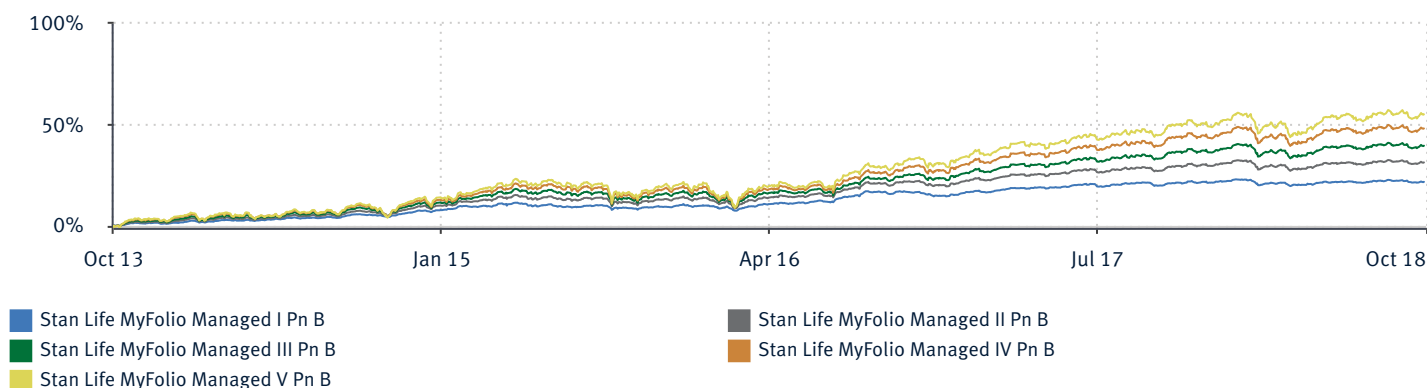


**MyFolio Managed**

MyFolio is a flexible solution consisting of 25 multi-asset, fund-of-funds, split into five ranges (three growth and two income) incorporating active and passive investment funds. For each range, we offer five individual funds that target a different level of risk. There are five MyFolio Managed Funds, ranging from lower through to higher risk (I to V). Each fund invests mainly in funds managed by Standard Life Investments. Standard Life Investments has considerable experience investing across the major asset classes such as equities, property and bonds.

**Performance (as at 30/09/2018)**



**Cumulative performance (as at 30/09/2018)**

	I	II	III	IV	V
1 month	-0.29%	-0.31%	-0.28%	-0.31%	-0.38%
3 months	0.29%	0.63%	0.97%	1.33%	1.71%
6 months	1.17%	2.52%	3.74%	5.06%	6.52%
1 year	1.55%	3.18%	4.60%	5.81%	6.68%
3 years	12.84%	19.38%	25.48%	31.88%	37.21%
5 years	21.69%	31.32%	39.61%	48.14%	55.16%
Since launch	40.96%	59.06%	77.83%	92.06%	106.98%

**Year on year (as at 30/09/2018)**

	I	II	III	IV	V
0-12m	1.55%	3.18%	4.60%	5.81%	6.68%
12-24m	2.57%	4.76%	7.48%	9.99%	11.65%
24-36m	8.34%	10.44%	11.61%	13.32%	15.20%
36-48m	2.51%	3.18%	3.37%	3.50%	3.84%
48-60m	5.20%	6.61%	7.64%	8.53%	8.89%

Gross income reinvested, net of fund charges, GBP, sourced from FE © 2018  
The chart shows the performance of the fund over the period shown.

Past performance is not a guide to future returns. The value of this investment and the income from it may go down as well as up and cannot be guaranteed. An investor may receive back less than their original investment.

## Market review

Global equity markets delivered robust returns over the third quarter, albeit with marked regional variations. The US was the standout market, with the S&P 500 Index hitting an all-time high, driven by a buoyant economy and robust corporate profits. Several emerging and Asian equity markets declined, with investor sentiment dampened by an escalation in the protracted US/China trade war. The strong US dollar also adversely affected many in the region. By contrast, Japan had a strong quarter as a weak yen boosted exports. Rounding off, Brent crude oil hit a four-year high at the close of the review period. Risk aversion was a primary influence on global government bonds during the period, which was largely rooted in an escalation of the trade spat between the US and China. Against that, a slew of encouraging US economic data caused the market to price in two interest rate rises before the end of 2018, pushing the 10-year Treasury yield decisively above the 3% mark. Meanwhile, it was a challenging but positive quarter for corporate bonds, with fears of faster-than-expected US interest rate rises and escalating global trade tensions fuelling volatility.

UK commercial property remained stable, although there were some indications during the quarter that the market is moderating. Total returns have been marginally weaker in recent months, with the return for August (the latest data available) the lowest since September 2016. Although capital growth is weaker, rents have held up fairly well – particularly for industrial and office property. Market trends continue to see industrial and retail property move in opposite directions. Industrials are still outperforming all the other commercial sectors as the relentless demand for all types of storage and distribution facilities drives the sector higher.

## Range commentary

We review the Strategic Asset Allocation (SAA) for each of the MyFolio funds every quarter, with the aim of ensuring that we continue to meet investors' long-term interests. At the most recent review, we made no changes to the SAA model.

Within Tactical Asset Allocation (TAA), we made the following changes (where applicable within each risk level) during the third quarter of 2018.

Added to our holding in UK equities (while remaining underweight versus the SAA)

Reduced our Japanese equities position (while remaining overweight versus the SAA)

Reduced our Asia-Pacific equities position to neutral

Increased our global real estate investment trusts (REITs) position to overweight

Reduced our cash position (while remaining modestly overweight versus the SAA)

Currency movements are currently driving returns for UK equities, particularly those companies that make the majority of their earnings overseas. Over coming months, sterling is likely to become even more volatile in reaction to news headlines about the feasibility of any deal made to leave the EU. We are therefore seeking to minimise exposure to sterling movements by bringing our UK equities position closer towards neutral as we near the Brexit deadline. In Japan, we remain positive on the country's equity market but we are slightly more cautious because of the potential impact of a trade war with the US. Economic indicators are also weakening. As a result, we have reduced our overweight position in Japanese equities but we are still overweight versus the SAA. Similarly, we cut our holding in Asia-Pacific equities, preferring instead to invest in emerging Asian equities that are more geared towards the economic cycle through our emerging market equity position.

Finally, we added to our position in global REITs. In the US, stronger economic growth and an attractive dividend yield should prove supportive for REITs. Meanwhile, rental growth is strong across most European markets, with countries displaying robust economic growth, such as France and Spain, offering the most potential to add value through cash deployment and development.

In terms of the underlying funds, we bought the SLMT Global REIT Fund and sold the Standard Life Investments Global REIT Fund (please note transactions may not apply at all risk levels).

## Market outlook

While there are grounds to remain positive on certain equity markets and sectors, we are unlikely to enjoy the stellar returns seen in prior years. The Federal Reserve has started to raise interest rates, while the US/China trade dispute has intensified. The strength of the US dollar is also posing problems, notably in those emerging markets with high dollar-denominated debt. Meanwhile, the EU and UK are running out of time to strike a deal on Brexit. Nonetheless, the overall economic backdrop is broadly supportive and, while valuations in many areas of the market look stretched, there remain numerous opportunities for stock pickers.

We continue to see value in investment grade credit, given the sizeable market correction in the first half of 2018 and the strong fundamental backdrop for most corporates. However, the combination of trade tensions, continuing political uncertainty around Brexit and the US mid-term elections could increase near-term volatility. Meanwhile, the path and speed of interest rate changes will continue to determine the short-term outlook for government bond markets.

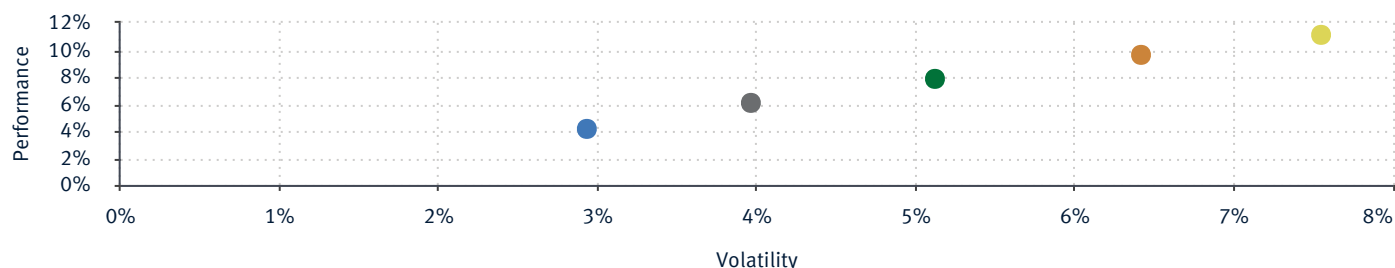
Although some progress has been made in Brexit negotiations, uncertainty around the ultimate economic impact continues to affect sentiment towards UK commercial real estate. We envisage a period of low returns over the next five years, with the forecast annual total return being slightly below the market income return. With income expected to be the main driver of returns over the period, the degree of income risk – from potential tenant default or the ability to maintain income at lease events – will be key to asset performance.

## Additional information

	I	II	III	IV	V
Fund Management Charge	0.080%	0.080%	0.080%	0.080%	0.080%
Total Annual Fund Charge*	0.45%	0.50%	0.56%	0.61%	0.63%
Citicode	L7S1	L7S2	L7S3	L7S4	L7S5
Fund size in £m as at 30/09/2018	291.48m	1,106.61m	2,664.46m	804.25m	329.03m

Source: Standard Life Investments 2018

\*The Total Annual Fund Charge is the total of the Fund Management Charge (FMC) and additional expenses.

**Annualised risk and return (as at 30/09/2018)**

Gross income reinvested, net of fund charges, GBP, Sourced from FE © 2018

The chart shows the annualised volatility (risk) and annualised performance based on fund returns over the past three years to the date shown.

Key	Name	Performance	Volatility
●	Stan Life MyFolio Managed I Pn B	4.11%	2.93%
●	Stan Life MyFolio Managed II Pn B	6.08%	3.96%
●	Stan Life MyFolio Managed III Pn B	7.86%	5.12%
●	Stan Life MyFolio Managed IV Pn B	9.66%	6.43%
●	Stan Life MyFolio Managed V Pn B	11.12%	7.55%

The table shows the annualised volatility (risk) and annualised performance based on fund returns over the past three years to the date shown.

Past performance is not a guide to future returns. The value of this investment and the income from it may go down as well as up and cannot be guaranteed. An investor may receive back less than their original investment.

**Current asset allocation (as at 30/09/2018)**

Defensive assets	I	II	III	IV	V
Money Market including Cash	4.05%	1.25%	1.25%	1.25%	1.00%
Global Index Linked Bonds	5.50%	5.60%	3.00%	-	-
Short Dated Global IL Bonds	4.00%	4.10%	1.50%	-	-
Sterling Corporate Bonds	12.70%	7.50%	2.60%	-	-
Short Dtd Sterling Corp Bonds	14.20%	7.00%	2.10%	-	-
Global Corporate Bonds	9.00%	7.60%	6.00%	1.20%	-
Short Dated Global Corp Bonds	3.00%	2.60%	2.00%	0.70%	-
Absolute Return Bonds	14.30%	10.10%	5.80%	2.00%	-
<b>Total</b>	<b>66.75%</b>	<b>45.75%</b>	<b>24.25%</b>	<b>5.15%</b>	<b>1.00%</b>
Growth assets	I	II	III	IV	V
UK Equities	4.80%	9.70%	13.90%	19.00%	24.15%
US Equities	6.50%	10.60%	14.50%	18.90%	24.50%
European Equities	2.20%	4.00%	5.80%	7.60%	10.20%
Japanese Equities	2.60%	3.90%	5.20%	6.50%	7.90%
Asia Pacific Equities	1.30%	2.20%	3.30%	4.30%	5.80%
Emerging Market Equities	2.30%	3.20%	4.30%	5.30%	6.30%
Global High Yield Bonds	2.00%	2.00%	2.80%	3.60%	-
Emerging Market Debt	1.60%	2.00%	2.40%	2.80%	0.75%
UK Real Estate	2.60%	4.50%	6.40%	6.10%	-
Global REITs	1.65%	2.25%	2.95%	2.75%	-
Absolute Return	5.70%	9.90%	14.20%	18.00%	19.40%
<b>Total</b>	<b>33.25%</b>	<b>54.25%</b>	<b>75.75%</b>	<b>94.85%</b>	<b>99.00%</b>

Source: Standard Life Investments 2018

**Holdings (as at 30/09/2018)**

<b>Defensive assets</b>		<b>Asset class</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
SLI Absolute Return Global Bond Strategies	Absolute Return Bonds	14.06%	10.46%	5.66%	1.99%	-	-
SLI Corporate Bond	Sterling Corporate Bonds	2.50%	2.63%	1.33%	-	-	-
SLI Ethical Corporate Bond	Sterling Corporate Bonds	7.50%	3.02%	0.39%	-	-	-
SLI Global Corporate Bond	Global Corporate Bonds	9.05%	7.50%	5.63%	1.42%	-	-
SLI Global Index Linked Bond	Global Index Linked Bonds	5.81%	6.03%	3.45%	-	-	-
SLI Global Short Dated Corporate Bond	Short Dated Global Corporate Bonds	2.80%	2.28%	1.91%	0.68%	-	-
SLI Investment Grade Corporate Bond	Sterling Corporate Bonds	2.42%	1.52%	0.77%	-	-	-
SLI Short Dated Corporate Bond	Short Dated Sterling Corporate Bonds	3.28%	2.89%	0.78%	-	-	-
SLI Short Duration Credit	Short Dated Sterling Corporate Bonds	4.90%	3.82%	1.14%	-	-	-
SLI Short Duration Global Inflation Linked Bond	Short Dated Global Index Linked Bonds	4.43%	4.00%	1.76%	-	-	-
Vanguard UK Short-Term Investment Grade Bond	Short Dated Sterling Corporate Bonds	5.49%	-	-	-	-	-
Cash and Other	Money Market including Cash	4.22%	1.27%	1.54%	1.58%	1.20%	-
<b>Total</b>		<b>66.46%</b>	<b>45.42%</b>	<b>24.36%</b>	<b>5.67%</b>	<b>1.20%</b>	
<b>Growth assets</b>		<b>Asset class</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
Brookfield Global REITS	Global REITS	0.61%	0.89%	0.98%	1.13%	-	-
Neuberger Berman EM Debt Local Currency	Emerging Market Local Currency Bonds	0.44%	0.51%	0.76%	0.90%	0.11%	-
SLI American Equity Income	US Equities	0.70%	1.24%	-	-	-	-
SLI American Equity Unconstrained	US Equities	-	-	0.92%	1.65%	2.58%	-
SLI Asian Pacific Growth	Asia Pacific Equities	-	-	-	1.46%	1.11%	-
SLI Emerging Market Local Currency Debt	Emerging Market Local Currency Bonds	1.03%	1.20%	1.40%	1.67%	0.46%	-
SLI Europe ex UK Smaller Companies	European Equities	-	-	-	0.79%	0.68%	-
SLI European Equity Growth	European Equities	-	-	0.51%	1.06%	1.40%	-
SLI European Equity Income	European Equities	2.64%	3.93%	2.80%	3.39%	4.13%	-
SLI European Smaller Companies	European Equities	-	0.42%	0.95%	0.63%	0.91%	-
SLI European Trust	European Equities	-	-	1.82%	1.96%	3.51%	-
SLI Global Absolute Return Strategies	Multi Asset Absolute Returns	5.60%	9.10%	13.32%	17.29%	18.67%	-
SLI Global Emerging Markets Equity	Emerging Market Equities	-	1.17%	0.99%	1.58%	1.77%	-
SLI Global Emerging Markets Equity Income	Emerging Market Equities	2.30%	1.80%	3.24%	3.49%	4.36%	-
SLI Global High Yield Bond	Global High Yield Bonds	2.16%	2.60%	3.52%	3.94%	-	-
SLI Japanese Equities	Japanese Equities	-	0.71%	0.99%	1.35%	1.55%	-
SLI Japanese Equity Growth	Japanese Equities	-	1.37%	1.84%	2.64%	3.04%	-
SLI North American Trust	US Equities	1.36%	2.30%	3.39%	4.44%	6.03%	-
SLI UK Equity Growth	UK Equities	0.44%	1.05%	1.36%	1.49%	2.56%	-
SLI UK Equity High Alpha	UK Equities	0.62%	1.09%	1.52%	1.66%	2.09%	-
SLI UK Equity High Income	UK Equities	1.11%	2.42%	2.28%	3.51%	3.98%	-
SLI UK Equity Income Unconstrained	UK Equities	1.63%	3.53%	4.19%	6.52%	8.40%	-
SLI UK Equity Unconstrained	UK Equities	-	-	2.01%	2.71%	3.33%	-
SLI UK Real Estate	UK Real Estate	2.67%	4.75%	5.98%	-	-	-
SLI UK Real Estate Fund	UK Real Estate	-	-	-	6.00%	-	-
SLI UK Smaller Companies	UK Equities	0.59%	1.27%	2.05%	2.59%	3.22%	-
SLMT American Equity Unconstrained	US Equities	2.26%	3.41%	4.43%	5.44%	6.64%	-
SLMT Global REIT Institutional S Acc	Global REITS	0.36%	0.96%	1.53%	1.05%	-	-
SLMT Standard Life Japan	Japanese Equities	2.78%	2.10%	3.14%	3.06%	4.05%	-
Standard Life Pacific Basin Trust	Asia Pacific Equities	1.61%	2.71%	3.56%	3.25%	4.52%	-
Vanguard US Equity Index	US Equities	2.63%	4.05%	6.16%	7.68%	9.70%	-
<b>Total</b>		<b>33.54%</b>	<b>54.58%</b>	<b>75.64%</b>	<b>94.33%</b>	<b>98.80%</b>	

Source: Standard Life Investments 2018

#### **Important information**

The value of a fund can go down as well as up, and is not guaranteed. You may receive back less than the amount originally invested. Past performance is not a guide to the future.

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