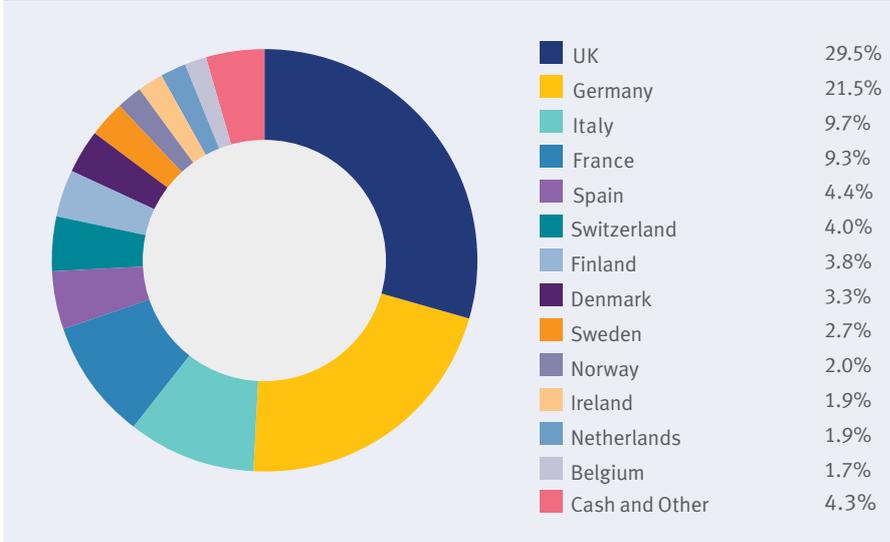
*Standard Life European Smaller Companies fund launched on 08 August 2007.

Past performance is not a reliable guide to future performance.

Fund Composition by Sector*



Fund Composition by Country*



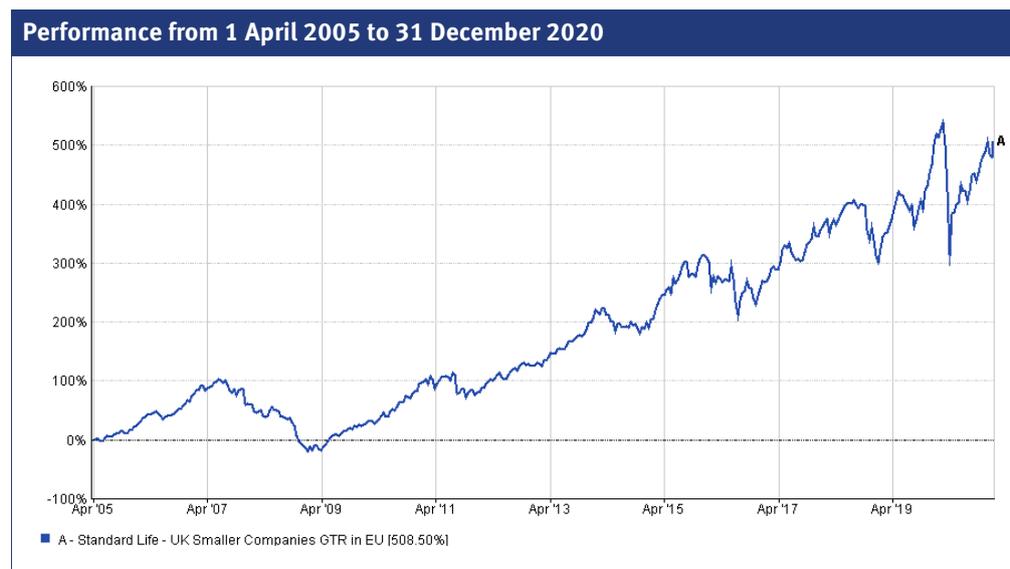
*Source: Aberdeen Standard Investments, 31 December 2020.

Standard Life UK Smaller Companies Fund

The Standard Life UK Smaller Companies Fund aims to provide long term growth by investing mainly in the shares of smaller companies listed on the UK stock market. The fund is actively managed by Aberdeen Standard Investments.

Fund Manager	Harry Nimmo
Launch Date	1 Apr 2005
Fund Size	€68.9m
Underlying Fund Size	£1,962.6m
Base Currency	EUR

Source: Aberdeen Standard Investments, 31 December 2020.



Source: FE Analytics, 31 December 2020. Net of annual management charge.

Past performance is not a reliable guide to future performance.

Annualised performance to 31 December 2020

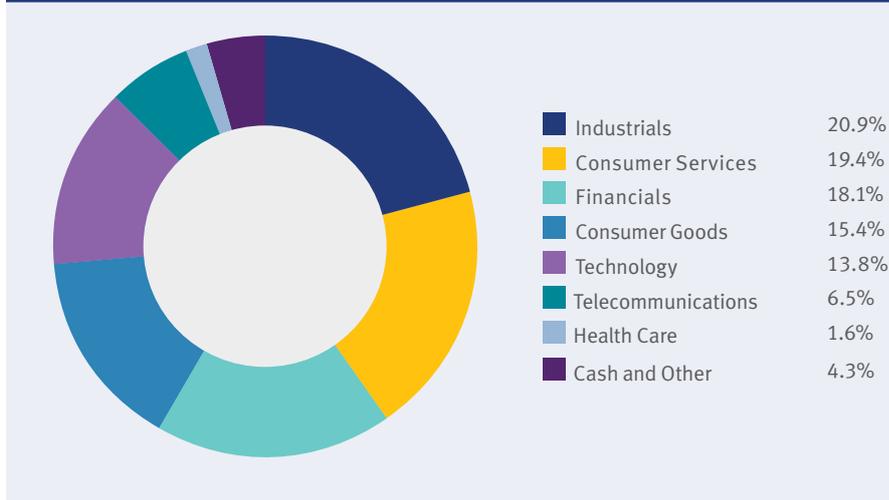
1 Month	YTD	1 Year	3 Years	5 Years	10 Years	Since Launch*
3.4%	-0.4%	-0.4%	10.9% p.a.	9.4% p.a.	13.6% p.a.	13.6% p.a.

Source: Aberdeen Standard Investments, 31 December 2020. Gross of annual management charge. Performance based in Euro.

*Standard Life UK Smaller Companies fund launched on 1 April 2005.

Past performance is not a reliable guide to future performance.

Fund Composition by Sector*



*Source: Aberdeen Standard Investments, 31 December 2020.

The value of your clients' investment may go down as well as up and may be affected by changes in currency exchange rates. Past performance is not a reliable guide to future performance.

Find out more

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

www.brokerzone.ie