



# abrdn OEIC I

(formerly Aberdeen Standard OEIC I)

Interim Long Report (unaudited)

For the six months ended 31 January 2023

[abrdn.com](https://abrdn.com)

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# Report of the Authorised Corporate Director

abrnn OEIC I (formerly Aberdeen Standard OEIC I) ('the Company') is an open-ended investment company with variable capital. The Company is incorporated in Scotland with registered number SI000001 and is currently authorised pursuant to Regulation 14 of the Open Ended Investment Companies Regulations 2001 (the "OEIC Regulations"). The effective date of the authorisation order made by the Financial Conduct Authority (the "FCA") was 23 December 1997.

The Company is also an UCITS for the purposes of the FCA Rules. Its FCA Product Reference Number ("PRN") is 185045. It has an umbrella structure and currently consists of thirty-one live funds and five closed funds.

The ACD closed the ASI Eastern European Fund on 13 September 2022 and cancelled all of the units in issue on that date. The ACD intends to close or merge abrnn (AAM) Sterling Government Bond Fund, abrnn (AAM) UK Smaller Companies Fund, abrnn American Equity Fund, abrnn Asia Pacific and Japan Equity Fund, abrnn Corporate Bond Fund, abrnn European High Yield Bond Fund, abrnn Global Equity Fund, abrnn Multi-Asset Fund, abrnn Sterling Long Dated Government Bond Fund, abrnn Sterling Short Dated Corporate Bond Fund, abrnn UK Equity Fund and abrnn World Income Equity Fund during 2023. As a result the financial statements for these funds have not been prepared on a going concern basis.

## Appointments

### Authorised Corporate Director

abrnn Fund Managers Limited (formerly Aberdeen Standard Fund Managers Limited)

#### Registered Office

280 Bishopsgate  
London  
EC2M 4AG

#### Correspondence address

PO Box 12233  
Chelmsford  
Essex  
CM99 2EE

### Investment Adviser

abrnn Investments Limited (formerly Aberdeen Asset Managers Limited)

#### Registered Office

10 Queen's Terrace  
Aberdeen  
AB10 1XL

#### Correspondence address

Bow Bells House  
1 Bread Street  
London  
EC4M 9HH

### Depositary

Citibank UK Limited

### Registered Office

Citigroup Centre  
Canada Square  
Canary Wharf  
London  
E14 5LB

### Auditor

KPMG LLP  
St Vincent Plaza  
319 St Vincent Street  
Glasgow  
G2 5AS

### Registrar

SS&C Financial Services Europe Limited  
SS&C House  
St. Nicholas Lane  
Basildon  
Essex  
SS15 5FS

# Report of the Authorised Corporate Director

## Continued

The ACD and Authorised Fund Manager of the Company is abrdn Fund Managers Limited, a private company limited by shares which was incorporated in England and Wales on 7 November 1962. Its ultimate holding company is abrdn plc, which is incorporated in Scotland.

Financial details and Fund Managers' reviews of the individual funds for the year ended 31 January 2023 are given in the following pages of this report.

Each fund has an individual investment objective and policy and each differs in regard to the extent to which they concentrate on achieving income or capital growth. There may be funds added to the umbrella of abrdn OEIC I (with consent of the FCA and the Depositary) in the future.

The funds are valued on a mid-price basis and dealt at a single price regardless of whether a purchase or sale is being affected.

The daily price for each fund appears on the abrdn website at **abrdn.com**.

The funds are segregated portfolios of assets and, accordingly, the assets of a fund belong exclusively to that fund and shall not be used to discharge directly or indirectly the liabilities of, or claims against, any other person or body, including the Company, or any other fund, and shall not be available for any such purpose.

The shareholders are not liable for the debts of the Company.

All fees charged by the Investment Adviser will be borne by the ACD.

## Significant Events

On 24 February 2022, Russia launched a military offensive against Ukraine resulting in widespread sanctions on Russia and heightened security and cyber threats. Market disruptions associated with the geopolitical event has had a global impact, and uncertainty exists as to the implications. Such disruptions can adversely affect assets of funds and performance thereon, specifically Russian and Ukrainian assets.

The Management Company has delegated various tasks to abrdn's Investor Protection Committee (IPC). The IPC is responsible for ensuring the fair treatment of investors.

The IPC undertakes regular reviews of the following:-

- Market liquidity across each asset class and fund;
- Asset class bid-offer spread monitoring;
- Review of fund level dilution rate appropriateness;
- Review of daily subscriptions/redemptions to anticipate any potential concerns to meet redemption proceeds;
- Any requirement to gate or defer redemptions;

- Any requirement to suspend a fund(s);
- Any fair value price adjustments at a fund level.

abrdn's Valuation and Pricing Committee (VPC) also continue to review the valuation of assets and the recoverability of income from those assets making appropriate adjustments where necessary. The VPC is made up of a wide range of specialists across abrdn with a wide range of experience in asset pricing. The Management Company has also evaluated, and will continue to evaluate, the operational resilience of all service providers. The Company's key suppliers do not have operations pertaining to the Company in Ukraine or Russia.

As at 27 March 2023, Aberdeen Standard OEIC I funds' have not been suspended and based on the Manager's assessment of the factors noted, above, has adequate financial resources to continue in operation.

## Developments and Prospectus updates since 1 August 2022

- On 1 August 2022 the Company changed its name from Aberdeen Standard OEIC I to abrdn OEIC I. At the same time underlying sub-funds of the Company renamed to reflect the "abrdn" rebranding. Additionally the Authorised Corporate Director of the Company changed its name from "Aberdeen Standard Fund Managers Limited" to "abrdn Fund Managers Limited". Further details and a list of the renaming can be found at <https://www.abrdn.com/en/uk/investor/fund-centre/investor-communications>.
- On 13 September 2022, the ASI Eastern European Equity Fund was closed.
- On 11 November 2022, the abrdn Corporate Bond Fund M Inc shareclass was closed.
- On 11 November 2022, the abrdn European High Yield Bond Fund M Inc shareclass was closed.
- On 16 December 2022, the abrdn (AAM) Sterling Government Bond Fund M Acc and M Inc were closed.
- On 16 December 2022, any references to the address Bow Bells House, 1 Bread Street, London, EC4M 9HH were replaced with 280 Bishopsgate, London, EC2M 4AG.
- As of 16 December 2022, Citibank N.A., London Branch provide certain investment administration functions.
- On 16 December 2022, any references to Aberdeen Asset Managers Limited were updated to abrdn Investments Limited.
- On 31 December 2022, Mrs. Rowan McNay resigned as a director of abrdn Fund Managers Limited.
- On 17 January 2023, the following share classes closed: the abrdn European Real Estate Share Fund M Inc,

# Report of the Authorised Corporate Director

## Continued

abrdn Multi-Asset Fund M Inc, abrdn Sterling Bond Fund M Acc, abrdn Sterling Bond Fund M Inc, abrdn Sterling Inflation-Linked Bond Fund M Acc, abrdn Sterling Inflation-Linked Bond Fund M Inc, abrdn Sterling Long Dated Government Bond Fund M Acc, abrdn Sterling Money Market Fund M Inc, abrdn Sterling Short Dated Corporate Bond Fund M Acc, abrdn Sterling Short Dated Corporate Bond Fund M Inc, abrdn Sterling Short Term Government Bond Fund M Acc, abrdn Sterling Short Term Government Bond Fund M Inc and abrdn World Income Equity Fund M Acc.

- The list of funds managed by the ACD was updated, where appropriate.
- Performance and dilution figures were refreshed, where appropriate.
- The list of sub-custodians was refreshed, where appropriate.
- The list of eligible markets was refreshed, where appropriate.
- The list of sub-investment advisors to the funds was refreshed, where appropriate.
- The risk disclosures in relation to the funds were refreshed, where appropriate.

## Assessment of Value

In 2017 the Financial Conduct Authority (FCA) published the final Asset Management Market Study. This introduced (among other reforms) new governance rules with the aim of enhancing duty of care and ensuring the industry acts in investors' best interests. The rules were outlined in the FCA policy statement PS18/8 and came into effect from 30 September 2019. As a result, abrdn Fund Managers Limited is required to perform a detailed annual assessment, determining whether our funds are "providing value to investors". The resulting findings will be published on a composite basis throughout the year, and can be found on the 'Literature' pages of our website.

## Market Review

Global stock markets ended flat after a challenging six months. Central banks responded to multi-decade-high inflation levels in Western economies by raising interest rates faster and further than previously anticipated. Stock markets fell sharply over August and September in the face of mounting gloom over the prospects for the global economy. November then saw a significant recovery in stock markets, prompted by better-than-expected US inflation data. This raised hopes that US inflation may have peaked and that an end to the current cycle of interest-rate rises might be in sight. A tough calendar year concluded with further stock market weakness in December amid concerns for global economic growth in

2023. However, the new year started on a highly positive note on greater economic optimism and hopes that interest rates have almost peaked.

The UK stock market, as represented by the FTSE All-Share Index, rose over the period. The FTSE 100 Index, home of large, multinational companies that often benefit from a weak pound, held up well. In contrast, the FTSE 250 Index, which contains smaller companies that are typically more focused on the domestic UK economy, finished flat, despite a strong performance in January. As well as benefiting from currency effects, the UK market is home to many so-called defensive shares. It also contains several energy and mining companies, whose results were boosted by high commodity prices in the first half of the year. The annual inflation rate increased steadily, hitting a 41-year high of 11.1% in October, before it began to recede. The Bank of England (BoE) reacted to surging inflation with successive interest-rate rises, taking the base rate from 0.25% at the start of 2022 to 3.50% by the calendar year's end. A badly received mini-Budget from the short-lived Truss government led to turbulence in the UK stock market in September. Calm was restored in October after the package of tax cuts was swiftly reversed then former chancellor Rishi Sunak replaced Liz Truss as prime minister.

US share prices, as measured by the broad S&P 500 Index, ended flat over the six-month period.

A combination of higher interest rates and surging inflation – due in part to a booming jobs market – caused US share prices to fall sharply until the end of September. Growth-focused stocks, such as technology companies, which had been among the strongest stock market performers in the years leading up to 2022, were particularly hard hit. These stocks are more sensitive to higher interest rates. As US inflation hit a 40-year high, the US Federal Reserve (Fed) became increasingly aggressive in its response. It raised its main interest rate by 0.75% at both its September and November meetings. Signs of progress in the battle against inflation emerged in November when the annual consumer inflation figure (for the 12 months to October) showed an unexpected drop to 7.7%. Further falls in the annual consumer inflation rate increased investor confidence that price pressures in the US were subsiding. Accordingly, the Fed increased its main interest rate by a more measured 0.50% in December, down from the 0.75% rate hikes of previous months.

Continental Europe's stock markets, as measured by the FTSE World Europe ex UK Index, ended higher over the six-month period. The region's equity markets were buffeted over August and September by surging inflation, the prospect of higher interest rates, and the shock of the Ukraine war, with its serious consequences for European energy supplies. Also, hopes that an end to the current round of interest-rate hikes was in sight were extinguished by hawkish comments from central bankers. However,

# Report of the Authorised Corporate Director

## Continued

the fourth quarter brought better fortunes for investors. European shares rose strongly in October, helped by resilient company results and rising investor hopes that an end to interest-rate rises may be near. Shares surged higher in November as global markets were buoyed by better-than-expected US inflation data, although markets dipped again in December. The new year brought increased optimism amid falling inflation, lower energy prices and elevated natural gas storage levels in Europe. On the economic front, the eurozone annual inflation rate reached its highest level since the introduction of the euro, hitting a peak of 10.7% in October before it began to drop. The European Central Bank (ECB) announced back-to-back 0.75% interest-rate rises in September and October, before a more modest 0.50% increase in December.

The Japanese stock market, as measured by the Topix Index, rose slightly over the six-month period.

Unlike the Fed, ECB and BoE, the Bank of Japan (BoJ) did not feel compelled to raise interest rates. However, the BoJ did adjust its yield-curve-control target towards the end of the year, a surprise policy move that supported the yen. Japanese consumer inflation remained relatively subdued for most of 2022. However, it did edge upwards: the annual consumer inflation rate hit 4.0% for the 12 months to December, its highest rate since 1981. One of the reasons for rising inflation was the weakness of the yen over much of 2022, which made imports more expensive. The Japanese currency hit a 32-year low versus the US dollar in October before recovering some strength amid expectations that the current series of US interest-rate rises may be nearing an end. In other economic news, the Japanese economy unexpectedly shrank by 0.3% in the quarter to September.

Stock markets in the Asia Pacific (excluding Japan) region ended higher over the six-month period.

Chinese stock markets suffered major losses over August and September as the Chinese economy stumbled, in part due to the government's strict 'zero-Covid' policy. Chinese stocks fell further in October in the wake of the China's 20th Communist Party Congress. Investors were concerned that President Xi could sacrifice economic growth for policies driven by ideology. However, a relaxation of some 'zero-Covid' controls along with support for the property sector caused Chinese stock markets to surge in November. December saw the Chinese government effectively drop the 'zero-Covid' policy in a major policy shift. Chinese stock markets rose sharply in January amid greater optimism after the reopening of the Chinese economy and signs that the latest wave of Covid-19 infections may have peaked. Elsewhere, the export-sensitive Taiwanese and South Korean stock markets also surged in January, having struggled in 2022.

In fixed income, most government bond prices fell over the six months to end-January. Central banks acted to control inflation by reducing policy support and hiking interest rates for most of the period. As a result, investors sold government bonds, pushing yields higher. Corporate bond prices also fell. In the UK, September's mini-Budget prompted a wave of selling in bond markets, driving Gilt yields higher and prompting intervention by the BoE. In November, corporate and sovereign bonds ended higher, as investors saw slowing US inflation data as positive for the global economy. In December, US corporate bonds, Treasuries, Gilts and European sovereign and corporate bonds all fell. However, bonds performed well in January, as lower inflation data suggested a moderation in central bank policy. Corporate bonds outperformed sovereign issues.

## Outlook

Global equity markets will continue to face challenges in 2023, with investors concerned that entrenched inflation and sustained rate rises could still result in a harsh economic downturn. However, reassuring global growth and inflation data, which led to global equities rising in January, gave investors confidence to buy stocks. In Europe, lower energy prices and China's reopening also gave investors hope that the region could avoid a recession.

In fixed-income markets, the previously mentioned positive growth and inflation data indicated that global central banks could become more supportive in 2023. The BoE, Fed and ECB are all due to meet in early February. However, although all three central banks raised rates by 50 bps rather than 75 bps at their last meetings, they stressed that further action would be required. Fed chair Powell stated that "ongoing hikes will be appropriate". ECB president Lagarde confirmed that the smaller raise did not signal a policy pivot and investors could expect rate rises "at a 50-basis-point pace for a period of time". In the UK, we believe the BoE could raise rates to 4.5% in the first half of 2023 before it begins to cut rates in the second half.

# Authorised Corporate Director's Statement

In accordance with the requirements of the COLL Rules as issued and amended by the Financial Conduct Authority, we hereby certify the report on behalf of abrdn Fund Managers Limited, the Authorised Corporate Director.

**Aron Mitchell**  
Director  
27 March 2023

**Denise Thomas**  
Director  
27 March 2023

# Notes to the Financial Statements of abrdn OEIC I

## Accounting Policies

For the six months ended 31 January 2023.

### Basis of accounting

The financial statements for each of the funds' have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for Financial Statements of Authorised Funds issued by the Investment Management Association in May 2014 (IMA SORP 2014), Financial Reporting Standard (FRS) 102 and United Kingdom Generally Accepted Accounting Practice.

The ACD has undertaken a detailed assessment, and continues to monitor, the fund's ability to meet its liabilities as they fall due, including liquidity, declines in global capital markets and investor redemption levels. Based on this assessment, the funds continue to be open for trading and the ACD is satisfied the funds have adequate financial resources to continue in operation and accordingly it is appropriate to adopt the going concern basis in preparing the financial statements.

The financial statements have been prepared on a going concern basis, except for abrdn (AAM) Sterling Government Bond Fund, abrdn (AAM) UK Smaller Companies Fund, abrdn American Equity Fund, abrdn Asia Pacific and Japan Equity Fund, abrdn Corporate Bond Fund, abrdn Euro High Yield Bond Fund, abrdn Global Equity Fund, abrdn Multi-Asset Fund, abrdn Sterling Long Dated Government Bond Fund, abrdn Sterling Short Dated Corporate Bond Fund, abrdn UK Equity Fund, abrdn World Income Equity Fund, ASI Eastern European Fund, ASI Emerging Markets Bond Fund, ASI Euro Corporate Bond Fund, ASI Financial Equity Fund and ASI Global High Yield Bond Fund.

### Distribution policy

All of the net revenue available for distribution at the year end will be distributed. Where a fund has accumulation shareholders, this will be reinvested. Where a fund has income shareholders, this will be paid.

Where the ACD has discretion about the extent to which revenue and expenses are recognised within the distributable income property of the fund, the approach adopted, at all times, will be governed by the aim of maximising the total return to shareholders through limiting avoidable taxation costs.

Where expenses are charged to capital, or returned equalisation is not allocated back to the investment, this will increase the distribution with a corresponding reduction to capital. The tax accounting treatment follows that of the principal amount, with charges or reliefs allocated using the marginal basis regardless of the treatment used in determining the distribution. However, to meet the investment objectives and for the purposes of calculating the distribution the effect of marginal tax relief between capital and revenue is not recognised on some income share classes.

Marginal relief is applied at a share class level in line with the prospectus objectives. Classes highlighted in the prospectus with an income profile would protect the yield from underlying investments for distribution purposes. Where applicable, this is disclosed in aggregate for each fund in the distribution note.

Gains and losses on non-derivative investments and currencies, whether realised or unrealised, are taken to capital and are not available for distribution. Cash flows associated with derivative transactions are allocated between the revenue and capital property of the funds according to the motives and circumstances of the particular derivative strategy. The investment manager articulates the motives and circumstances underlying the derivative strategy and the ACD assesses these in association with financial reporting constraints enshrined within the SORP to allocate the cash flows accordingly.



# Notes to the Financial Statements of abrdn OEIC I

## Continued

### Cross Holding table as at 31 January 2023

|               |                           | Holding Fund                              |                    |                                |                    |                                |                    |
|---------------|---------------------------|---|--------------------|--------------------------------|--------------------|--------------------------------|--------------------|
|               |                           | abrdn (AAM) Sterling Government Bond Fund |                    | abrdn Asia Pacific Equity Fund |                    | abrdn Europe ex UK Equity Fund |                    |
|               |                           | Number of units                           | Market Value £'000 | Number of units                | Market Value £'000 | Number of units                | Market Value £'000 |
| Investor Fund | abrdn Corporate Bond Fund | -   | -                  | -                              | -                  | -                              | -                  |
|               | abrdn Multi Asset Fund    | 23,932,584                                | 21,944             | 281,618                        | 1,226              | 372,752                        | 1,200              |

  

|               |                           | Holding Fund         |                    |                           |                    |
|---------------|---------------------------|----------------------|--------------------|---------------------------|--------------------|
|               |                           | abrdn UK Equity Fund |                    | abrdn Strategic Bond Fund |                    |
|               |                           | Number of units      | Market Value £'000 | Number of units           | Market Value £'000 |
| Investor Fund | abrdn Corporate Bond Fund | -                    | -                  | 2,906,002                 | 5,067              |
|               | abrdn Multi Asset Fund    | 3,983,697            | 9,991              | -                         | -                  |

No other such cross-holdings, between other sub-funds in the Aberdeen Standard OEIC I, were held as at 31 January 2023.

### Cross Holding table as at 31 January 2022

|               |                           | Holding Fund                              |                    |                                |                    |                                |                    |
|---------------|---------------------------|---|--------------------|--------------------------------|--------------------|--------------------------------|--------------------|
|               |                           | abrdn (AAM) Sterling Government Bond Fund |                    | abrdn Asia Pacific Equity Fund |                    | abrdn Europe ex UK Equity Fund |                    |
|               |                           | Number of units                           | Market Value £'000 | Number of units                | Market Value £'000 | Number of units                | Market Value £'000 |
| Investor Fund | abrdn Corporate Bond Fund | -   | -                  | -                              | -                  | -                              | -                  |
|               | abrdn Multi Asset Fund    | 17,375,553                                | 19,806             | 495,865                        | 2,154              | 352,315                        | 1,168              |

  

|               |                           | Holding Fund                        |                    |                           |                    |
|---------------|---------------------------|-------------------------------------|--------------------|---------------------------|--------------------|
|               |                           | abrdn European High Yield Bond Fund |                    | abrdn Strategic Bond Fund |                    |
|               |                           | Number of units                     | Market Value £'000 | Number of units           | Market Value £'000 |
| Investor Fund | abrdn Corporate Bond Fund | 1,235,803                           | 1,711              | 3,462,311                 | 6,549              |
|               | abrdn Multi Asset Fund    | -                                   | -                  | -                         | -                  |

No other such cross-holdings, between other sub-funds in the Aberdeen Standard OEIC I, were held as at 31 January 2022.

# abrdn (AAM) Sterling Government Bond Fund

For the period ended 31 January 2023

## Investment Objective

To generate income and some growth over the long term (5 years or more) by investing in UK Government bonds.

Performance Target: To achieve the return of the FTSE Actuaries UK Conventional Gilts All Stocks Index plus 0.5% per annum (before charges). The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target.

The ACD believes this is an appropriate target for the fund based on the investment policy of the fund and the constituents of the index.

## Investment Policy

### Portfolio Securities

- The fund invests at least 80% in government bonds issued or guaranteed by the UK Government.
- The fund may also invest in investment grade bonds issued anywhere in the world by governments, sub-sovereigns and corporations including inflation-linked bonds. The fund will employ techniques to reduce (hedge) risk related to currency movements on non-Sterling bonds.
- The fund may also invest in other funds (including those managed by abrdn), money-market instruments and cash.

### Management Process

- The management team use their discretion (active management) to identify investments after analysing individual bonds and derivatives alongside global economic and market conditions.
- In seeking to achieve the Performance Target, the FTSE Actuaries UK Conventional Gilts All Stocks Index is used as a reference point for portfolio construction and as a basis for setting risk constraints. The expected variation ("tracking error") between the returns of the fund and the index is not ordinarily expected to exceed 1.70%. Due to the fund's risk constraints the intention is that the fund's performance will not deviate significantly from that of the index over the long term.

### Derivatives and Techniques

- The fund will make routine use of derivatives to reduce risk, to reduce cost and/ or generate extra income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management").

- Derivatives can be used to generate growth, consistent with the fund's risk profile, if market prices are expected to rise ("long positions") or fall ("short positions"). These positions can be used in overseas markets.
- Derivatives include instruments used to manage expected changes in interest rates, inflation, currencies or creditworthiness of corporations or governments.

## Performance Review

For the six months ended 31 January 2023, the value of abrdn (AAM) Sterling Government Bond Fund – A Accumulation Shares decreased by 10.74% compared to a decrease of 11.42% in the performance target, FTSE Actuaries UK Conventional Gilts All Stocks Index.

Source: Lipper; Basis: total return, published NAV to NAV, net of annual charges, UK net income reinvested, GBP.

Source: FTSE International Limited ("FTSE") © FTSE2023. 'FTSE®' is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. RAFI® is a registered trademark of Research Affiliates, LLC. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

Please remember that past performance is not a guide to future returns. The price of shares and the revenue from them may fall as well as rise. Investors may not get back the amount originally invested.

Companies selected for illustrative purposes only to demonstrate the investment management style described herein and not as an investment recommendation or indication of future performance.

Any data contained herein which is attributed to a third party ("Third Party Data") is the property of (a) third party supplier(s) (the "Owner") and is licensed for use by abrdn\*\*. Third Party Data may not be copied or distributed. Third Party Data is provided "as is" and is not warranted to be accurate, complete or timely. To the extent permitted by applicable law, none of the Owner, abrdn\*\* or any other third party (including any third party involved in providing and/or compiling Third Party Data) shall have any liability for Third Party Data or for any use made of Third Party Data. Neither the Owner nor any other third party sponsors, endorses or promotes the fund or product to which Third Party Data relates.

\*\*abrdn means the relevant member of abrdn group, being abrdn plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

## Market Review

The review period was a difficult one for government bonds. There have been significant swings in the market. Bond prices came under pressure as global central banks, including the Bank of England (BoE), became increasingly hawkish.

# abrdn (AAM) Sterling Government Bond Fund

## Continued

Especially, the third quarter of 2022 witnessed unprecedented volatility and weakness for UK government bonds (Gilts). Between the start of August and the end of September, the 10-year gilt yield rose by over 2.2 percentage points. This was driven by inflation fears, hawkish central banks and – latterly – the reaction to Chancellor Kwasi Kwarteng's mini-budget and the ensuing forced sales of assets to fund collateral within the UK pension sector. In late September, Mr Kwarteng heralded the biggest programme of tax cuts in 50 years – to be funded by new borrowing. Investors in UK assets were shocked, and the market reaction was extreme. Sterling fell sharply while Gilt yields soared. The yield on the 10-year Gilt went to over 4.5%. UK pension funds were forced, because of higher yields leading to margin calls, to liquidate bond holdings. The BoE was obliged to step in to limit the damage, saying it would support the market by buying Gilts. This move calmed the market somewhat before month-end. Nevertheless, it was the worst quarter ever for Gilts.

In late October, Rishi Sunak became the new Prime Minister. UK government bonds recovered some lost ground in October and November, outperforming other core government bond market peers, before weakening again in December in tandem with other global fixed income markets. Amid the political chaos, the BoE continued to tighten policy rates aggressively. It lifted rates by 75bps in November and a further 50bps in December, taking the cash rate to 3.5%. With a tight labour market and elevated inflation, the BoE continued to tighten monetary policy with a mix of policy rate increases and quantitative tightening. The fall in yields and sterling strengthening against the US dollar since the crisis were seen as evidence that the new government had regained some of the UK's lost credibility. The stabilisation in bond markets in the fourth quarter attracted strong inflows to the asset class from investors enticed by the highest yields in a decade. Nevertheless, this left total returns for the calendar year down 23.83% – a humbling and unforgettable year for UK government bonds.

At the start of the new year, investors welcomed positive news as consumer price inflation (CPI) data from Europe's largest economies suggested that inflationary pressures cooled sharply in December, igniting a sustained rally in UK government bonds. The BoE opined that inflation had likely peaked, suggesting there could be a pause in the current policy tightening. Latest data supported this view as UK annual CPI eased to 10.5% in December, continuing its decline from a 41-year high of 11.1% in October. The yield on the UK's 10-year gilt fell below 3.2% towards the end of the period as doubts were raised about the BoE's policy path after weaker-than-expected purchasing managers' index data underscored the risk of the UK slipping into

recession. The latest survey showed Britain's business economic activity fell at its fastest rate in two years in January, amid rising interest rates, strikes and weak consumer demand due to the rising cost of living.

## Portfolio Activity and Review

Given the volatility over the period the fund adopted a flexible approach to duration management, although predominantly positioned with a short bias relative to benchmark seeking higher yields.

Early in the period the fund took profits on a cross market strategy whereby it was underweight UK government bonds relative to Germany. Following a period of sharp underperformance and widening spread between the two markets we closed this strategy, fearing that the BoE intervention and the appointment of the new Chancellor Jeremy Hunt would lead to a retracement.

During October and November we increased our curve steepening strategies which had come under pressure following the intervention by the BoE in late September. After a sharp steepening in the yield curve we closed this strategy in mid to later December.

In early December we also reinstated an underweight cross market strategies in UK government bonds, on this occasion versus Australia, in the medium dated part of the yield curve. We view this a structural-medium term strategy for the fund.

Throughout the period the fund took profits on several gilt relative value strategies, which had initially underperformed during late September as a result of the BoE intervention, but latterly outperformed providing a net positive contribution to the fund.

## Portfolio Outlook and Strategy

Markets are contending with the most aggressive tightening in policy rates in living memory. Inflation is extremely high and picking the peak in yields feels like a fool's errand when faced with the current volatility. However, from a longer-term perspective, valuations are more appealing. Government bond yields are at their most attractive levels for years. It would be remiss to ignore significant economic fragilities that have built up since the global financial crisis as central bank balance sheets have ballooned. This has forced investors into ever-riskier asset classes, while supporting anaemic recoveries in many G10 economies. We believe this fragility will resurface in dramatic fashion in the coming quarters. The pace of tightening has been far more severe this time around. Taking the US as an example, the Federal Reserve (Fed) began tightening in March 2022 from 0.25%. It has lifted

# abrdn (AAM) Sterling Government Bond Fund

## Continued

the target rate a full 3 percentage points so far and is priced to take interest rates towards 4.25% by December. During the last hiking cycle, it took three years for the federal funds rate to be increased by 2.25%. The current pace of monetary tightening, into a global financial system conditioned on easier policy, is unprecedented. Given this backdrop, the portfolio is actively managed with an emphasis on short-term developments and long-term opportunities as well as risks.

**Pan Euro Macro Team**

February 2023

# abrdn (AAM) Sterling Government Bond Fund

## Continued

### Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the fund. The table below shows the fund's ranking on the Risk and Reward Indicator.

| Typically lower rewards, lower risk |   |   | Typically higher rewards, higher risk |   |   |   |
|-------------------------------------|---|---|---------------------------------------|---|---|---|
| ←                                   |   |   | →                                     |   |   |   |
| 1                                   | 2 | 3 | 4                                     | 5 | 6 | 7 |

Risk and reward indicator table as at 31 January 2023.

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

- The fund invests in securities which are subject to the risk that the issuer may default on interest or capital payments.
- The fund price can go up or down daily for a variety of reasons including changes in interest rates, inflation expectations or the perceived credit quality of individual countries or securities.
- 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.

All investment involves risk. This fund offers no guarantee against loss or that the fund's objective will be attained.

The price of assets and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

Inflation reduces the buying power of your investment and income.

The value of assets held in the fund may rise and fall as a result of exchange rate fluctuations.

The fund could lose money if an entity (counterparty) with which it does business becomes unwilling or unable to honour its obligations to the fund.

In extreme market conditions some securities may become hard to value or sell at a desired price. This could affect the fund's ability to meet redemptions in a timely manner.

The fund could lose money as the result of a failure or delay in operational processes and systems including but not limited to third party providers failing or going into administration.

# Comparative Tables

| <b>A Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 419                    | 507                 | 658                 | 852                 |
| Closing number of shares                  | 285,910                | 305,584             | 337,818             | 415,551             |
| Closing net asset value per share (pence) | 146.67                 | 165.90              | 194.64              | 204.99              |
| Change in net asset value per share       | (11.59%)               | (14.77%)            | (5.05%)             | 8.85%               |
| Operating charges                         | 0.79%                  | 0.79%               | 0.93%               | 0.95%               |
| <b>A Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 470                    | 559                 | 687                 | 727                 |
| Closing number of shares                  | 426,953                | 446,082             | 466,769             | 468,986             |
| Closing net asset value per share (pence) | 110.09                 | 125.24              | 147.18              | 155.00              |
| Change in net asset value per share       | (12.10%)               | (14.91%)            | (5.05%)             | 8.85%               |
| Operating charges                         | 0.79%                  | 0.79%               | 0.93%               | 0.95%               |
| <b>I Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 70,363                 | 70,894              | 90,005              | 96,389              |
| Closing number of shares                  | 45,586,176             | 40,708,099          | 44,271,390          | 45,223,824          |
| Closing net asset value per share (pence) | 154.35                 | 174.15              | 203.30              | 213.14              |
| Change in net asset value per share       | (11.37%)               | (14.34%)            | (4.62%)             | 9.35%               |
| Operating charges                         | 0.29%                  | 0.29%               | 0.47%               | 0.50%               |
| <b>I Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 257                    | 270                 | 356                 | 535                 |
| Closing number of shares                  | 282,955                | 261,522             | 293,689             | 419,573             |
| Closing net asset value per share (pence) | 90.74                  | 103.24              | 121.35              | 127.46              |
| Change in net asset value per share       | (12.11%)               | (14.92%)            | (4.79%)             | 8.88%               |
| Operating charges                         | 0.29%                  | 0.29%               | 0.47%               | 0.50%               |
| <b>M Accumulation<sup>A</sup></b>         | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | -                      | 1                   | 1                   | 1                   |
| Closing number of shares                  | -                      | 903                 | 903                 | 903                 |
| Closing net asset value per share (pence) | -                      | 98.76               | 115.24              | 120.68              |
| Change in net asset value per share       | -                      | (14.30%)            | (4.51%)             | 9.64%               |
| Operating charges                         | -                      | 0.34%               | 0.52%               | 0.55%               |
| <b>M Income<sup>B</sup></b>               | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | -                      | 1                   | 1                   | 1                   |
| Closing number of shares                  | -                      | 915                 | 915                 | 915                 |
| Closing net asset value per share (pence) | -                      | 95.83               | 112.64              | 118.33              |
| Change in net asset value per share       | -                      | (14.92%)            | (4.81%)             | 9.12%               |
| Operating charges                         | -                      | 0.34%               | 0.52%               | 0.55%               |

# Comparative Tables

## Continued

| <b>P Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 9                      | 10                  | 12                  | 21                  |
| Closing number of shares                  | 7,959                  | 7,959               | 7,959               | 12,825              |
| Closing net asset value per share (pence) | 116.39                 | 132.41              | 155.63              | 163.47              |
| Change in net asset value per share       | (12.10%)               | (14.92%)            | (4.80%)             | 8.87%               |
| Operating charges                         | 0.32%                  | 0.32%               | 0.33%               | 0.33%               |
| <b>Q Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 1                      | 12                  | 21                  | 72                  |
| Closing number of shares                  | 1,000                  | 9,224               | 13,153              | 44,341              |
| Closing net asset value per share (pence) | 116.43                 | 132.40              | 155.62              | 163.45              |
| Change in net asset value per share       | (12.06%)               | (14.92%)            | (4.79%)             | 8.87%               |
| Operating charges                         | 0.26%                  | 0.26%               | 0.27%               | 0.27%               |
| <b>Z Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 54,510                 | 48,411              | 50,288              | 43,017              |
| Closing number of shares                  | 59,370,476             | 46,781,133          | 41,709,440          | 34,157,607          |
| Closing net asset value per share (pence) | 91.81                  | 103.49              | 120.57              | 125.94              |
| Change in net asset value per share       | (11.29%)               | (14.17%)            | (4.26%)             | 9.79%               |
| Operating charges                         | 0.09%                  | 0.09%               | 0.10%               | 0.10%               |

The closing net asset value (£'000) divided by the closing number of shares may not calculate to the closing net asset value per share (pence) due to rounding differences. The published closing net asset value per share (pence) is based on unrounded values and represents the actual price.

The change in the net asset value per share is the change from the beginning of the period to the close of the period.

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

<sup>a</sup>M Accumulation share class was closed on 16 December 2022.

<sup>b</sup>M Income share class was closed on 16 December 2022.

# Portfolio Statement

As at 31 January 2023

| Holding                                    | Investment                                       | Market value<br>£'000 | Percentage of<br>total net assets |
|--|--|-----------------------|-----------------------------------|
| <b>Bonds (95.94%)</b>                      |  | <b>122,943</b>        | <b>97.55</b>                      |
| Euro Denominated Bonds (0.78%)             |  | -                     | -                                 |
| Government Bonds (0.78%)                   |  | -                     | -                                 |
| <b>Sterling Denominated Bonds (95.16%)</b> |  | <b>122,943</b>        | <b>97.55</b>                      |
| <b>Corporate Bonds (0.99%)</b>             |  | <b>3,445</b>          | <b>2.73</b>                       |
| less than 5 years to maturity              |  |                       |                                   |
| 320,000                                    | Asian Infrastructure Investment Bank 4.375% 2026 | 322                   | 0.25                              |
| 1,027,000                                  | BNG Bank 1.625% 2025                             | 966                   | 0.77                              |
| 200,000                                    | Bpifrance 4.2% 2026                              | 199                   | 0.16                              |
| 300,000                                    | Dexia Credit Local 0.5% 2023                     | 295                   | 0.23                              |
| 565,000                                    | KFW 1.125% 2025                                  | 530                   | 0.42                              |
| 769,000                                    | KFW 3.77% 2027                                   | 767                   | 0.61                              |
| 375,000                                    | Oesterreichische Kontrollbank 1.25% 2023         | 366                   | 0.29                              |
| <b>Government Bonds (94.17%)</b>           |  | <b>119,498</b>        | <b>94.82</b>                      |
| less than 5 years to maturity              |  |                       |                                   |
| 1,000,000                                  | Agence Francaise de Developpement 4.375% 2026    | 1,003                 | 0.80                              |
| 165,000                                    | Development Bank of Japan 1.125% 2023            | 164                   | 0.13                              |
| 156,000                                    | European Investment Bank 1.125% 2025             | 146                   | 0.12                              |
| 300,000                                    | FMS Wertmanagement 0.625% 2023                   | 291                   | 0.23                              |
| 600,000                                    | FMS Wertmanagement 1.125% 2023                   | 590                   | 0.47                              |
| 100,000                                    | FMS Wertmanagement 1.375% 2025                   | 95                    | 0.08                              |
| 81,000                                     | Inter-American Development Bank 1.25% 2023       | 79                    | 0.06                              |
| 429,000                                    | Kommunalbanken 0.25% 2025                        | 386                   | 0.31                              |
| 119,000                                    | Kommunalbanken 1.5% 2023                         | 116                   | 0.09                              |
| 246,000                                    | Kommunekredit 0.375% 2024                        | 230                   | 0.18                              |
| 127,000                                    | Nordic Investment Bank 1.125% 2023               | 124                   | 0.10                              |
| 68,000                                     | Nordic Investment Bank 1.125% 2025               | 64                    | 0.05                              |
| 496,000                                    | Nordic Investment Bank 3.875% 2026               | 496                   | 0.39                              |
| 474,000                                    | Ontario Teachers' Finance Trust 1.125% 2026      | 430                   | 0.34                              |
| 389,000                                    | PRS Finance 1.75% 2026                           | 339                   | 0.27                              |
| 200,000                                    | Saxony-Anhalt (State of) 2.125% 2024             | 192                   | 0.15                              |
| 396,000                                    | Svensk Exportkredit 1.375% 2023                  | 387                   | 0.31                              |
| 6,126,300                                  | UK (Govt of) 0.125% 2024                         | 5,924                 | 4.70                              |



# Portfolio Statement

As at 31 January 2023 continued

| Holding                             | Investment                           | Market value<br>£'000 | Percentage of<br>total net assets |
|-------------------------------------|--------------------------------------|-----------------------|-----------------------------------|
| 1,885,709                           | UK (Govt of) 0.125% 2026             | 1,725                 | 1.37                              |
| 5,715,300                           | UK (Govt of) 0.25% 2025              | 5,358                 | 4.25                              |
| 3,552,200                           | UK (Govt of) 0.375% 2026             | 3,194                 | 2.53                              |
| 660,400                             | UK (Govt of) 0.625% 2025             | 623                   | 0.49                              |
| 2,635,400                           | UK (Govt of) 0.75% 2023              | 2,603                 | 2.07                              |
| 676,700                             | UK (Govt of) 1% 2024                 | 657                   | 0.52                              |
| 3,227,800                           | UK (Govt of) 1.25% 2027              | 2,967                 | 2.35                              |
| 2,506,600                           | UK (Govt of) 1.5% 2026               | 2,367                 | 1.88                              |
| 478,000                             | UK (Govt of) 2% 2025                 | 464                   | 0.37                              |
| 1,993,000                           | UK (Govt of) 2.25% 2023              | 1,979                 | 1.57                              |
| 2,021,098                           | UK (Govt of) 2.75% 2024              | 2,000                 | 1.59                              |
| 1,725,500                           | UK (Govt of) 3.5% 2025               | 1,728                 | 1.37                              |
| 1,864,600                           | UK (Govt of) 4.125% 2027             | 1,911                 | 1.52                              |
| 2,533,300                           | UK (Govt of) 4.25% 2027              | 2,648                 | 2.10                              |
| 151,600                             | UK (Govt of) 5% 2025                 | 157                   | 0.12                              |
| between 5 and 10 years to maturity  |                                      |                       |                                   |
| 687,000                             | PRS Finance 2% 2029                  | 611                   | 0.49                              |
| 2,407,800                           | UK (Govt of) 0.125% 2028             | 2,065                 | 1.64                              |
| 2,390,707                           | UK (Govt of) 0.25% 2031              | 1,848                 | 1.47                              |
| 4,090,000                           | UK (Govt of) 0.375% 2030             | 3,286                 | 2.61                              |
| 1,775,900                           | UK (Govt of) 0.5% 2029               | 1,505                 | 1.19                              |
| 3,358,300                           | UK (Govt of) 0.875% 2029             | 2,882                 | 2.29                              |
| 3,036,000                           | UK (Govt of) 1% 2032                 | 2,479                 | 1.97                              |
| 2,905,700                           | UK (Govt of) 1.625% 2028             | 2,667                 | 2.12                              |
| 1,263,900                           | UK (Govt of) 4.25% 2032              | 1,357                 | 1.08                              |
| 1,381,000                           | UK (Govt of) 4.75% 2030              | 1,523                 | 1.21                              |
| 1,450,000                           | UK (Govt of) 6% 2028                 | 1,654                 | 1.31                              |
| between 10 and 15 years to maturity |                                      |                       |                                   |
| 158,000                             | European Investment Bank 3.875% 2037 | 155                   | 0.12                              |
| 2,602,300                           | UK (Govt of) 0.625% 2035             | 1,834                 | 1.46                              |
| 4,159,900                           | UK (Govt of) 0.875% 2033             | 3,218                 | 2.55                              |
| 2,067,400                           | UK (Govt of) 1.75% 2037              | 1,618                 | 1.28                              |
| 2,070,200                           | UK (Govt of) 4.25% 2036              | 2,208                 | 1.75                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                   | Investment                | Market value<br>£'000 | Percentage of<br>total net assets |
|---|---------------------------|-----------------------|-----------------------------------|
| between 15 and 25 years to maturity       |                           |                       |                                   |
| 1,860,215                                 | UK (Govt of) 0.875% 2046  | 1,037                 | 0.82                              |
| 1,096,600                                 | UK (Govt of) 1.125% 2039  | 754                   | 0.60                              |
| 190,502                                   | UK (Govt of) 1.25% 2041   | 127                   | 0.10                              |
| 1,998,673                                 | UK (Govt of) 1.5% 2047    | 1,278                 | 1.01                              |
| 2,234,326                                 | UK (Govt of) 3.25% 2044   | 2,058                 | 1.63                              |
| 2,257,000                                 | UK (Govt of) 3.5% 2045    | 2,156                 | 1.71                              |
| 1,913,000                                 | UK (Govt of) 3.75% 2038   | 1,917                 | 1.52                              |
| 1,729,500                                 | UK (Govt of) 4.25% 2039   | 1,836                 | 1.46                              |
| 2,942,687                                 | UK (Govt of) 4.25% 2040   | 3,124                 | 2.48                              |
| 2,460,100                                 | UK (Govt of) 4.25% 2046   | 2,630                 | 2.09                              |
| 2,901,752                                 | UK (Govt of) 4.5% 2042    | 3,194                 | 2.53                              |
| 1,916,700                                 | UK (Govt of) 4.75% 2038   | 2,154                 | 1.71                              |
| greater than 25 years to maturity         |                           |                       |                                   |
| 1,488,000                                 | CPPIB Capital 1.625% 2071 | 661                   | 0.52                              |
| 127,500                                   | UK (Govt of) 0.5% 2061    | 47                    | 0.04                              |
| 191,300                                   | UK (Govt of) 0.625% 2050  | 90                    | 0.07                              |
| 550,800                                   | UK (Govt of) 1.125% 2073  | 251                   | 0.20                              |
| 2,287,500                                 | UK (Govt of) 1.25% 2051   | 1,304                 | 1.04                              |
| 2,003,300                                 | UK (Govt of) 1.5% 2053    | 1,203                 | 0.95                              |
| 877,000                                   | UK (Govt of) 1.625% 2054  | 541                   | 0.43                              |
| 1,301,538                                 | UK (Govt of) 1.625% 2071  | 743                   | 0.59                              |
| 2,543,194                                 | UK (Govt of) 1.75% 2049   | 1,707                 | 1.35                              |
| 2,482,740                                 | UK (Govt of) 1.75% 2057   | 1,572                 | 1.25                              |
| 1,662,693                                 | UK (Govt of) 2.5% 2065    | 1,276                 | 1.01                              |
| 1,676,266                                 | UK (Govt of) 3.5% 2068    | 1,649                 | 1.31                              |
| 2,625,540                                 | UK (Govt of) 3.75% 2052   | 2,636                 | 2.09                              |
| 3,357,353                                 | UK (Govt of) 3.75% 2053   | 3,364                 | 2.67                              |
| 2,439,000                                 | UK (Govt of) 4% 2060      | 2,627                 | 2.08                              |
| 2,300,700                                 | UK (Govt of) 4.25% 2049   | 2,483                 | 1.97                              |
| 2,474,600                                 | UK (Govt of) 4.25% 2055   | 2,732                 | 2.17                              |
| <b>Derivatives (-0.87%)</b>               |                           | <b>(947)</b>          | <b>(0.75)</b>                     |
| <b>Forward Currency Contracts (0.01%)</b> |                           | <b>(11)</b>           | <b>(0.01)</b>                     |
| Buy AUD 10,898 Sell GBP 6,222 08/03/2023  |                           | -                     | -                                 |
| Buy AUD 11,635 Sell GBP 6,428 08/03/2023  |                           | -                     | -                                 |

# Portfolio Statement

As at 31 January 2023 continued

| Holding | Investment                                  | Market value<br>£'000 | Percentage of<br>total net assets |
|---------|---|-----------------------|-----------------------------------|
|         | Buy AUD 12,141 Sell GBP 6,948 08/03/2023    | -                     | -                                 |
|         | Buy AUD 15,483 Sell GBP 8,693 08/03/2023    | -                     | -                                 |
|         | Buy AUD 16,370 Sell GBP 9,289 08/03/2023    | -                     | -                                 |
|         | Buy AUD 17,227 Sell GBP 9,900 08/03/2023    | -                     | -                                 |
|         | Buy AUD 17,971 Sell GBP 10,258 08/03/2023   | -                     | -                                 |
|         | Buy AUD 20,190 Sell GBP 11,156 08/03/2023   | -                     | -                                 |
|         | Buy AUD 23,144 Sell GBP 12,896 08/03/2023   | -                     | -                                 |
|         | Buy AUD 24,948 Sell GBP 13,692 08/03/2023   | 1                     | -                                 |
|         | Buy AUD 30,312 Sell GBP 17,249 08/03/2023   | -                     | -                                 |
|         | Buy AUD 30,319 Sell GBP 17,254 08/03/2023   | -                     | -                                 |
|         | Buy AUD 35,997 Sell GBP 19,781 08/03/2023   | 1                     | -                                 |
|         | Buy AUD 40,310 Sell GBP 22,784 08/03/2023   | -                     | -                                 |
|         | Buy AUD 44,688 Sell GBP 24,870 08/03/2023   | 1                     | -                                 |
|         | Buy AUD 44,781 Sell GBP 25,765 08/03/2023   | -                     | -                                 |
|         | Buy AUD 46,345 Sell GBP 25,422 08/03/2023   | 1                     | -                                 |
|         | Buy AUD 47,832 Sell GBP 26,529 08/03/2023   | 1                     | -                                 |
|         | Buy AUD 53,714 Sell GBP 29,728 08/03/2023   | 1                     | -                                 |
|         | Buy AUD 116,719 Sell GBP 65,249 08/03/2023  | 1                     | -                                 |
|         | Buy AUD 117,838 Sell GBP 66,045 08/03/2023  | 1                     | -                                 |
|         | Buy EUR 5,604 Sell GBP 4,944 08/03/2023     | -                     | -                                 |
|         | Buy EUR 6,475 Sell GBP 5,706 08/03/2023     | -                     | -                                 |
|         | Buy EUR 7,957 Sell GBP 6,974 08/03/2023     | -                     | -                                 |
|         | Buy EUR 14,321 Sell GBP 12,715 08/03/2023   | -                     | -                                 |
|         | Buy EUR 29,945 Sell GBP 26,024 08/03/2023   | -                     | -                                 |
|         | Buy EUR 50,465 Sell GBP 44,553 08/03/2023   | -                     | -                                 |
|         | Buy EUR 135,950 Sell GBP 120,367 08/03/2023 | (1)                   | -                                 |
|         | Buy EUR 369,486 Sell GBP 328,303 08/03/2023 | (3)                   | -                                 |
|         | Buy EUR 405,644 Sell GBP 358,038 08/03/2023 | (1)                   | -                                 |
|         | Buy GBP 6,737 Sell AUD 11,858 08/03/2023    | -                     | -                                 |
|         | Buy GBP 9,442 Sell AUD 16,639 08/03/2023    | -                     | -                                 |
|         | Buy GBP 10,479 Sell AUD 18,911 08/03/2023   | -                     | -                                 |
|         | Buy GBP 10,876 Sell AUD 19,566 08/03/2023   | -                     | -                                 |
|         | Buy GBP 13,552 Sell AUD 24,557 08/03/2023   | (1)                   | -                                 |
|         | Buy GBP 15,333 Sell AUD 27,321 08/03/2023   | -                     | -                                 |
|         | Buy GBP 16,289 Sell AUD 28,844 08/03/2023   | -                     | -                                 |
|         | Buy GBP 17,110 Sell AUD 30,058 08/03/2023   | -                     | -                                 |
|         | Buy GBP 18,005 Sell AUD 31,362 08/03/2023   | -                     | -                                 |

# Portfolio Statement

As at 31 January 2023 continued

| Holding | Investment                                  | Market value<br>£'000 | Percentage of<br>total net assets |
|---------|---|-----------------------|-----------------------------------|
|         | Buy GBP 19,604 Sell AUD 35,309 08/03/2023   | (1)                   | -                                 |
|         | Buy GBP 26,688 Sell AUD 48,271 08/03/2023   | (1)                   | -                                 |
|         | Buy GBP 30,109 Sell AUD 52,777 08/03/2023   | -                     | -                                 |
|         | Buy GBP 35,047 Sell AUD 61,563 08/03/2023   | -                     | -                                 |
|         | Buy GBP 38,191 Sell AUD 66,972 08/03/2023   | -                     | -                                 |
|         | Buy GBP 39,999 Sell AUD 71,406 08/03/2023   | (1)                   | -                                 |
|         | Buy GBP 49,117 Sell AUD 86,360 08/03/2023   | -                     | -                                 |
|         | Buy GBP 5,781 Sell EUR 6,586 08/03/2023     | -                     | -                                 |
|         | Buy GBP 9,815 Sell EUR 11,045 08/03/2023    | -                     | -                                 |
|         | Buy GBP 11,072 Sell EUR 12,622 08/03/2023   | -                     | -                                 |
|         | Buy GBP 16,064 Sell EUR 18,197 08/03/2023   | -                     | -                                 |
|         | Buy GBP 17,655 Sell EUR 19,858 08/03/2023   | -                     | -                                 |
|         | Buy GBP 39,603 Sell EUR 45,342 08/03/2023   | -                     | -                                 |
|         | Buy GBP 81,565 Sell EUR 92,050 08/03/2023   | 1                     | -                                 |
|         | Buy GBP 756,606 Sell EUR 870,635 08/03/2023 | (10)                  | (0.01)                            |
|         | Buy GBP 3,600 Sell USD 4,403 08/03/2023     | -                     | -                                 |
|         | Buy GBP 7,025 Sell USD 8,703 08/03/2023     | -                     | -                                 |
|         | Buy GBP 11,602 Sell USD 13,984 08/03/2023   | -                     | -                                 |
|         | Buy GBP 12,165 Sell USD 14,644 08/03/2023   | -                     | -                                 |
|         | Buy GBP 14,288 Sell USD 17,188 08/03/2023   | 1                     | -                                 |
|         | Buy GBP 15,181 Sell USD 18,711 08/03/2023   | -                     | -                                 |
|         | Buy GBP 15,960 Sell USD 19,658 08/03/2023   | -                     | -                                 |
|         | Buy GBP 16,066 Sell USD 19,750 08/03/2023   | -                     | -                                 |
|         | Buy GBP 19,560 Sell USD 24,150 08/03/2023   | -                     | -                                 |
|         | Buy GBP 19,636 Sell USD 23,875 08/03/2023   | -                     | -                                 |
|         | Buy GBP 21,759 Sell USD 26,461 08/03/2023   | -                     | -                                 |
|         | Buy GBP 23,278 Sell USD 28,931 08/03/2023   | -                     | -                                 |
|         | Buy GBP 26,488 Sell USD 32,639 08/03/2023   | -                     | -                                 |
|         | Buy GBP 32,456 Sell USD 39,609 08/03/2023   | -                     | -                                 |
|         | Buy GBP 34,094 Sell USD 41,313 08/03/2023   | 1                     | -                                 |
|         | Buy GBP 37,824 Sell USD 45,875 08/03/2023   | 1                     | -                                 |
|         | Buy USD 9,390 Sell GBP 7,707 08/03/2023     | -                     | -                                 |
|         | Buy USD 10,483 Sell GBP 8,720 08/03/2023    | -                     | -                                 |
|         | Buy USD 14,891 Sell GBP 12,164 08/03/2023   | -                     | -                                 |
|         | Buy USD 16,719 Sell GBP 13,678 08/03/2023   | -                     | -                                 |
|         | Buy USD 16,969 Sell GBP 13,858 08/03/2023   | -                     | -                                 |
|         | Buy USD 18,069 Sell GBP 15,129 08/03/2023   | (1)                   | -                                 |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                             | Investment  | Market value<br>£'000 | Percentage of<br>total net assets |
|-------------------------------------|---|-----------------------|-----------------------------------|
|                                     | Buy USD 19,579 Sell GBP 15,867 08/03/2023                   | -                     | -                                 |
|                                     | Buy USD 20,034 Sell GBP 16,595 08/03/2023                   | -                     | -                                 |
|                                     | Buy USD 21,953 Sell GBP 18,004 08/03/2023                   | -                     | -                                 |
|                                     | Buy USD 23,438 Sell GBP 19,388 08/03/2023                   | (1)                   | -                                 |
|                                     | Buy USD 27,556 Sell GBP 22,607 08/03/2023                   | -                     | -                                 |
|                                     | Buy USD 28,250 Sell GBP 23,124 08/03/2023                   | -                     | -                                 |
|                                     | Buy USD 28,299 Sell GBP 23,456 08/03/2023                   | (1)                   | -                                 |
|                                     | Buy USD 31,453 Sell GBP 25,705 08/03/2023                   | -                     | -                                 |
|                                     | Buy USD 32,248 Sell GBP 27,014 08/03/2023                   | (1)                   | -                                 |
|                                     | Buy USD 43,243 Sell GBP 34,984 08/03/2023                   | -                     | -                                 |
| <b>Futures (-0.31%)</b>             |   | <b>(39)</b>           | <b>(0.03)</b>                     |
| 10                                  | Long Australia 10 Year Bond Future 15/03/2023               | (2)                   | -                                 |
| 104                                 | Long US 2 Year Note (CBT) Future 31/03/2023                 | 51                    | 0.04                              |
| (29)                                | Short Long Gilt Future 29/03/2023                           | (60)                  | (0.05)                            |
| (40)                                | Short US 10 Year Ultra Future 22/03/2023                    | (28)                  | (0.02)                            |
| <b>Interest Rate Swaps (-0.57%)</b> |   | <b>(897)</b>          | <b>(0.71)</b>                     |
| EUR 651,000                         | Pay fixed 2.07172% receive floating EURIBOR 06/01/2056      | 10                    | 0.01                              |
| EUR 1,302,000                       | Pay fixed 2.14% receive floating EURIBOR 09/01/2056         | 5                     | -                                 |
| GBP 3,886,500                       | Pay fixed 2.764% receive floating GBP-SONIA 01/12/2032      | 51                    | 0.04                              |
| GBP 3,886,500                       | Pay fixed 2.846% receive floating GBP-SONIA 30/11/2032      | 38                    | 0.03                              |
| GBP 6,636,500                       | Pay fixed 3.741% receive floating GBP-SONIA 29/01/2025      | -                     | -                                 |
| GBP 6,636,500                       | Pay fixed 3.7912% receive floating GBP-SONIA 30/01/2025     | (3)                   | -                                 |
| GBP 6,636,500                       | Pay fixed 3.8117% receive floating GBP-SONIA 29/01/2025     | (4)                   | -                                 |
| AUD 2,738,500                       | Pay floating AUD-BBR-BBSW receive fixed 3.805% 09/08/2032   | (37)                  | (0.03)                            |
| AUD 2,738,500                       | Pay floating AUD-BBR-BBSW receive fixed 3.81% 10/08/2032    | (37)                  | (0.03)                            |
| AUD 2,168,000                       | Pay floating AUD-BBR-BBSW receive fixed 4.4005% 02/09/2032  | (1)                   | -                                 |
| AUD 2,169,000                       | Pay floating AUD-BBR-BBSW receive fixed 4.40175% 02/09/2032 | (1)                   | -                                 |
| AUD 2,169,000                       | Pay floating AUD-BBR-BBSW receive fixed 4.419% 02/09/2032   | (1)                   | -                                 |
| EUR 16,49,000                       | Pay floating EURIBOR receive fixed 2.84911% 06/01/2036      | 5                     | -                                 |
| EUR 3,298,000                       | Pay floating EURIBOR receive fixed 2.91% 09/01/2036         | 25                    | 0.02                              |
| GBP 1,448,000                       | Pay floating GBP-SONIA receive fixed 0.923% 31/01/2024      | (47)                  | (0.04)                            |
| GBP 9,368,000                       | Pay floating GBP-SONIA receive fixed 1.5933% 01/02/2024     | (244)                 | (0.19)                            |
| GBP 9,368,000                       | Pay floating GBP-SONIA receive fixed 1.6088% 01/02/2024     | (243)                 | (0.19)                            |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                 | Investment  | Market value<br>£'000 | Percentage of<br>total net assets |
|---|---|-----------------------|-----------------------------------|
| GBP 13,527,000                          | Pay floating GBP-SONIA receive fixed 2.3963% 11/05/2024 | (245)                 | (0.20)                            |
| GBP 12,350,000                          | Pay floating GBP-SONIA receive fixed 2.903% 03/02/2024  | (168)                 | (0.13)                            |
| Total investment assets and liabilities |   | 121,996               | 96.80                             |
| Net other assets                        |   | 4,033                 | 3.20                              |
| <b>Total Net Assets</b>                 |   | <b>126,029</b>        | <b>100.00</b>                     |

All investments (excluding OTC derivatives) are listed on recognised stock exchanges and are approved securities, or approved derivatives within the meaning of the FCA rules. The percentage figures in brackets show the comparative holding as at 31 July 2022.

# Financial Statements

## Statement of Total Return

For the six months ended 31 January 2023

|   | 31 January 2023 |                 | 31 January 2022 |                |
|---|-----------------|-----------------|-----------------|----------------|
|   | £'000           | £'000           | £'000           | £'000          |
| Income:   |                 |                 |                 |                |
| Net capital losses  |                 | (14,034)        |                 | (8,651)        |
| Revenue   | 1,123           |                 | 504             |                |
| Expenses  | (117)           |                 | (146)           |                |
| Interest payable and similar charges  | (6)             |                 | (18)            |                |
| Net revenue before taxation   | 1,000           |                 | 340             |                |
| Taxation  | -               |                 | -               |                |
| Net revenue after taxation  |                 | 1,000           |                 | 340            |
| <b>Total return before distributions</b>  |                 | <b>(13,034)</b> |                 | <b>(8,311)</b> |
| Distributions   |                 | (1,000)         |                 | (340)          |
| <b>Change in net assets attributable to shareholders from investment activities</b> |                 | <b>(14,034)</b> |                 | <b>(8,651)</b> |

## Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 January 2023

|  | 31 January 2023 |                | 31 January 2022 |                |
|--|-----------------|----------------|-----------------|----------------|
|  | £'000           | £'000          | £'000           | £'000          |
| <b>Opening net assets attributable to shareholders</b>                                   |                 | <b>120,665</b> |                 | <b>142,029</b> |
| Amounts receivable on the issue of shares  | 19,899          |                | 2,856           |                |
| Amounts payable on the cancellation of shares  | (1,596)         |                | (13,477)        |                |
|  |                 | 18,303         |                 | (10,621)       |
| Dilution adjustment  |                 | 6              |                 |                |
| Change in net assets attributable to shareholders from investment activities (see above) |                 | (14,034)       |                 | (8,651)        |
| Retained distribution on accumulation shares   |                 | 1,088          |                 | 326            |
| Unclaimed distributions  |                 | 1              |                 |                |
| <b>Closing net assets attributable to shareholders</b>                                   |                 | <b>126,029</b> |                 | <b>123,083</b> |

Comparative information is provided for the statement of change in net assets attributable to shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

# Financial Statements

## Continued

### Balance Sheet

As at 31 January 2023

|  | 31 January 2023 |                | 31 July 2022 |                |
|--|-----------------|----------------|--------------|----------------|
|  | £'000           | £'000          | £'000        | £'000          |
| <b>Assets:</b>                                 |                 |                |              |                |
| <b>Fixed assets:</b>                           |                 |                |              |                |
| Investment assets                              |                 | 123,140        |              | 116,350        |
| <b>Current assets:</b>                         |                 |                |              |                |
| Debtors  | 916             |                | 2,373        |                |
| Cash and bank balances                         | 5,343           |                | 4,949        |                |
|  |                 | 6,259          |              | 7,322          |
| <b>Total assets</b>                            |                 | <b>129,399</b> |              | <b>123,672</b> |
| <b>Liabilities:</b>                            |                 |                |              |                |
| Investment liabilities                         |                 | (1,144)        |              | (1,628)        |
| Creditors                                      | (2,221)         |                | (1,376)      |                |
| Distribution payable                           | (5)             |                | (3)          |                |
|  |                 | (2,226)        |              | (1,379)        |
| <b>Total liabilities</b>                       |                 | <b>(3,370)</b> |              | <b>(3,007)</b> |
| <b>Net assets attributable to shareholders</b> |                 | <b>126,029</b> |              | <b>120,665</b> |



# Distribution Table

For the six months ended 31 January 2023 (in pence per share)

## Interim interest distribution

Group 1 – shares purchased prior to 1 August 2022

Group 2 – shares purchased between 1 August 2022 and 31 January 2023

|                       | Revenue | Equalisation | Distribution paid<br>28/04/23 | Distribution paid<br>29/04/22 |
|-----------------------|---------|--------------|-------------------------------|-------------------------------|
| <b>A Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.8394  | -            | 0.8394                        | -                             |
| Group 2               | 0.6413  | 0.1981       | 0.8394                        | -                             |
| <b>A Income</b>       |         |              |                               |                               |
| Group 1               | 0.6336  | -            | 0.6336                        | -                             |
| Group 2               | 0.1941  | 0.4395       | 0.6336                        | -                             |
| <b>I Accumulation</b> |         |              |                               |                               |
| Group 1               | 1.2737  | -            | 1.2737                        | 0.4463                        |
| Group 2               | 0.5790  | 0.6947       | 1.2737                        | 0.4463                        |
| <b>I Income</b>       |         |              |                               |                               |
| Group 1               | 0.7551  | -            | 0.7551                        | 0.2664                        |
| Group 2               | 0.4257  | 0.3294       | 0.7551                        | 0.2664                        |
| <b>M Accumulation</b> |         |              |                               |                               |
| Group 1               | -       | -            | -                             | 0.2149                        |
| Group 2               | -       | -            | -                             | 0.2149                        |
| <b>M Income</b>       |         |              |                               |                               |
| Group 1               | -       | -            | -                             | 0.2121                        |
| Group 2               | -       | -            | -                             | 0.2121                        |
| <b>P Income</b>       |         |              |                               |                               |
| Group 1               | 0.9507  | -            | 0.9507                        | 0.3198                        |
| Group 2               | 0.9507  | -            | 0.9507                        | 0.3198                        |
| <b>Q Income</b>       |         |              |                               |                               |
| Group 1               | 0.9840  | -            | 0.9840                        | 0.3635                        |
| Group 2               | 0.9840  | -            | 0.9840                        | 0.3635                        |
| <b>Z Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.8503  | -            | 0.8503                        | 0.3841                        |
| Group 2               | 0.3987  | 0.4516       | 0.8503                        | 0.3841                        |

## Equalisation

This applies only to shares purchased during the distribution period (group 2 shares). It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

# abrdn (AAM) UK Smaller Companies Fund

For the period ended 31 January 2023

## Investment Objective

To generate growth over the long term (5 years or more) by investing in UK smaller capitalisation equities (company shares).

Performance Target: To achieve the return of the Numis Smaller Companies Plus AIM excluding Investment Companies Index plus 3% per annum over rolling three year periods (before charges). The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target.

The ACD believes this is an appropriate target for the fund based on the investment policy of the fund and the constituents of the index.

## Investment Policy

### Portfolio Securities

- The fund will invest at least 60% in smaller capitalisation equities and equity related securities of companies listed, incorporated or domiciled in the UK or companies that derive a significant proportion of their revenues or profits from UK operations or have a significant proportion of their assets there.
- Smaller capitalisation companies are defined as any stock having a market capitalisation less than the 10th percentile stock of the overall UK equity market.
- The fund may also invest in mid and larger capitalisation companies listed, incorporated or domiciled in the UK.
- The fund may also invest in other funds (including those managed by abrdn), money-market instruments and cash.

### Management Process

- The management team use their discretion (active management) to maintain a diverse asset mix at sector and stock level.
- Their primary focus is on stock selection using the management team's quality, growth and momentum approach. It aims to identify companies that show a range of high quality characteristics, operate in growing markets and display positive business momentum.
- In seeking to achieve the Performance Target, the Numis Smaller Companies Plus AIM excluding Investment Companies Index is used as a reference point for portfolio construction and as a basis for setting risk constraints. The expected variation ("tracking error") between the returns of the fund and the index is not ordinarily expected to exceed 10%. Due to the

active nature of the management process, the fund's performance profile may deviate significantly from that of the index.

- Please note: The fund's ability to buy and sell small and mid-capitalisation shares and the associated costs can be affected during periods of market stress. In certain circumstances investors in the fund may not be able to sell their investment when they want to.

### Derivatives and Techniques

- The fund may use derivatives to reduce risk, reduce cost and/or generate additional income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management").
- Derivative usage in the fund is expected to be very limited. Where derivatives are used, this would mainly be in response to significant inflows into the fund so that in these instances, cash can be invested while maintaining the fund's existing allocations to company shares.

## Performance Review

For the six months ended 31 January 2023, the value of abrdn UK Smaller Companies Equity Fund – A Accumulation Shares decreased by 7.63%, compared with a decrease of 0.41% in the benchmark, the Numis Smaller Companies Plus AIM excluding Investment Companies Index.

Source: Lipper; Basis: total return, published NAV to NAV, net of annual charges, UK net income reinvested, GBP.

Please remember that past performance is not a guide to future returns. The price of shares and the revenue from them may fall as well as rise. Investors may not get back the amount originally invested.

Companies selected for illustrative purposes only to demonstrate the investment management style described herein and not as an investment recommendation or indication of future performance.

Any data contained herein which is attributed to a third party ("Third Party Data") is the property of (a) third party supplier(s) (the "Owner") and is licensed for use by abrdn\*\*. Third Party Data may not be copied or distributed. Third Party Data is provided "as is" and is not warranted to be accurate, complete or timely. To the extent permitted by applicable law, none of the Owner, abrdn\*\* or any other third party (including any third party involved in providing and/or compiling Third Party Data) shall have any liability for Third Party Data or for any use made of Third Party Data. Neither the Owner nor any other third party sponsors, endorses or promotes the fund or product to which Third Party Data relates.

\*\*abrdn means the relevant member of abrdn group, being abrdn plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

# abrdn (AAM) UK Smaller Companies Fund

## Continued

### Market Review

UK equities advanced strongly over the period as a whole as commodity prices remained strong and inflation concerns started to ease. These gains came despite losses in August and September as fears grew that the tighter monetary policy introduced by central banks around the world to combat rising prices could spark a global recession. Markets bounced back in October and November after Liz Truss, Boris Johnson's successor as prime minister, resigned in the wake of a disastrous mini-Budget. Hopes that peaking inflation could lead to a slowdown in interest-rate rises also underpinned share-price gains.

Annual inflation in Britain reached 11.1% in October, a 40-year high, before falling back in the months that followed. The Bank of England continued to tighten monetary policy over the period by raising the base rate in August, September, November and December. The UK market fell in December after officials said rates would continue to increase until inflation was significantly closer to the 2% long-term target, regardless of the short-term economic impact. However, share prices rebounded in January as fears of a prolonged recession receded to some degree. China's reopening following the end of its zero-Covid policy also boosted sentiment.

Although they recovered towards the end of the year, UK small-cap and mid-cap stocks were particularly lacklustre in the early weeks of the period. Data showed a decline in consumer spending and business activity, as well as growing fears over winter energy bills. Meanwhile, the spike in mortgage rates that followed the mini-Budget added to pressures in the housing market and construction sector. On the whole, value stocks continued to perform relatively well over the period as investors remained cautious about growth businesses given rising interest rates and persistently high inflation.

### Portfolio Activity and Review

On a stock-specific basis, Hilton Food Group weighed on returns after it downgraded its profitability forecasts. The business was negatively affected by a surge in the price of salmon and other as well as volume weakness across many of its markets due to the cost-of-living crisis. Shares in Mortgage Advice Bureau detracted from performance after being hit by a slowing in its new business pipeline as a result of adverse stamp-duty changes, extended transaction times and rising mortgage rates. Auction Technology Group shares were downgraded on weakness in its arts and antiques business given a deteriorating consumer environment and Marshalls was also negative after facing downgrades from its exposure to residential property markets and discretionary spending.

Conversely, 4imprint Group added to returns as a result of further earnings upgrades over the period. Hollywood Bowl Group was another significant contributor to performance after posting strong trading updates and continuing to generate cash to be returned to shareholders. Kainos Group was positive, with its results showing continued strength across all divisions. Finally, shares in Alpha Financial Markets Consulting held up well after first-half results showed an acceleration in growth across all divisions and geographies. The firm also managed its CEO succession well.

In terms of activity, we added Smart Metering Systems, a leader in the UK energy infrastructure market with a well-understood smart-meter business that generates inflation-linked revenue. We also introduced Coats Group due to our confidence in the medium-term dominance of this market leader, and we took new positions in Spirent Communications, Craneware and Paragon Banking Group. We also added to existing holdings in Telecom Plus, Serica Energy and Tatton Asset Management, among others.

On the sell side, we removed Alliance Pharma in the wake of another disappointing update. This business had not proved to be as reliably dull as we had hoped. We exited Inspects Group, which was weak on softening demand in consumer markets such as Germany, as well as due to problems in its manufacturing operations. We also sold out of Moonpig Group, where we had been disappointed by a lack of progress on gift-attach rates, and Seraphine Group, among others.

### Portfolio Outlook and Strategy

Having derated significantly in recent months, UK valuations are currently at appealing levels relative to other regions, and the UK's small-cap and mid-cap sectors look particularly attractive in comparison to large-cap holdings. The significant divergence seen over most of 2022 was driven by the strong sector focus in the FTSE 100 Index combined with general risk-off sentiment. However, towards the end of the year, the market tested some of these levels and we saw a strong bounce in UK small-cap and mid-cap stocks in October and November. Although January's positive performance was welcome after markets fell back in December, we believe volatility may continue before we see a more sustained recovery.

While the UK domestic picture is far from clear, there are some signs pointing towards a shallower and perhaps shorter recession than many expected. Indeed, the Bank of England has recently relaxed the highly pessimistic stance it originally outlined in November. We have seen strong reporting from UK retailers and travel businesses in recent weeks, giving some optimism that the British

# abrdn (AAM) UK Smaller Companies Fund

## Continued

consumer is not as cash-strapped as media reports might suggest. Although 2023 is expected to be another uncertain year, we feel many of the most painful changes in market conditions are behind us. We would hope for a more settled environment, where stock focus returns to markets and share-price returns are less dependent on top-down macroeconomic factors.

### **Smaller Companies Equity Team**

February 2023

# abrdn (AAM) UK Smaller Companies Fund

## Continued

### Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the fund. The table below shows the fund's ranking on the Risk and Reward Indicator.

| Typically lower rewards, lower risk |   |   |   | Typically higher rewards, higher risk |   |   |
|-------------------------------------|---|---|---|---------------------------------------|---|---|
| ←                                   |   |   |   | →                                     |   |   |
| 1                                   | 2 | 3 | 4 | 5                                     | 6 | 7 |

Risk and reward indicator table as at 31 January 2023.

The fund is rated as 6 because of the extent to which the following risk factors apply:

- The fund invests in equity 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.
- The shares of small and mid-cap companies may be less liquid and more volatile than those of larger companies.
- A concentrated portfolio may be more volatile and less liquid than a more broadly diversified one. The fund's investments are concentrated in a particular country or sector.
- 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.

All investment involves risk. This fund offers no guarantee against loss or that the fund's objective will be attained.

The price of assets and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

Inflation reduces the buying power of your investment and income.

The value of assets held in the fund may rise and fall as a result of exchange rate fluctuations.

The fund could lose money if an entity (counterparty) with which it does business becomes unwilling or unable to honour its obligations to the fund.

In extreme market conditions some securities may become hard to value or sell at a desired price. This could affect the fund's ability to meet redemptions in a timely manner.

The fund could lose money as the result of a failure or delay in operational processes and systems including but not limited to third party providers failing or going into administration.

# Comparative Tables

| <b>A Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 39,266                 | 47,480              | 66,687              | 49,829              |
| Closing number of shares                  | 9,646,966              | 10,798,722          | 11,562,452          | 12,411,485          |
| Closing net asset value per share (pence) | 407.03                 | 439.68              | 576.75              | 401.48              |
| Change in net asset value per share       | (7.43%)                | (23.77%)            | 43.66%              | 6.50%               |
| Operating charges                         | 1.29%                  | 1.29%               | 1.30%               | 1.30%               |
| <b>I Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 35,452                 | 38,366              | 49,582              | 29,318              |
| Closing number of shares                  | 16,192,202             | 16,259,085          | 16,090,687          | 13,729,878          |
| Closing net asset value per share (pence) | 218.94                 | 235.96              | 308.14              | 213.53              |
| Change in net asset value per share       | (7.21%)                | (23.42%)            | 44.31%              | 6.98%               |
| Operating charges                         | 0.84%                  | 0.84%               | 0.85%               | 0.85%               |
| <b>K Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 225                    | 259                 | 408                 | 443                 |
| Closing number of shares                  | 149,019                | 159,494             | 192,511             | 301,245             |
| Closing net asset value per share (pence) | 150.92                 | 162.59              | 212.16              | 146.91              |
| Change in net asset value per share       | (7.18%)                | (23.36%)            | 44.41%              | 7.07%               |
| Operating charges                         | 0.77%                  | 0.76%               | 0.78%               | 0.78%               |
| <b>M Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 90                     | 97                  | 129                 | 98                  |
| Closing number of shares                  | 73,996                 | 73,860              | 75,433              | 82,660              |
| Closing net asset value per share (pence) | 121.70                 | 131.20              | 171.41              | 118.84              |
| Change in net asset value per share       | (7.24%)                | (23.46%)            | 44.24%              | 7.07%               |
| Operating charges                         | 0.89%                  | 0.89%               | 0.90%               | 0.90%               |
| <b>Z Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 1,134                  | 1,256               | 3,313               | 2,621               |
| Closing number of shares                  | 219,292                | 226,357             | 460,403             | 529,703             |
| Closing net asset value per share (pence) | 517.02                 | 555.12              | 719.48              | 494.86              |
| Change in net asset value per share       | (6.86%)                | (22.84%)            | 45.39%              | 7.80%               |
| Operating charges                         | 0.09%                  | 0.09%               | 0.10%               | 0.10%               |

The closing net asset value (£'000) divided by the closing number of shares may not calculate to the closing net asset value per share (pence) due to rounding differences. The published closing net asset value per share (pence) is based on unrounded values and represents the actual price.  
The change in the net asset value per share is the change from the beginning of the period to the close of the period.  
Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

# Portfolio Statement

As at 31 January 2023

| Holding                         | Investment                    | Market value<br>£'000 | Percentage of<br>total net assets |
|---------------------------------|-------------------------------|-----------------------|-----------------------------------|
| UK Equities (94.22%)            |                               | 74,521                | 97.84                             |
| Basic Materials (1.65%)         |                               | 1,119                 | 1.47                              |
| 179,879                         | Treant                        | 1,119                 | 1.47                              |
| Consumer Discretionary (21.36%) |                               | 17,181                | 22.56                             |
| 75,237                          | 4imprint                      | 3,442                 | 4.52                              |
| 113,216                         | CVS++                         | 2,280                 | 2.99                              |
| 140,393                         | Focusrite++                   | 1,134                 | 1.49                              |
| 95,410                          | Future                        | 1,435                 | 1.89                              |
| 106,651                         | GlobalData++                  | 1,333                 | 1.75                              |
| 743,763                         | Hollywood Bowl                | 1,952                 | 2.56                              |
| 510,000                         | LBG Media++                   | 581                   | 0.76                              |
| 202,460                         | Next Fifteen Communications++ | 2,025                 | 2.66                              |
| 687,400                         | Patisserie**                  | -                     | -                                 |
| 199,348                         | Team17++                      | 936                   | 1.23                              |
| 217,717                         | Watches of Switzerland        | 2,063                 | 2.71                              |
| Consumer Staples (5.57%)        |                               | 3,618                 | 4.75                              |
| 67,780                          | Cranswick                     | 2,155                 | 2.83                              |
| 221,339                         | Hilton Food                   | 1,463                 | 1.92                              |
| Energy (1.32%)                  |                               | 1,853                 | 2.43                              |
| 237,745                         | Ashtead Technology++          | 768                   | 1.01                              |
| 429,886                         | Serica Energy++               | 1,085                 | 1.42                              |
| Financials (8.99%)              |                               | 7,678                 | 10.08                             |
| 18,769                          | HIE Ventures+++               | -                     | -                                 |
| 187,963                         | Impax Asset Management++      | 1,457                 | 1.91                              |
| 364,733                         | JTC                           | 2,619                 | 3.44                              |
| 73,482                          | Liontrust Asset Management    | 849                   | 1.12                              |
| 179,868                         | Mortgage Advice Bureau++      | 1,112                 | 1.46                              |
| 148,549                         | Paragon Banking               | 892                   | 1.17                              |
| 161,498                         | Tatton Asset Management++     | 749                   | 0.98                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                     | Investment                           | Market value<br>£'000 | Percentage of<br>total net assets |
|-----------------------------|--------------------------------------|-----------------------|-----------------------------------|
| <b>Health Care (3.51%)</b>  |                                      | <b>3,393</b>          | <b>4.46</b>                       |
| 59,495                      | Craneware++                          | 860                   | 1.13                              |
| 210,407                     | Ergomed++                            | 2,533                 | 3.33                              |
| <b>Industrials (28.02%)</b> |                                      | <b>20,090</b>         | <b>26.38</b>                      |
| 699,967                     | Alpha Financial Markets Consulting++ | 3,248                 | 4.27                              |
| 818,407                     | Coats                                | 594                   | 0.78                              |
| 63,500                      | Diploma                              | 1,732                 | 2.27                              |
| 300,893                     | DiscoverIE                           | 2,585                 | 3.39                              |
| 179,982                     | Marlowe++                            | 900                   | 1.18                              |
| 326,747                     | Marshalls                            | 1,110                 | 1.46                              |
| 399,081                     | Midwich++                            | 1,971                 | 2.59                              |
| 99,486                      | Morgan Sindall                       | 1,632                 | 2.14                              |
| 316,543                     | Robert Walters                       | 1,583                 | 2.08                              |
| 139,077                     | Smart Metering Systems++             | 1,209                 | 1.59                              |
| 337,486                     | Somero Enterprises++                 | 1,363                 | 1.79                              |
| 237,263                     | Volution                             | 893                   | 1.17                              |
| 52,469                      | XP Power                             | 1,270                 | 1.67                              |
| <b>Real Estate (4.71%)</b>  |                                      | <b>2,934</b>          | <b>3.85</b>                       |
| 168,725                     | Safestore REIT                       | 1,696                 | 2.23                              |
| 1,466,682                   | Sirius Real Estate                   | 1,238                 | 1.62                              |
| <b>Technology (13.94%)</b>  |                                      | <b>10,383</b>         | <b>13.63</b>                      |
| 183,720                     | Auction Technology                   | 1,291                 | 1.69                              |
| 604,728                     | Big Technologies++                   | 1,491                 | 1.96                              |
| 629,629                     | Bytes Technology                     | 2,435                 | 3.20                              |
| 67,094                      | Computacenter                        | 1,487                 | 1.95                              |
| 192,734                     | Kainos                               | 2,837                 | 3.72                              |
| 382,746                     | Kin & Carta                          | 842                   | 1.11                              |



# Portfolio Statement

As at 31 January 2023 continued

| Holding                                      | Investment   | Market value<br>£'000 | Percentage of<br>total net assets |
|--|--|-----------------------|-----------------------------------|
| <b>Telecommunications (5.15%)</b>            |  | <b>6,272</b>          | <b>8.23</b>                       |
| 238,491                                      | Gamma Communication <sup>++</sup>  | 2,805                 | 3.68                              |
| 137,675                                      | Spirent Communications   | 302                   | 0.40                              |
| 158,565                                      | Telecom Plus   | 3,165                 | 4.15                              |
| <b>Collective Investment Schemes (2.78%)</b> |  | <b>5</b>              | <b>0.01</b>                       |
| 5  | Aberdeen Standard Liquidity Fund (Lux) – Sterling Fund Z1 Inc <sup>+</sup> | 5                     | 0.01                              |
| Total investment assets                      |  | 74,526                | 97.85                             |
| Net other assets                             |  | 1,641                 | 2.15                              |
| <b>Total Net Assets</b>                      |  | <b>76,167</b>         | <b>100.00</b>                     |

All investments are listed on recognised stock exchanges and are approved securities, or are regulated collective investment schemes within the meaning of the FCA rules.

The percentage figures in brackets show the comparative holding as at 31 July 2022.

Prior year classifications for some sectors have been updated to reflect current year classifications.

<sup>+</sup> Managed by subsidiaries of abrdn plc.

<sup>++</sup> AIM listed.

<sup>+++</sup> Priced per abrdn VPC.

<sup>\*\*</sup> Delisted.

# Financial Statements

## Statement of Total Return

For the six months ended 31 January 2023

|   | 31 January 2023 |                | 31 January 2022 |                |
|---|-----------------|----------------|-----------------|----------------|
|   | £'000           | £'000          | £'000           | £'000          |
| Income:   |                 |                |                 |                |
| Net capital losses  |                 | (6,927)        |                 | (8,595)        |
| Revenue   | 716             |                | 630             |                |
| Expenses  | (413)           |                | (660)           |                |
| Interest payable and similar charges  | (3)             |                | -               |                |
| Net revenue/(expense) before taxation   | 300             |                | (30)            |                |
| Taxation  | (15)            |                | (8)             |                |
| Net revenue/(expense) after taxation  |                 | 285            |                 | (38)           |
| <b>Total return before distributions</b>  |                 | <b>(6,642)</b> |                 | <b>(8,633)</b> |
| Distributions   |                 | (285)          |                 | (59)           |
| <b>Change in net assets attributable to shareholders from investment activities</b> |                 | <b>(6,927)</b> |                 | <b>(8,692)</b> |

## Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 January 2023

|  | 31 January 2023 |               | 31 January 2022 |                |
|--|-----------------|---------------|-----------------|----------------|
|  | £'000           | £'000         | £'000           | £'000          |
| <b>Opening net assets attributable to shareholders</b>                                   |                 | <b>87,458</b> |                 | <b>120,119</b> |
| Amounts receivable on the issue of shares  | 1,786           |               | 11,052          |                |
| Amounts payable on the cancellation of shares  | (6,437)         |               | (9,527)         |                |
|  |                 | (4,651)       |                 | 1,525          |
| Dilution adjustment  |                 | 9             |                 | 11             |
| Change in net assets attributable to shareholders from investment activities (see above) |                 | (6,927)       |                 | (8,692)        |
| Retained distribution on accumulation shares   |                 | 278           |                 | 59             |
| <b>Closing net assets attributable to shareholders</b>                                   |                 | <b>76,167</b> |                 | <b>113,022</b> |

Comparative information is provided for the statement of change in net assets attributable to shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

# Financial Statements

## Continued

### Balance Sheet

As at 31 January 2023

|  | 31 January 2023 |               | 31 July 2022 |               |
|--|-----------------|---------------|--------------|---------------|
|  | £'000           | £'000         | £'000        | £'000         |
| <b>Assets:</b>                                 |                 |               |              |               |
| <b>Fixed assets:</b>                           |                 |               |              |               |
| Investment assets                              |                 | 74,526        |              | 84,837        |
| <b>Current assets:</b>                         |                 |               |              |               |
| Debtors  | 149             |               | 695          |               |
| Cash and bank balances                         | 1,671           |               | 2,236        |               |
|  |                 | 1,820         |              | 2,931         |
| <b>Total assets</b>                            |                 | <b>76,346</b> |              | <b>87,768</b> |
| <b>Liabilities:</b>                            |                 |               |              |               |
| Creditors                                      | (179)           |               | (310)        |               |
|  |                 | (179)         |              | (310)         |
| <b>Total liabilities</b>                       |                 | <b>(179)</b>  |              | <b>(310)</b>  |
| <b>Net assets attributable to shareholders</b> |                 | <b>76,167</b> |              | <b>87,458</b> |

# Distribution Table

For the six months ended 31 January 2023 (in pence per share)

## Interim dividend distribution

Group 1 – shares purchased prior to 1 August 2022

Group 2 – shares purchased between 1 August 2022 and 31 January 2023

|                       | Revenue | Equalisation | Distribution paid<br>28/04/23 | Distribution paid<br>29/04/22 |
|-----------------------|---------|--------------|-------------------------------|-------------------------------|
| <b>A Accumulation</b> |         |              |                               |                               |
| Group 1               | 1.0261  | -            | 1.0261                        | -                             |
| Group 2               | 0.7407  | 0.2854       | 1.0261                        | -                             |
| <b>I Accumulation</b> |         |              |                               |                               |
| Group 1               | 1.0371  | -            | 1.0371                        | 0.2658                        |
| Group 2               | 0.5079  | 0.5292       | 1.0371                        | 0.2658                        |
| <b>K Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.7706  | -            | 0.7706                        | 0.2596                        |
| Group 2               | 0.3360  | 0.4346       | 0.7706                        | 0.2596                        |
| <b>M Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.5465  | -            | 0.5465                        | 0.1002                        |
| Group 2               | 0.2299  | 0.3166       | 0.5465                        | 0.1002                        |
| <b>Z Accumulation</b> |         |              |                               |                               |
| Group 1               | 4.3540  | -            | 4.3540                        | 3.3902                        |
| Group 2               | 2.2786  | 2.0754       | 4.3540                        | 3.3902                        |

## Equalisation

This applies only to shares purchased during the distribution period (group 2 shares). It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

# abrdn American Equity Fund

For the period ended 31 January 2023

## Investment Objective

To generate growth over the long term (5 years or more) by investing in North American equities (company shares).

Performance Target: To achieve the return of the S&P 500 Index plus 3% per annum over rolling three years (before charges). The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target.

The ACD believes this is an appropriate target for the fund based on the investment policy of the fund and the constituents of the index.

## Investment Policy

### Portfolio Securities

- The fund will invest at least 70% in equities and equity related securities of companies listed, incorporated or domiciled in the US or companies that derive a significant proportion of their revenues or profits from US operations or have a significant proportion of their assets there.
- The fund may also invest up to 20% in companies listed, incorporated or domiciled in Canada or Latin America.
- The fund may also invest in other funds (including those managed by abrdn), money-market instruments and cash.

### Management Process

- The management team use their discretion (active management) to maintain a diverse asset mix at sector and stock level.
- Their primary focus is on stock selection using research techniques to select individual holdings. The research process is focused on finding high quality companies at attractive valuations that can be held for the long term.
- In seeking to achieve the Performance Target, the S&P 500 Index is used as a reference point for portfolio construction and as a basis for setting risk constraints. The expected variation ("tracking error") between the returns of the fund and the index is not ordinarily expected to exceed 9%. Due to the active nature of the management process, the fund's performance profile may deviate significantly from that of the S&P 500 Index over the long term.

## Derivatives and Techniques

- The fund may use derivatives to reduce risk, reduce cost and/or generate additional income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management").
- Derivative usage in the fund is expected to be very limited. Where derivatives are used, this would mainly be in response to significant inflows into the fund so that in these instances, cash can be invested while maintaining the fund's existing allocations to company shares.

## Performance Review

For the six months ended 31 January 2023, the value of abrdn American Equity Fund – A Accumulation Shares decreased by 5.32% compared to a decrease of 1.62% in the performance target, the S&P 500 Index, (lagged by one day).

Source: Lipper; Basis: total return, published NAV to NAV, net of annual charges, UK net income reinvested, GBP.

Please remember that past performance is not a guide to future returns. The price of shares and the revenue from them may fall as well as rise. Investors may not get back the amount originally invested.

Companies selected for illustrative purposes only to demonstrate the investment management style described herein and not as an investment recommendation or indication of future performance.

Any data contained herein which is attributed to a third party ("Third Party Data") is the property of (a) third party supplier(s) (the "Owner") and is licensed for use by abrdn\*\*. Third Party Data may not be copied or distributed. Third Party Data is provided "as is" and is not warranted to be accurate, complete or timely. To the extent permitted by applicable law, none of the Owner, abrdn\*\* or any other third party (including any third party involved in providing and/or compiling Third Party Data) shall have any liability for Third Party Data or for any use made of Third Party Data. Neither the Owner nor any other third party sponsors, endorses or promotes the fund or product to which Third Party Data relates.

\*\*abrdn means the relevant member of abrdn group, being abrdn plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

# abrdn American Equity Fund

## Continued

### Market Review

US equities fell marginally over the six months to 31 January 2023. Investors remained concerned given a combination of heightened inflationary pressures, ongoing supply chain issues, and the prospect of further monetary tightening and geopolitical turmoil.

Despite a challenging start to the reporting period, US equities performed well for most of the fourth quarter in 2022 before a weaker December. Notwithstanding a relatively lacklustre third-quarter earnings season, on already downgraded expectations, investors took advantage of depressed valuations in October and November. Although the market hoped for a lower interest-rate hike, the Federal Reserve (Fed) remained hawkish due to increased inflationary pressures and ongoing economic challenges. As a result, investors' concerns about the risk of a global recession persisted.

After declining in December, US stocks rebounded in January 2023. Investors continued to take advantage of depressed valuations to increase their positions. The recent slowdown in US economic data and the easing of inflation from a historically high level have fuelled hopes that the Fed could hike interest rates less than previously feared over the cycle, averting the risk of an economic 'hard landing'. However, the market backdrop continued to remain challenging.

### Portfolio Activity and Review

Sector wise, healthcare detracted the most from performance mainly due to weak stock selection. Our holdings in communication services, financials and consumer staples were also unfavourable. However, consumer discretionary outperformed the benchmark driven by strong stock selection.

At the stock level, Amazon detracted the most from performance, as investors feared its growth will continue to slow in 2023. SVB Financial's share price came under pressure as its third-quarter results and guidance highlighted continued pressures on net-interest margins. The exposure to Alphabet also weighed on performance, in line with the weaker trend in global IT and communication stocks in late 2022. The exposure to Marvell Technology was also negative. Semiconductor companies underperformed as customers scaled back orders to lower inventories from the high levels during the tight supply-chain environment. Horizon Therapeutics was also weak, and we exited our position.

On the upside, TJX was the biggest contributor. In December, management reiterated its strong position in the market, meeting increased demand from consumers

looking for value. Our lack of exposure to Tesla drove the consumer discretionary sector outperformance. Not holding Apple also proved beneficial as its shares fell. Elsewhere, our holdings in Baker Hughes performed well, after releasing third-quarter earnings above expectations and strong margins. Management's commentary was generally bullish, indicating several years of growth in the oilfield service industry. Charles Schwab benefited from the higher interest rate environment, which has supported its revenue growth by boosting net interest income.

During the reporting period, we initiated holdings in media company Comcast, which we believe is attractively valued. In healthcare, we added pharmacy and health insurance company CVS. The company is taking strategic steps to improve its long-term growth outlook by expanding into care delivery where it can further leverage its large pharmacy base. We also expect cost initiatives in its retail business and favourable tailwinds in pharmacy benefit management from the arrival of several key generic drugs over the next few years to support growth. We also initiated pharmaceutical company Merck. The company offers very strong cash flow, a strong management team, and a growing pipeline.

In financials, we added SVB Financial Group (parent of Silicon Valley Bank) as it is attractively valued, and offers compelling growth opportunities in both commercial and wealth lending. We initiated a position in life insurance broker Willis Towers Watson. We believe management's margin improvement programme combined with new salesforce hiring will drive better earnings growth, above expectations, over the next few years. This will help close its valuation discount to peers. We also initiated a position in financial technology provider Fiserv. We think the company is reasonably recession-proof and able to further lower costs. Elsewhere, we added packaging products supplier Crown Holdings as we expect to see margin improvement along with improving distributions to shareholders. Lastly, we bought warehouse club operator BJ's Wholesale Club Holdings, which has multiple growth drivers and strong fundamentals.

Conversely, we exited American Express as most of the gains from the substantial recovery in domestic travel have now played out. We believe further upside in its shares is limited. We also sold the fund's positions in semiconductor manufacturer Analog Devices. Elsewhere, we exited banking giant JPMorgan Chase on some concerns around its 2023 outlook. We also sold sportswear maker Nike and biotechnology company Horizon Therapeutics. Lastly, we sold cable operator Charter Communications as results have been pressured and capital expenditure is likely to exceed expectations.

# abrdn American Equity Fund

## Continued

### Portfolio Outlook and Strategy

The annual rate of inflation, as measured by the Fed, fell from 4.7% in November to 4.4% in December, as expected, but remained well above the Fed's 2% target. With the Fed having raised the target range for its federal funds rate by a cumulative 425 basis points during 2022, the spread between two- and 10-year Treasuries has inverted, which has historically signalled a looming recession.

Having said that, the fourth-quarter reporting season is off to a relatively good start thus far. Earnings, in aggregate, have surpassed consensus expectations, though as expected growth has slowed materially. Analysts have, therefore, significantly downgraded their aggregate company earnings estimates for 2023 as the risk of a recession has increased. We would not be surprised to see further degradation in earnings estimates as companies release full-year guidance, though again one could make the argument that this is largely priced into valuations.

### North American Equity Team

February 2023

# abrdn American Equity Fund

## Continued

### Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the fund. The table below shows the fund's ranking on the Risk and Reward Indicator. The risk and reward indicator changed from 6 to 5 on 28 December 2022.

| Typically lower rewards, lower risk |   |   |   | Typically higher rewards, higher risk |   |   |
|-------------------------------------|---|---|---|---------------------------------------|---|---|
| ←                                   |   |   |   | →                                     |   |   |
| 1                                   | 2 | 3 | 4 | 5                                     | 6 | 7 |

Risk and reward indicator table as at 31 January 2023.

The fund is rated as 5 because of the extent to which the following risk factors apply:

- The fund invests in equity 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.
- A concentrated portfolio may be more volatile and less liquid than a more broadly diversified one. The fund's investments are concentrated in a particular country or sector.
- 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.

All investment involves risk. This fund offers no guarantee against loss or that the fund's objective will be attained.

The price of assets and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

Inflation reduces the buying power of your investment and income.

The value of assets held in the fund may rise and fall as a result of exchange rate fluctuations.

The fund could lose money if an entity (counterparty) with which it does business becomes unwilling or unable to honour its obligations to the fund.

In extreme market conditions some securities may become hard to value or sell at a desired price. This could affect the fund's ability to meet redemptions in a timely manner.

The fund could lose money as the result of a failure or delay in operational processes and systems including but not limited to third party providers failing or going into administration.



# Comparative Tables

| <b>A Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 66,246                 | 79,648              | 80,101              | 74,862              |
| Closing number of shares                  | 1,851,469              | 2,105,720           | 2,051,056           | 2,400,746           |
| Closing net asset value per share (pence) | 3,578.05               | 3,782.48            | 3,905.33            | 3,118.29            |
| Change in net asset value per share       | (5.40%)                | (3.15%)             | 25.24%              | 3.86%               |
| Operating charges                         | 1.30%                  | 1.30%               | 1.32%               | 1.32%               |
| <b>I Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 48,532                 | 55,341              | 55,231              | 48,777              |
| Closing number of shares                  | 1,206,948              | 1,304,848           | 1,267,336           | 1,408,077           |
| Closing net asset value per share (pence) | 4,021.08               | 4,241.18            | 4,358.08            | 3,464.11            |
| Change in net asset value per share       | (5.19%)                | (2.68%)             | 25.81%              | 4.32%               |
| Operating charges                         | 0.85%                  | 0.85%               | 0.87%               | 0.87%               |
| <b>M Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 44                     | 43                  | 56                  | 66                  |
| Closing number of shares                  | 30,517                 | 28,512              | 36,033              | 52,595              |
| Closing net asset value per share (pence) | 142.86                 | 150.72              | 154.96              | 123.23              |
| Change in net asset value per share       | (5.21%)                | (2.74%)             | 25.75%              | 4.45%               |
| Operating charges                         | 0.90%                  | 0.90%               | 0.92%               | 0.92%               |
| <b>Z Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 19                     | 20                  | 4,564               | 2,980               |
| Closing number of shares                  | 7,835                  | 7,835               | 1,803,661           | 1,492,905           |
| Closing net asset value per share (pence) | 236.60                 | 248.61              | 253.04              | 199.63              |
| Change in net asset value per share       | (4.83%)                | (1.75%)             | 26.75%              | 5.12%               |
| Operating charges                         | 0.10%                  | 0.10%               | 0.12%               | 0.12%               |

The closing net asset value (£'000) divided by the closing number of shares may not calculate to the closing net asset value per share (pence) due to rounding differences. The published closing net asset value per share (pence) is based on unrounded values and represents the actual price.

The change in the net asset value per share is the change from the beginning of the period to the close of the period.

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

# Portfolio Statement

As at 31 January 2023

| Holding                             | Investment          | Market value<br>£'000 | Percentage of<br>total net assets |
|-------------------------------------|---------------------|-----------------------|-----------------------------------|
| North American Equities (95.95%)    |                     | 112,631               | 98.08                             |
| Communication Services (10.17%)     |                     | 12,410                | 10.81                             |
| Media & Entertainment (10.17%)      |                     | 12,410                | 10.81                             |
| 106,882                             | Alphabet 'A'        | 8,582                 | 7.47                              |
| 119,779                             | Comcast 'A'         | 3,828                 | 3.34                              |
| Consumer Discretionary (17.45%)     |                     | 15,152                | 13.19                             |
| Consumer Durables & Apparel (3.53%) |                     | -                     | -                                 |
| Retailing (13.92%)                  |                     | 15,152                | 13.19                             |
| 81,081                              | Amazon.com          | 6,792                 | 5.91                              |
| 5,696                               | O'Reilly Automotive | 3,666                 | 3.19                              |
| 70,576                              | TJX                 | 4,694                 | 4.09                              |
| Consumer Staples (3.01%)            |                     | 6,859                 | 5.97                              |
| Food & Staples Retailing (0.00%)    |                     | 3,219                 | 2.80                              |
| 54,699                              | BJ's Wholesale Club | 3,219                 | 2.80                              |
| Food Beverage & Tobacco (3.01%)     |                     | 3,640                 | 3.17                              |
| 73,077                              | Coca-Cola           | 3,640                 | 3.17                              |
| Energy (2.55%)                      |                     | 4,216                 | 3.67                              |
| 163,539                             | Baker Hughes        | 4,216                 | 3.67                              |
| Financials (14.48%)                 |                     | 14,008                | 12.20                             |
| Banks (2.85%)                       |                     | 2,777                 | 2.42                              |
| 11,307                              | SVB Financial       | 2,777                 | 2.42                              |
| Diversified Financials (11.63%)     |                     | 7,503                 | 6.53                              |
| 12,797                              | Goldman Sachs       | 3,804                 | 3.31                              |
| 58,804                              | Schwab (Charles)    | 3,699                 | 3.22                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding   | Investment                | Market value<br>£'000 | Percentage of<br>total net assets |
|---|---------------------------|-----------------------|-----------------------------------|
| <b>Insurance (0.00%)</b>  |                           | <b>3,728</b>          | <b>3.25</b>                       |
| 18,059  | Willis Towers Watson      | 3,728                 | 3.25                              |
| <b>Health Care (12.98%)</b>                                       |                           | <b>18,935</b>         | <b>16.49</b>                      |
| <b>Health Care Equipment &amp; Services (6.79%)</b>               |                           | <b>11,244</b>         | <b>9.79</b>                       |
| 126,510   | Boston Scientific         | 4,751                 | 4.14                              |
| 41,098  | CVS Health                | 2,945                 | 2.56                              |
| 8,745   | UnitedHealth              | 3,548                 | 3.09                              |
| <b>Pharmaceuticals, Biotechnology &amp; Life Sciences (6.19%)</b> |                           | <b>7,691</b>          | <b>6.70</b>                       |
| 48,939  | Merck                     | 4,271                 | 3.72                              |
| 107,462   | Royalty Pharma 'A'        | 3,420                 | 2.98                              |
| <b>Industrials (11.25%)</b>                                       |                           | <b>11,156</b>         | <b>9.72</b>                       |
| <b>Capital Goods (3.84%)</b>                                      |                           | <b>4,211</b>          | <b>3.67</b>                       |
| 57,450  | Emerson Electric          | 4,211                 | 3.67                              |
| <b>Commercial Services &amp; Supplies (4.26%)</b>                 |                           | <b>3,629</b>          | <b>3.16</b>                       |
| 33,967  | Waste Connections         | 3,629                 | 3.16                              |
| <b>Transportation (3.15%)</b>                                     |                           | <b>3,316</b>          | <b>2.89</b>                       |
| 34,279  | Canadian National Railway | 3,316                 | 2.89                              |
| <b>Information Technology (24.06%)</b>                            |                           | <b>26,391</b>         | <b>22.98</b>                      |
| <b>Semiconductors &amp; Semiconductor Equipment (6.48%)</b>       |                           | <b>2,739</b>          | <b>2.38</b>                       |
| 78,105  | Marvell Technology        | 2,739                 | 2.38                              |
| <b>Software &amp; Services (17.58%)</b>                           |                           | <b>23,652</b>         | <b>20.60</b>                      |
| 41,536  | Fiserv                    | 3,599                 | 3.14                              |
| 20,958  | Mastercard 'A'            | 6,308                 | 5.49                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                      | Investment  | Market value<br>£'000 | Percentage of<br>total net assets |
|--|---|-----------------------|-----------------------------------|
| 45,187                                       | Microsoft   | 9,096                 | 7.92                              |
| 27,607                                       | Nice ADR  | 4,649                 | 4.05                              |
| <b>Materials (0.00%)</b>                     |   | <b>3,504</b>          | <b>3.05</b>                       |
| 48,916                                       | Crown   | 3,504                 | 3.05                              |
| <b>Collective Investment Schemes (0.33%)</b> |   | <b>2,277</b>          | <b>1.98</b>                       |
| 2,803  | Aberdeen Standard Liquidity Fund (Lux) - US Dollar Fund Z1 Inc+ | 2,277                 | 1.98                              |
| Total investment assets                      |   | 114,908               | 100.06                            |
| Net other liabilities                        |   | (67)                  | (0.06)                            |
| <b>Total Net Assets</b>                      |   | <b>114,841</b>        | <b>100.00</b>                     |

All investments are listed on recognised stock exchanges and are approved securities, or are regulated collective investment schemes within the meaning of the FCA rules. The percentage figures in brackets show the comparative holding as at 31 July 2022.

+ Managed by subsidiaries of abrdn plc.

# Financial Statements

## Statement of Total Return

For the six months ended 31 January 2023

|   | 31 January 2023 |                | 31 January 2022 |              |
|---|-----------------|----------------|-----------------|--------------|
|   | £'000           | £'000          | £'000           | £'000        |
| Income:   |                 |                |                 |              |
| Net capital (losses)/gains  |                 | (5,973)        |                 | 2,950        |
| Revenue   | 730             |                | 651             |              |
| Expenses  | (687)           |                | (781)           |              |
| Interest payable and similar charges  | (8)             |                | -               |              |
| Net revenue/(expense) before taxation   | 35              |                | (130)           |              |
| Taxation  | (95)            |                | (97)            |              |
| Net expense after taxation  |                 | (60)           |                 | (227)        |
| <b>Total return before equalisation</b>   |                 | <b>(6,033)</b> |                 | <b>2,723</b> |
| Equalisation on shares  |                 | (1)            |                 | (3)          |
| <b>Change in net assets attributable to shareholders from investment activities</b> |                 | <b>(6,034)</b> |                 | <b>2,720</b> |

## Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 January 2023

|  | 31 January 2023 |                | 31 January 2022 |                |
|--|-----------------|----------------|-----------------|----------------|
|  | £'000           | £'000          | £'000           | £'000          |
| <b>Opening net assets attributable to shareholders</b>                                   |                 | <b>135,052</b> |                 | <b>139,952</b> |
| Amounts receivable on the issue of shares  | 32,841          |                | 28,154          |                |
| Amounts payable on the cancellation of shares  | (47,018)        |                | (36,466)        |                |
|  |                 | (14,177)       |                 | (8,312)        |
| Change in net assets attributable to shareholders from investment activities (see above) |                 | (6,034)        |                 | 2,720          |
| <b>Closing net assets attributable to shareholders</b>                                   |                 | <b>114,841</b> |                 | <b>134,360</b> |

Comparative information is provided for the statement of change in net assets attributable to shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

# Financial Statements

## Continued

### Balance Sheet

As at 31 January 2023

|  | 31 January 2023 |                | 31 July 2022 |                |
|--|-----------------|----------------|--------------|----------------|
|  | £'000           | £'000          | £'000        | £'000          |
| <b>Assets:</b>                                 |                 |                |              |                |
| <b>Fixed assets:</b>                           |                 |                |              |                |
| Investment assets                              |                 | 114,908        |              | 130,029        |
| <b>Current assets:</b>                         |                 |                |              |                |
| Debtors  | 51              |                | 7,260        |                |
| Cash and bank balances                         | 210             |                | 209          |                |
|  |                 | 261            |              | 7,469          |
| <b>Total assets</b>                            |                 | <b>115,169</b> |              | <b>137,498</b> |
| <b>Liabilities:</b>                            |                 |                |              |                |
| Creditors                                      | (328)           |                | (2,446)      |                |
|  |                 | (328)          |              | (2,446)        |
| <b>Total liabilities</b>                       |                 | <b>(328)</b>   |              | <b>(2,446)</b> |
| <b>Net assets attributable to shareholders</b> |                 | <b>114,841</b> |              | <b>135,052</b> |

# abrdn Asia Pacific and Japan Equity Fund

For the period ended 31 January 2023

## Investment Objective

To generate growth over the long term (5 years or more) by investing in Asia Pacific, including Japan equities (company shares).

Performance Target: To achieve the return of the MSCI AC Asia Pacific Index plus 3% per annum over rolling three year periods (before charges). The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target.

The ACD believes this is an appropriate target for the fund based on the investment policy of the fund and the constituents of the index.

## Investment Policy

### Portfolio Securities

- The fund invests at least 70% in equities and equity related securities of companies listed, incorporated or domiciled in Asia Pacific including Japan countries, or companies that derive a significant proportion of their revenues or profits or have a significant proportion of their assets there.
- The fund may also invest in other funds (including those managed by abrdn), money-market instruments, and cash.

### Management Process

- The management team use their discretion (active management) to maintain a diverse asset mix at country, sector and stock level.
- Their primary focus is on stock selection using research techniques to select individual holdings. The research process is focused on finding high quality companies at attractive valuations that can be held for the long term.
- In seeking to achieve the Performance Target, the MSCI AC Asia Pacific Index is used as a reference point for portfolio construction and as a basis for setting risk constraints. The expected variation ("tracking error") between the returns of the fund and the index, is not ordinarily expected exceed 12.5%. Due to the active nature of the management process, the fund's performance profile may deviate significantly from that of the MSCI AC Asia Pacific Index.

### Derivatives and Techniques

- The fund may use derivatives to reduce risk, reduce cost and/or generate additional income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management").

- Derivative usage in the fund is expected to be very limited. Where derivatives are used, this would mainly be in response to significant inflows into the fund so that in these instances, cash can be invested while maintaining the fund's existing allocations to company shares.

## Performance Review

For the six months ended 31 January 2023, the value of abrdn Asia Pacific and Japan Equity Fund – A Accumulation Shares increased by 3.89% compared to an increase of 4.83% in the performance target, the MSCI AC Asia Pacific Index.

Source: Lipper; Basis: total return, published NAV to NAV, net of annual charges, UK net income reinvested, GBP.

Source: MSCI. The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis forecast or prediction. The MSCI information is provided on an 'as is' basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the 'MSCI Parties') expressly disclaims all warranties (including without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages ([www.msci.com](http://www.msci.com)).

Please remember that past performance is not a guide to future returns. The price of shares and the revenue from them may fall as well as rise. Investors may not get back the amount originally invested.

Companies selected for illustrative purposes only to demonstrate the investment management style described herein and not as an investment recommendation or indication of future performance.

Any data contained herein which is attributed to a third party ("Third Party Data") is the property of (a) third party supplier(s) (the "Owner") and is licensed for use by abrdn\*\*. Third Party Data may not be copied or distributed. Third Party Data is provided "as is" and is not warranted to be accurate, complete or timely. To the extent permitted by applicable law, none of the Owner, abrdn\*\* or any other third party (including any third party involved in providing and/or compiling Third Party Data) shall have any liability for Third Party Data or for any use made of Third Party Data. Neither the Owner nor any other third party sponsors, endorses or promotes the fund or product to which Third Party Data relates.

\*\*abrdn means the relevant member of abrdn group, being abrdn plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

# abrdn Asia Pacific and Japan Equity Fund

## Continued

### Market Review

Asia Pacific equities remained volatile over the six months under review, but closed higher as sentiment gradually improved. Early in the period, markets were influenced by the US Federal Reserve's decision to raise interest rates sharply and fears that it could lead to a global recession. The policy tightening bias was also evident in Asian countries, with Indonesia and the Philippines raising interest rates. In Japan, the Bank of Japan (BoJ) maintained its policy of low interest rates, although towards the end of the period inflation rose to a 41-year high which led the BoJ to make an adjustment in its bond yield policy. The ongoing war in Ukraine also weighed on market sentiment with little sign of any resolution in sight.

However, towards the end of the period, inflationary factors including supply chain issues, began to ease, leading to hopes that the monetary tightening cycle could peak sooner than had been anticipated. Sentiment was further boosted by China's decision to ease most of its Covid-19 restrictions faster than expected which led to expectations that the country's reopening would boost demand for everything from consumer electronics to travel and commodities. That helped to pull a number of other Asian markets up, most notably the export-oriented markets of Taiwan and South Korea, along with the commodity-heavy Australian market.

### Portfolio Activity and Review

The fund lagged its benchmark, driven largely by stock selection in China and Japan. In the financial sector, not holding Sumitomo Mitsui Financial Group or Mitsubishi UFJ Financial Group (MUFG) for most of the period proved costly as they strongly outperformed the sector. We subsequently introduced a position in MUFG into the portfolio during the period. It is the largest banking group in Japan with profitability underpinned by its strong domestic franchise. It has a strong funding position domestically, as well as solid liquidity and asset quality. Although our financial stocks detracted from performance in overall terms there were some notable exceptions. Bank Central Asia, which has a strong balance sheet, benefitted from the central bank's interest rate increases, and DBS and Oversea-Chinese Banking Corporation also outperformed as the market expects to see them deliver sequential growth in their profit margins.

On the other hand, electronics producer Olympus Corporation fell back on concerns that an increase in costs may put pressure on its profit margins while fears of a drop in premium beer consumption in Europe was behind the weakness in Asahi Group. Indonesian equities were among the region's best performers in 2022, but investors decided to take some profit towards the end of the period.

Telkom Indonesia was among the stocks affected, but we continue to see good long-term prospects for it with no deterioration in the outlook. In China, Yunnan Energy New Material's shares weakened substantially following the announcement of a probe into the chairman and vice chairman. We sought the views of industry experts and decided the best route was to sit on the sidelines for now. Within the same sector, LONGi Green Energy Technology also detracted over the period.

The mining sector made the biggest contribution to performance in the period. Australia's OZ Minerals was the top performer after it received a A\$9.6 billion takeover bid from BHP, which was approved by the board, and then got the go-ahead for a large copper and nickel project in Western Australia. BHP and Rio Tinto also performed strongly.

In key portfolio activity, we introduced four stocks to the portfolio in the period, in addition to MUFG already mentioned. Meituan operates a food delivery and local services app in China and is uniquely placed to benefit from China's shift towards a service-driven economy with more services moving online. We regard it as a long-term growth story. We participated in the Hong Kong IPO of China Tourism Group Duty Free mainly due to the attractive discount on offer. It is the largest duty-free operator in China and its scale provides stronger bargaining power with the potential for higher profit margins. We also added a position in Telkom Indonesia, the dominant telecommunications operator in Indonesia, whose growth is driven by the greater use of data, the roll out of 5G services, and the rising penetration of broadband. Finally, we added a new position in Aier Eye Hospital, China's largest domestic private eyecare hospital chain. Demand for its services is supported by the ageing population, rising living standards and government policies to improve the accessibility and standards of drugs and healthcare.

Against these, we exited our position in Shenzhen Inovance Technology due to rising raw material and freight costs weighing heavily on its profit margins. We also sold out of Yunnan Energy New Material, as mentioned above, Techtronic Industries and Nippon Sanso in view of better opportunities elsewhere.

### Portfolio Outlook and Strategy

China remains pivotal to Asia's economic recovery, and now with China's faster than expected reopening, we think this bodes well for the region's prospects in 2023. We expect macroeconomic risks to persist, including geopolitical and inflation risks such as the ongoing Ukraine war. That said, investors expect the US Federal Reserve's monetary policy tightening cycle to come to an end. In Japan, the impact of the economic slowdown



# abrdn Asia Pacific and Japan Equity Fund

## Continued

has been increasingly visible, particularly in weakening discretionary consumption. However, we expect supply chain constraints to ease and companies to tackle some of the headwinds through raising prices and better management of costs.

We believe that Asia is in a better position than developed economies in the West. As China opens up, the recovery in domestic consumption and industrial conditions is likely to benefit Asia, owing to a rebound in demand for exports, services and trade. We have positioned the portfolio to weather near-term risks. Our focus remains on quality companies with sustainable business models, robust finances and access to structural growth drivers across Asia. We continue to favour fundamental themes like consumption, technology and green energy, which we believe will deliver positive results for shareholders over the long run.

### Asia Pacific Equity Team

February 2023

# abrdn Asia Pacific and Japan Equity Fund

## Continued

### Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the fund. The table below shows the fund's ranking on the Risk and Reward Indicator.

| Typically lower rewards, lower risk |   |   |   | Typically higher rewards, higher risk |   |   |
|-------------------------------------|---|---|---|---------------------------------------|---|---|
| ←                                   |   |   |   | →                                     |   |   |
| 1                                   | 2 | 3 | 4 | 5                                     | 6 | 7 |

Risk and reward indicator table as at 31 January 2023.

The fund is rated as 5 because of the extent to which the following risk factors apply:

- The fund invests in equity 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.
- The fund invests in emerging market equities and/or bonds. Investing in emerging markets involves a greater risk of loss than investing in more developed markets due to, among other factors, greater political, tax, economic, foreign exchange, liquidity and regulatory risks.
- The fund may invest in companies with Variable Interest Entity (VIE) structures in order to gain exposure to industries with foreign ownership restrictions. There is a risk that investments in these structures may be adversely affected by changes in the legal and regulatory framework.
- Investing in China A shares involves special considerations and risks, including greater price volatility, a less developed regulatory and legal framework, exchange rate risk/controls, settlement, tax, quota, liquidity and regulatory risks.
- 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.

All investment involves risk. This fund offers no guarantee against loss or that the fund's objective will be attained.

The price of assets and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

Inflation reduces the buying power of your investment and income.

The value of assets held in the fund may rise and fall as a result of exchange rate fluctuations.

The fund could lose money if an entity (counterparty) with which it does business becomes unwilling or unable to honour its obligations to the fund.

In extreme market conditions some securities may become hard to value or sell at a desired price. This could affect the fund's ability to meet redemptions in a timely manner.

The fund could lose money as the result of a failure or delay in operational processes and systems including but not limited to third party providers failing or going into administration.

# Comparative Tables

| <b>A Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 20,538                 | 25,890              | 31,915              | 37,701              |
| Closing number of shares                  | 7,059,195              | 9,279,825           | 10,278,606          | 14,120,069          |
| Closing net asset value per share (pence) | 290.93                 | 278.99              | 310.50              | 267.00              |
| Change in net asset value per share       | 4.28%                  | (10.15%)            | 16.29%              | 2.42%               |
| Operating charges                         | 1.34%                  | 1.32%               | 1.54%               | 1.58%               |
| <b>I Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 79,860                 | 74,817              | 88,758              | 80,867              |
| Closing number of shares                  | 40,317,474             | 39,477,688          | 42,271,003          | 44,989,209          |
| Closing net asset value per share (pence) | 198.08                 | 189.52              | 209.97              | 179.75              |
| Change in net asset value per share       | 4.52%                  | (9.74%)             | 16.81%              | 2.89%               |
| Operating charges                         | 0.89%                  | 0.87%               | 1.09%               | 1.13%               |
| <b>M Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 234                    | 223                 | 173                 | 176                 |
| Closing number of shares                  | 176,096                | 175,446             | 122,711             | 146,106             |
| Closing net asset value per share (pence) | 133.11                 | 127.38              | 141.20              | 120.94              |
| Change in net asset value per share       | 4.50%                  | (9.79%)             | 16.75%              | 2.93%               |
| Operating charges                         | 0.94%                  | 0.92%               | 1.14%               | 1.18%               |

The closing net asset value (£'000) divided by the closing number of shares may not calculate to the closing net asset value per share (pence) due to rounding differences. The published closing net asset value per share (pence) is based on unrounded values and represents the actual price.

The change in the net asset value per share is the change from the beginning of the period to the close of the period.

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

# Portfolio Statement

As at 31 January 2023

| Holding                           | Investment               | Market value<br>£'000 | Percentage of<br>total net assets |
|-----------------------------------|--------------------------|-----------------------|-----------------------------------|
| <b>Equities (99.30%)</b>          |                          | <b>100,042</b>        | <b>99.41</b>                      |
| <b>European Equities (1.47%)</b>  |                          | <b>1,546</b>          | <b>1.54</b>                       |
| <b>Netherlands (1.47%)</b>        |                          | <b>1,546</b>          | <b>1.54</b>                       |
| 2,890                             | ASM International        | 786                   | 0.78                              |
| 1,430                             | ASML                     | 760                   | 0.76                              |
| <b>Japanese Equities (30.57%)</b> |                          | <b>28,751</b>         | <b>28.57</b>                      |
| 19,500                            | As One                   | 704                   | 0.70                              |
| 55,400                            | Asahi                    | 1,479                 | 1.47                              |
| 41,800                            | Asahi Intecc             | 590                   | 0.59                              |
| 69,400                            | Astellas Pharma          | 829                   | 0.82                              |
| 44,700                            | Chugai Pharmaceutical    | 935                   | 0.93                              |
| 34,100                            | Daiichi Sankyo           | 864                   | 0.86                              |
| 6,500                             | Daikin Industries        | 910                   | 0.91                              |
| 21,300                            | Denso                    | 927                   | 0.92                              |
| 14,200                            | Hoya                     | 1,252                 | 1.25                              |
| 53,200                            | Japan Exchange           | 657                   | 0.65                              |
| 5,400                             | Keyence                  | 1,995                 | 1.98                              |
| 39,100                            | MISUMI                   | 789                   | 0.78                              |
| 141,600                           | Mitsubishi UFJ Financial | 842                   | 0.84                              |
| 58,800                            | Mitsui Fudosan           | 892                   | 0.89                              |
| 19,500                            | NEC                      | 568                   | 0.57                              |
| 109,900                           | Nippon Paint             | 807                   | 0.80                              |
| 5,700                             | Nitori                   | 608                   | 0.60                              |
| 64,000                            | Olympus                  | 971                   | 0.97                              |
| 8,000                             | Oriental Land            | 1,077                 | 1.07                              |
| 17,900                            | Otsuka                   | 476                   | 0.47                              |
| 53,800                            | Recruit                  | 1,392                 | 1.38                              |
| 15,500                            | Seven & i                | 593                   | 0.59                              |
| 14,600                            | Shin-Etsu Chemical       | 1,738                 | 1.73                              |
| 19,100                            | Shiseido                 | 799                   | 0.79                              |
| 28,600                            | Sony                     | 2,067                 | 2.05                              |
| 79,000                            | Tokio Marine             | 1,339                 | 1.33                              |
| 165,200                           | Toyota Motor             | 1,956                 | 1.94                              |
| 38,400                            | Welcia                   | 695                   | 0.69                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                | Investment                                   | Market value<br>£'000 | Percentage of<br>total net assets |
|--|--|-----------------------|-----------------------------------|
| <b>Pacific Basin Equities (66.50%)</b> |  | <b>51,429</b>         | <b>51.10</b>                      |
| <b>Australia (12.40%)</b>              |  | <b>11,972</b>         | <b>11.90</b>                      |
| 7,524                                  | BHP  | 212                   | 0.21                              |
| 77,492                                 | BHP (UK listing)                             | 2,190                 | 2.18                              |
| 8,606                                  | Cochlear                                     | 1,040                 | 1.03                              |
| 12,652                                 | CSL  | 2,136                 | 2.12                              |
| 88,064                                 | Goodman REIT                                 | 1,003                 | 1.00                              |
| 13,084                                 | Macquarie                                    | 1,400                 | 1.39                              |
| 88,837                                 | National Australia Bank                      | 1,614                 | 1.60                              |
| 74,727                                 | OZ Minerals                                  | 1,193                 | 1.19                              |
| 42,958                                 | Woodside Energy                              | 891                   | 0.89                              |
| 14,002                                 | Woodside Energy (UK listing)                 | 293                   | 0.29                              |
| <b>China (16.89%)</b>                  |  | <b>20,379</b>         | <b>20.25</b>                      |
| 127,200                                | Aier Eye Hospital 'A'                        | 503                   | 0.50                              |
| 212,200                                | Alibaba                                      | 2,364                 | 2.35                              |
| 196,900                                | China Merchants Bank 'A'                     | 976                   | 0.97                              |
| 34,900                                 | China Tourism Duty Free 'A'                  | 891                   | 0.88                              |
| 13,200                                 | China Tourism Duty Free 'H'                  | 327                   | 0.33                              |
| 25,200                                 | Contemporary Amperex Technology 'A'          | 1,409                 | 1.40                              |
| 210,200                                | GDS 'A'                                      | 497                   | 0.49                              |
| 13,974                                 | GDS ADR                                      | 265                   | 0.26                              |
| 127,800                                | Glodon 'A'                                   | 1,004                 | 1.00                              |
| 59,761                                 | JD.com 'A'                                   | 1,433                 | 1.42                              |
| 171,448                                | LONGi Green Energy Technology 'A'            | 992                   | 0.99                              |
| 61,050                                 | Meituan 'B'                                  | 1,104                 | 1.10                              |
| 227,460                                | NARI Technology 'A'                          | 721                   | 0.72                              |
| 21,900                                 | Shenzhen Mindray Bio-Medical Electronics 'A' | 876                   | 0.87                              |
| 49,231                                 | Sungrow Power Supply 'A'                     | 769                   | 0.76                              |
| 105,800                                | Tencent                                      | 4,190                 | 4.16                              |
| 97,500                                 | Wuxi Biologics (Cayman)                      | 659                   | 0.66                              |
| 198,100                                | Yonyou Network Technology 'A'                | 584                   | 0.58                              |
| 178,000                                | Zhongsheng                                   | 815                   | 0.81                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                    | Investment                     | Market value<br>£'000 | Percentage of<br>total net assets |
|----------------------------|--------------------------------|-----------------------|-----------------------------------|
| <b>Hong Kong (5.46%)</b>   |                                | <b>5,766</b>          | <b>5.72</b>                       |
| 304,800                    | AIA                            | 2,797                 | 2.78                              |
| 545,600                    | Budweiser Brewing              | 1,394                 | 1.38                              |
| 194,000                    | China Resources Land           | 756                   | 0.75                              |
| 22,448                     | Hong Kong Exchanges & Clearing | 819                   | 0.81                              |
| <b>India (9.38%)</b>       |                                | <b>8,468</b>          | <b>8.41</b>                       |
| 39,967                     | Hindustan Unilever             | 1,022                 | 1.01                              |
| 68,953                     | Housing Development Finance    | 1,795                 | 1.78                              |
| 46,228                     | Kotak Mahindra Bank            | 794                   | 0.79                              |
| 15,641                     | Maruti Suzuki India            | 1,379                 | 1.37                              |
| 395,341                    | Power Grid Corp of India       | 851                   | 0.85                              |
| 48,533                     | SBI Life Insurance             | 587                   | 0.58                              |
| 27,130                     | Tata Consultancy Services      | 903                   | 0.90                              |
| 16,190                     | UltraTech Cement               | 1,137                 | 1.13                              |
| <b>Indonesia (1.59%)</b>   |                                | <b>2,503</b>          | <b>2.49</b>                       |
| 2,804,800                  | Bank Central Asia              | 1,288                 | 1.28                              |
| 5,836,600                  | Telkom Indonesia Persero       | 1,215                 | 1.21                              |
| <b>Macau (0.44%)</b>       |                                | <b>704</b>            | <b>0.70</b>                       |
| 232,400                    | Sands China                    | 704                   | 0.70                              |
| <b>New Zealand (0.55%)</b> |                                | <b>549</b>            | <b>0.55</b>                       |
| 124,054                    | Auckland International Airport | 549                   | 0.55                              |
| <b>Philippines (0.94%)</b> |                                | <b>1,088</b>          | <b>1.08</b>                       |
| 1,377,700                  | Ayala Land REIT                | 600                   | 0.60                              |
| 312,541                    | Bank of the Philippine Islands | 488                   | 0.48                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                        | Investment                         | Market value<br>£'000 | Percentage of<br>total net assets |
|--------------------------------|------------------------------------|-----------------------|-----------------------------------|
| <b>Singapore (2.81%)</b>       |                                    | <b>2,585</b>          | <b>2.57</b>                       |
| 75,684                         | DBS                                | 1,674                 | 1.67                              |
| 114,048                        | Oversea-Chinese Banking            | 911                   | 0.90                              |
| <b>South Korea (7.45%)</b>     |                                    | <b>7,032</b>          | <b>6.99</b>                       |
| 12,286                         | Kakao                              | 497                   | 0.49                              |
| 4,380                          | LG Chemical                        | 1,990                 | 1.98                              |
| 1,671                          | Samsung Biologics                  | 874                   | 0.87                              |
| 101,218                        | Samsung Electronics (Preference)   | 3,671                 | 3.65                              |
| <b>Taiwan (7.81%)</b>          |                                    | <b>6,953</b>          | <b>6.91</b>                       |
| 102,000                        | Delta Electronics                  | 796                   | 0.79                              |
| 416,000                        | Hon Hai Precision                  | 1,122                 | 1.12                              |
| 356,504                        | Taiwan Semiconductor Manufacturing | 5,035                 | 5.00                              |
| <b>Thailand (0.78%)</b>        |                                    | <b>757</b>            | <b>0.75</b>                       |
| 212,900                        | Kasikornbank (Alien Market)        | 757                   | 0.75                              |
| <b>UK Equities (0.76%)</b>     |                                    | <b>989</b>            | <b>0.98</b>                       |
| <b>Basic Materials (0.76%)</b> |                                    | <b>989</b>            | <b>0.98</b>                       |
| 15,653                         | Rio Tinto                          | 989                   | 0.98                              |
| Total investment assets        |                                    | 100,042               | 99.41                             |
| Net other assets               |                                    | 590                   | 0.59                              |
| <b>Total Net Assets</b>        |                                    | <b>100,632</b>        | <b>100.00</b>                     |

All investments are listed on recognised stock exchanges and are approved securities within the meaning of the FCA rules. The percentage figures in brackets show the comparative holding as at 31 July 2022.

# Financial Statements

## Statement of Total Return

For the six months ended 31 January 2023

|   | 31 January 2023 |              | 31 January 2022 |                |
|---|-----------------|--------------|-----------------|----------------|
|   | £'000           | £'000        | £'000           | £'000          |
| Income:   |                 |              |                 |                |
| Net capital gains/(losses)  |                 | 3,958        |                 | (4,354)        |
| Revenue   | 882             |              | 854             |                |
| Expenses  | (466)           |              | (605)           |                |
| Net revenue before taxation   | 416             |              | 249             |                |
| Taxation  | (120)           |              | (137)           |                |
| Net revenue after taxation  |                 | 296          |                 | 112            |
| <b>Total return before equalisation</b>   |                 | <b>4,254</b> |                 | <b>(4,242)</b> |
| Equalisation on shares  |                 | (3)          |                 | 1              |
| <b>Change in net assets attributable to shareholders from investment activities</b> |                 | <b>4,251</b> |                 | <b>(4,241)</b> |

## Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 January 2023

|  | 31 January 2023 |                | 31 January 2022 |                |
|--|-----------------|----------------|-----------------|----------------|
|  | £'000           | £'000          | £'000           | £'000          |
| <b>Opening net assets attributable to shareholders</b>                                   |                 | <b>100,930</b> |                 | <b>120,846</b> |
| Amounts receivable on the issue of shares  | 3,475           |                | 16,003          |                |
| Amounts payable on the cancellation of shares  | (8,024)         |                | (13,535)        |                |
|  |                 | (4,549)        |                 | 2,468          |
| Change in net assets attributable to shareholders from investment activities (see above) |                 | 4,251          |                 | (4,241)        |
| <b>Closing net assets attributable to shareholders</b>                                   |                 | <b>100,632</b> |                 | <b>119,073</b> |

Comparative information is provided for the statement of change in net assets attributable to shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.



# Financial Statements

## Continued

### Balance Sheet

As at 31 January 2023

|  | 31 January 2023 |                | 31 July 2022 |                |
|--|-----------------|----------------|--------------|----------------|
|  | £'000           | £'000          | £'000        | £'000          |
| <b>Assets:</b>                                 |                 |                |              |                |
| <b>Fixed assets:</b>                           |                 |                |              |                |
| Investment assets                              |                 | 100,042        |              | 100,225        |
| <b>Current assets:</b>                         |                 |                |              |                |
| Debtors  | 483             |                | 660          |                |
| Cash and bank balances                         | 554             |                | 748          |                |
| Cash equivalents                               | (1)             |                | -            |                |
|  |                 | 1,036          |              | 1,408          |
| <b>Total assets</b>                            |                 | <b>101,078</b> |              | <b>101,633</b> |
| <b>Liabilities:</b>                            |                 |                |              |                |
| Provisions for liabilities                     |                 | (172)          |              | (188)          |
| Bank overdrafts                                | (2)             |                | -            |                |
| Creditors                                      | (272)           |                | (515)        |                |
|  |                 | (274)          |              | (515)          |
| <b>Total liabilities</b>                       |                 | <b>(446)</b>   |              | <b>(703)</b>   |
| <b>Net assets attributable to shareholders</b> |                 | <b>100,632</b> |              | <b>100,930</b> |

# abrdn Asia Pacific Equity Fund

For the period ended 31 January 2023

## Investment Objective

To generate growth over the long term (5 years or more) by investing in Asia Pacific, excluding Japan equities (company shares).

Performance Target: To achieve the return of the MSCI AC Asia Pacific ex Japan Index plus 3% per annum over rolling three year periods (before charges). The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target.

The ACD believes this is an appropriate target for the fund based on the investment policy of the fund and the constituents of the index.

## Investment Policy

### Portfolio Securities

- The fund invests at least 70% in equities and equity related securities of companies listed, incorporated or domiciled in Asia Pacific excluding Japan countries, or companies that derive a significant proportion of their revenues or profits or have a significant proportion of their assets there.
- The fund may also invest in other funds (including those managed by abrdn), money-market instruments, and cash.

### Management Process

- The management team use their discretion (active management) to maintain a diverse asset mix at country, sector and stock level.
- Their primary focus is on stock selection using research techniques to select individual holdings. The research process is focused on finding high quality companies at attractive valuations that can be held for the long term.
- In seeking to achieve the Performance Target, the MSCI AC Asia Pacific ex Japan Index is used as a reference point for portfolio construction and as a basis for setting risk constraints. The expected variation ("tracking error") between the returns of the fund and the index, is not ordinarily expected to exceed 12.5%. Due to the active nature of the management process, the fund's performance profile may deviate significantly from that of the MSCI AC Asia Pacific ex Japan Index over the long term.

### Derivatives and Techniques

- The fund may use derivatives to reduce risk, reduce cost and/or generate additional income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management").

- Derivative usage in the fund is expected to be very limited. Where derivatives are used, this would mainly be in response to significant inflows into the fund so that in these instances, cash can be invested while maintaining the fund's existing allocations to company shares.

## Performance Review

For the six months ended 31 January 2023, the value of abrdn Asia Pacific Equity Fund – A Accumulation Shares increased by 5.10% compared to an increase of 5.18% in the performance target, the MSCI AC Asia Pacific ex Japan Index.

Source: Lipper; Basis: total return, published NAV to NAV, net of annual charges, UK net income reinvested, GBP.

Source: MSCI. The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis forecast or prediction. The MSCI information is provided on an 'as is' basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the 'MSCI Parties') expressly disclaims all warranties (including without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages ([www.msci.com](http://www.msci.com)).

Please remember that past performance is not a guide to future returns. The price of shares and the revenue from them may fall as well as rise. Investors may not get back the amount originally invested.

Companies selected for illustrative purposes only to demonstrate the investment management style described herein and not as an investment recommendation or indication of future performance.

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\*\*abrdn means the relevant member of abrdn group, being abrdn plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

# abrdn Asia Pacific Equity Fund

## Continued

### Market Review

Asia Pacific equities remained volatile over the six months under review, but closed higher as sentiment gradually improved. Early in the period, markets were influenced by the US Federal Reserve's decision to raise interest rates sharply and fears that it could lead to a global recession. The policy tightening bias was also evident in Asian countries, with Indonesia and the Philippines raising interest rates. The ongoing war in Ukraine also weighed on market sentiment with little sign of any resolution in sight.

However, towards the end of the period, inflationary factors including supply chain issues, began to ease, leading to hopes that the monetary tightening cycle could peak sooner than had been anticipated. Sentiment was further boosted by China's decision to ease most of its Covid-19 restrictions faster than expected which led to expectations that the country's reopening would boost demand for everything from consumer electronics to travel and commodities. That helped to pull a number of other Asian markets up, most notably the export-oriented markets of Taiwan and South Korea, along with the commodity-heavy Australian market.

### Portfolio Activity and Review

The fund largely kept pace with its benchmark during the period, with good stock selection in Australia, Hong Kong and Singapore offset by the negative affects of poor stock selection in China and our underweight position in that market.

At the stock level, Australian copper miner OZ Minerals outperformed the market after it received a A\$9.6 billion takeover bid from BHP, which was approved by the board, and then got the go-ahead for a large copper and nickel project in Western Australia. Our holdings in the financial sector made a positive contribution to performance thanks mainly to good stock selection. Bank Central Asia, which has a strong balance sheet and is our key holding in Indonesia, benefitted from the central bank's interest rate increases. The share prices of DBS and Oversea-Chinese Banking Corporation also outperformed as the market expects to see them deliver sequential growth in their profit margins.

Within Hong Kong and China, some of the best contributions came from companies best able to benefit from the reopening of the economy. AIA Group made gains as investors welcomed the potential for the insurance giant to kickstart its performance with growth in China. Naturally, consumer names enjoyed an uplift, and this was seen in holdings such as Budweiser APAC. In South Korea, LG Chem rose due to the potential for it to be a prime beneficiary of the US Inflation Reduction Act.

On the other hand, Yunnan Energy New Material's shares weakened substantially following the announcement of a probe into the chairman and vice chairman. We decided to sit on the sidelines and move our investment to other opportunities in Asia. Within the same sector, LONGi Green Energy Technology also detracted as investors moved to more defensive stocks early in the period.

Indonesian equities were among the region's weakest performers in the period with investors taking some profit in the final quarter of the year. Telkom Indonesia was among the stocks affected. The Indian market was also weak due to a combination of profit-taking which affected quality names including Maruti Suzuki and SBI Life. Later in the period, Indian equities also dropped in reaction to a report by US-based Hindenburg Research which contained allegations about the Adani Group. The fund benefited from not owning Reliance Industries, which fell back on concerns about the recovery at its oil-to-chemicals business if the global economy goes into recession.

In key portfolio activity, we introduced four stocks to the portfolio. Meituan operates a food delivery and local services app in China and is uniquely placed to benefit from China's shift towards a service-driven economy with more services moving online. We regard it as a long-term growth story. Aier Eye Hospital is China's largest domestic private eyecare hospital chain with demand supported by the ageing population, rising living standards and government policies to improve the accessibility and standards of drugs and healthcare. We participated in the Hong Kong IPO of China Tourism Group Duty Free mainly due to the attractive discount on offer. It is the largest duty-free operator in China and its scale provides stronger bargaining power with the potential for higher profit margins. We also added a position in Telkom Indonesia, the dominant telecommunications operator in Indonesia. Growth is driven by the greater use of data, the roll out of 5G services, and the rising penetration of broadband.

Against these, we fully exited our positions in Shenzhen Inovance Technology, Techtronic Industries, TCS and Aristocrat Leisure in view of better opportunities elsewhere. We also sold out of Yunnan Energy New Material, as mentioned above.

### Portfolio Outlook and Strategy

China remains pivotal to Asia's economic recovery, and now with China's faster than expected reopening, we think this bodes well for the region's prospects in 2023. We expect macroeconomic risks to persist, including geopolitical and inflation risks amid the ongoing Ukraine war, and a fragile world economy as recession looms

# abrdn Asia Pacific Equity Fund

## Continued

in Europe and the US. That said, investors expect the US Federal Reserve's monetary policy tightening cycle to come to an end.

We believe that Asia is in a better position than developed economies in the West and valuations remain attractive. Against this backdrop, we have positioned the portfolio to weather near-term risks, while keeping in mind long-term secular trends across Asia. Our focus remains on quality companies with sustainable business models, robust finances and access to structural growth drivers across Asia. We continue to favour fundamental themes like consumption, technology and green energy, which we believe will deliver positive results for shareholders over the long run.

### **Asia Pacific Equity Team**

February 2023

# abrdn Asia Pacific Equity Fund

## Continued

### Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the fund. The table below shows the fund's ranking on the Risk and Reward Indicator.

| Typically lower rewards, lower risk |   |   |   | Typically higher rewards, higher risk |   |   |
|-------------------------------------|---|---|---|---------------------------------------|---|---|
| ←                                   |   |   |   | →                                     |   |   |
| 1                                   | 2 | 3 | 4 | 5                                     | 6 | 7 |

Risk and reward indicator table as at 31 January 2023.

The fund is rated as 5 because of the extent to which the following risk factors apply:

- The fund invests in equity 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.
- The fund invests in emerging market equities and/or bonds. Investing in emerging markets involves a greater risk of loss than investing in more developed markets due to, among other factors, greater political, tax, economic, foreign exchange, liquidity and regulatory risks.
- The fund may invest in companies with Variable Interest Entity (VIE) structures in order to gain exposure to industries with foreign ownership restrictions. There is a risk that investments in these structures may be adversely affected by changes in the legal and regulatory framework.
- Investing in China A shares involves special considerations and risks, including greater price volatility, a less developed regulatory and legal framework, exchange rate risk/controls, settlement, tax, quota, liquidity and regulatory risks.
- 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.

- All investment involves risk. This fund offers no guarantee against loss or that the fund's objective will be attained.
- The price of assets and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.
- Inflation reduces the buying power of your investment and income.
- The value of assets held in the fund may rise and fall as a result of exchange rate fluctuations.
- The fund could lose money if an entity (counterparty) with which it does business becomes unwilling or unable to honour its obligations to the fund.
- In extreme market conditions some securities may become hard to value or sell at a desired price. This could affect the fund's ability to meet redemptions in a timely manner.
- The fund could lose money as the result of a failure or delay in operational processes and systems including but not limited to third party providers failing or going into administration.

# Comparative Tables

| <b>A Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 147,047                | 229,814             | 267,455             | 241,441             |
| Closing number of shares                  | 43,261,263             | 71,314,836          | 76,011,182          | 80,168,848          |
| Closing net asset value per share (pence) | 339.90                 | 322.25              | 351.86              | 301.17              |
| Change in net asset value per share       | 5.48%                  | (8.42%)             | 16.83%              | 0.90%               |
| Operating charges                         | 1.31%                  | 1.31%               | 1.59%               | 1.65%               |
| <b>A Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 19,436                 | 23,041              | 25,850              | 20,691              |
| Closing number of shares                  | 6,460,265              | 8,078,025           | 8,258,508           | 7,723,137           |
| Closing net asset value per share (pence) | 300.86                 | 285.22              | 313.01              | 267.91              |
| Change in net asset value per share       | 5.48%                  | (8.88%)             | 16.83%              | 0.43%               |
| Operating charges                         | 1.31%                  | 1.31%               | 1.59%               | 1.65%               |
| <b>I Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 447,394                | 357,552             | 419,416             | 406,008             |
| Closing number of shares                  | 118,743,479            | 100,324,357         | 108,266,155         | 122,999,423         |
| Closing net asset value per share (pence) | 376.77                 | 356.40              | 387.39              | 330.09              |
| Change in net asset value per share       | 5.72%                  | (8.00%)             | 17.36%              | 1.36%               |
| Operating charges                         | 0.86%                  | 0.86%               | 1.14%               | 1.20%               |
| <b>I Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 30,406                 | 26,193              | 37,161              | 29,594              |
| Closing number of shares                  | 17,652,378             | 16,076,119          | 20,777,099          | 19,334,319          |
| Closing net asset value per share (pence) | 172.25                 | 162.93              | 178.86              | 153.06              |
| Change in net asset value per share       | 5.72%                  | (8.91%)             | 16.86%              | 0.46%               |
| Operating charges                         | 0.86%                  | 0.86%               | 1.14%               | 1.20%               |
| <b>K Accumulation<sup>A</sup></b>         | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 311,880                | 291,966             | 292,391             | 279,034             |
| Closing number of shares                  | 253,707,972            | 251,405,124         | 232,206,205         | 261,260,300         |
| Closing net asset value per share (pence) | 122.93                 | 116.13              | 125.92              | 106.80              |
| Change in net asset value per share       | 5.86%                  | (7.77%)             | 17.90%              | 6.80%               |
| Operating charges                         | 0.61%                  | 0.61%               | 0.68%               | 0.69%               |
| <b>M Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 72                     | 69                  | 75                  | 83                  |
| Closing number of shares                  | 52,456                 | 52,681              | 52,749              | 68,730              |
| Closing net asset value per share (pence) | 137.59                 | 130.18              | 141.58              | 120.68              |
| Change in net asset value per share       | 5.69%                  | (8.05%)             | 17.32%              | 1.57%               |
| Operating charges                         | 0.91%                  | 0.91%               | 1.19%               | 1.25%               |

# Comparative Tables

## Continued

| <b>M Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 25                     | 23                  | 25                  | 22                  |
| Closing number of shares                  | 18,385                 | 18,269              | 18,265              | 18,224              |
| Closing net asset value per share (pence) | 132.95                 | 125.79              | 138.07              | 118.16              |
| Change in net asset value per share       | 5.69%                  | (8.89%)             | 16.85%              | 0.75%               |
| Operating charges                         | 0.91%                  | 0.91%               | 1.19%               | 1.25%               |
| <b>Z Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 2,864                  | 5,873               | 9,111               | 8,861               |
| Closing number of shares                  | 654,709                | 1,424,934           | 2,048,883           | 2,361,364           |
| Closing net asset value per share (pence) | 437.41                 | 412.19              | 444.64              | 375.26              |
| Change in net asset value per share       | 6.12%                  | (7.30%)             | 18.49%              | 2.38%               |
| Operating charges                         | 0.11%                  | 0.11%               | 0.18%               | 0.20%               |

The closing net asset value (£'000) divided by the closing number of shares may not calculate to the closing net asset value per share (pence) due to rounding differences. The published closing net asset value per share (pence) is based on unrounded values and represents the actual price.

The change in the net asset value per share is the change from the beginning of the period to the close of the period.

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

\*K Accumulation share class was launched on 15 August 2019.

# Portfolio Statement

As at 31 January 2023

| Holding                                | Investment                                   | Market value<br>£'000 | Percentage of<br>total net assets |
|--|--|-----------------------|-----------------------------------|
| <b>Equities (98.56%)</b>               |  | <b>951,302</b>        | <b>99.18</b>                      |
| <b>European Equities (2.14%)</b>       |  | <b>18,148</b>         | <b>1.89</b>                       |
| <b>Netherlands (2.14%)</b>             |  | <b>18,148</b>         | <b>1.89</b>                       |
| 22,669                                 | ASM International                            | 6,163                 | 0.64                              |
| 22,545                                 | ASML   | 11,985                | 1.25                              |
| <b>Pacific Basin Equities (93.91%)</b> |  | <b>910,118</b>        | <b>94.89</b>                      |
| <b>Australia (14.75%)</b>              |  | <b>130,090</b>        | <b>13.56</b>                      |
| 59,079                                 | BHP  | 1,667                 | 0.17                              |
| 1,317,830                              | BHP (UK listing)                             | 37,235                | 3.88                              |
| 126,036                                | Cochlear                                     | 15,236                | 1.59                              |
| 168,945                                | CSL  | 28,526                | 2.97                              |
| 655,100                                | Goodman REIT                                 | 7,462                 | 0.78                              |
| 785,110                                | National Australia Bank                      | 14,268                | 1.49                              |
| 604,485                                | OZ Minerals                                  | 9,653                 | 1.01                              |
| 532,856                                | Woodside Energy                              | 11,056                | 1.15                              |
| 238,133                                | Woodside Energy (UK listing)                 | 4,987                 | 0.52                              |
| <b>China (23.28%)</b>                  |  | <b>274,484</b>        | <b>28.62</b>                      |
| 1,236,681                              | Aier Eye Hospital 'A'                        | 4,885                 | 0.51                              |
| 2,528,300                              | Alibaba                                      | 28,165                | 2.94                              |
| 2,773,546                              | China Merchants Bank 'A'                     | 13,741                | 1.43                              |
| 449,202                                | China Tourism Duty Free 'A'                  | 11,465                | 1.20                              |
| 239,200                                | China Tourism Duty Free 'H'                  | 5,929                 | 0.62                              |
| 188,352                                | Contemporary Amperex Technology 'A'          | 10,533                | 1.10                              |
| 2,360,700                              | GDS 'A'                                      | 5,578                 | 0.58                              |
| 65,297                                 | GDS ADR                                      | 1,238                 | 0.13                              |
| 1,301,918                              | Glodon 'A'                                   | 10,228                | 1.07                              |
| 728,388                                | JD.com 'A'                                   | 17,466                | 1.82                              |
| 79,023                                 | Kweichow Moutai 'A'                          | 17,535                | 1.83                              |
| 2,511,862                              | LONGi Green Energy Technology 'A'            | 14,540                | 1.52                              |
| 944,630                                | Meituan 'B'                                  | 17,082                | 1.78                              |
| 2,066,640                              | NARI Technology 'A'                          | 6,554                 | 0.68                              |
| 362,064                                | Shenzhen Mindray Bio-Medical Electronics 'A' | 14,479                | 1.51                              |
| 640,182                                | Sungrow Power Supply 'A'                     | 10,004                | 1.04                              |



# Portfolio Statement

As at 31 January 2023 continued

| Holding                    | Investment                     | Market value<br>£'000 | Percentage of<br>total net assets |
|----------------------------|--------------------------------|-----------------------|-----------------------------------|
| 1,387,800                  | Tencent                        | 54,965                | 5.73                              |
| 1,877,000                  | Wuxi Biologics (Cayman)        | 12,692                | 1.32                              |
| 3,128,104                  | Yonyou Network Technology 'A'  | 9,213                 | 0.96                              |
| 1,788,500                  | Zhongsheng                     | 8,192                 | 0.85                              |
| <b>Hong Kong (10.24%)</b>  |                                | <b>100,320</b>        | <b>10.46</b>                      |
| 5,865,800                  | AIA                            | 53,825                | 5.61                              |
| 8,977,000                  | Budweiser Brewing              | 22,931                | 2.39                              |
| 2,526,000                  | China Resources Land           | 9,842                 | 1.03                              |
| 375,978                    | Hong Kong Exchanges & Clearing | 13,722                | 1.43                              |
| <b>India (15.10%)</b>      |                                | <b>117,405</b>        | <b>12.24</b>                      |
| 618,229                    | Hindustan Unilever             | 15,802                | 1.65                              |
| 1,207,307                  | Housing Development Finance    | 31,423                | 3.28                              |
| 712,210                    | Infosys                        | 10,825                | 1.13                              |
| 537,797                    | Kotak Mahindra Bank            | 9,236                 | 0.96                              |
| 191,752                    | Maruti Suzuki India            | 16,905                | 1.76                              |
| 4,937,879                  | Power Grid Corp of India       | 10,626                | 1.11                              |
| 1,220,306                  | SBI Life Insurance             | 14,761                | 1.54                              |
| 111,457                    | UltraTech Cement               | 7,827                 | 0.81                              |
| <b>Indonesia (2.65%)</b>   |                                | <b>36,605</b>         | <b>3.82</b>                       |
| 51,797,200                 | Bank Central Asia              | 23,787                | 2.48                              |
| 61,601,300                 | Telkom Indonesia Persero       | 12,818                | 1.34                              |
| <b>Philippines (1.30%)</b> |                                | <b>13,986</b>         | <b>1.46</b>                       |
| 18,857,040                 | Ayala Land REIT                | 8,216                 | 0.86                              |
| 3,695,682                  | Bank of the Philippine Islands | 5,770                 | 0.60                              |
| <b>Singapore (5.32%)</b>   |                                | <b>47,381</b>         | <b>4.94</b>                       |
| 1,206,998                  | DBS                            | 26,690                | 2.78                              |
| 2,591,318                  | Oversea-Chinese Banking        | 20,691                | 2.16                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                        | Investment                         | Market value<br>£'000 | Percentage of<br>total net assets |
|--------------------------------|------------------------------------|-----------------------|-----------------------------------|
| <b>South Korea (9.65%)</b>     |                                    | <b>88,300</b>         | <b>9.20</b>                       |
| 155,872                        | Kakao                              | 6,311                 | 0.66                              |
| 47,643                         | LG Chemical                        | 21,646                | 2.25                              |
| 24,923                         | Samsung Biologics                  | 13,033                | 1.36                              |
| 1,304,445                      | Samsung Electronics (Preference)   | 47,310                | 4.93                              |
| <b>Taiwan (10.23%)</b>         |                                    | <b>87,769</b>         | <b>9.15</b>                       |
| 1,254,000                      | Delta Electronics                  | 9,788                 | 1.02                              |
| 4,367,000                      | Hon Hai Precision Industry         | 11,779                | 1.23                              |
| 4,687,827                      | Taiwan Semiconductor Manufacturing | 66,202                | 6.90                              |
| <b>Thailand (1.39%)</b>        |                                    | <b>13,778</b>         | <b>1.44</b>                       |
| 2,614,400                      | Kasikornbank (Alien Market)        | 9,296                 | 0.97                              |
| 542,100                        | Siam Cement (Alien Market)         | 4,482                 | 0.47                              |
| <b>UK Equities (2.51%)</b>     |                                    | <b>23,036</b>         | <b>2.40</b>                       |
| <b>Basic Materials (0.75%)</b> |                                    | <b>8,996</b>          | <b>0.94</b>                       |
| 142,392                        | Rio Tinto                          | 8,996                 | 0.94                              |
| <b>Financials (1.76%)</b>      |                                    | <b>14,040</b>         | <b>1.46</b>                       |
| 4,383,161                      | abrdn Asia Focus+                  | 11,484                | 1.20                              |
| 414,929                        | abrdn China Investment+            | 2,556                 | 0.26                              |
| Total investment assets        |                                    | 951,302               | 99.18                             |
| Net other assets               |                                    | 7,822                 | 0.82                              |
| <b>Total Net Assets</b>        |                                    | <b>959,124</b>        | <b>100.00</b>                     |

All investments are listed on recognised stock exchanges and are approved securities within the meaning of the FCA rules.

The percentage figures in brackets show the comparative holding as at 31 July 2022.

+ Managed by subsidiaries of abrdn plc.

# Financial Statements

## Statement of Total Return

For the six months ended 31 January 2023

|   | 31 January 2023 |               | 31 January 2022 |                 |
|---|-----------------|---------------|-----------------|-----------------|
|   | £'000           | £'000         | £'000           | £'000           |
| Income:   |                 |               |                 |                 |
| Net capital gains/(losses)  |                 | 50,928        |                 | (25,877)        |
| Revenue   | 9,432           |               | 7,930           |                 |
| Expenses  | (3,928)         |               | (4,783)         |                 |
| Interest payable and similar charges  | (1)             |               | (1)             |                 |
| Net revenue before taxation   | 5,503           |               | 3,146           |                 |
| Taxation  | (969)           |               | (1,382)         |                 |
| Net revenue after taxation  |                 | 4,534         |                 | 1,764           |
| <b>Total return before equalisation</b>   |                 | <b>55,462</b> |                 | <b>(24,113)</b> |
| Equalisation on shares  |                 | (123)         |                 | -               |
| Foreign exchange loss on translation  |                 |               |                 | (84)            |
| <b>Change in net assets attributable to shareholders from investment activities</b> |                 | <b>55,339</b> |                 | <b>(24,197)</b> |

## Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 January 2023

|  | 31 January 2023 |                | 31 January 2022 |                  |
|--|-----------------|----------------|-----------------|------------------|
|  | £'000           | £'000          | £'000           | £'000            |
| <b>Opening net assets attributable to shareholders</b>                                   |                 | <b>934,531</b> |                 | <b>1,051,484</b> |
| Amounts receivable on the issue of shares  | 27,024          |                | 3,655           |                  |
| Amounts payable on the cancellation of shares  | (57,770)        |                | (38,505)        |                  |
|  |                 | (30,746)       |                 | (34,850)         |
| Change in net assets attributable to shareholders from investment activities (see above) |                 | 55,339         |                 | (24,197)         |
| <b>Closing net assets attributable to shareholders</b>                                   |                 | <b>959,124</b> |                 | <b>992,437</b>   |

Comparative information is provided for the statement of change in net assets attributable to shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

# Financial Statements

## Continued

### Balance Sheet

As at 31 January 2023

|  | 31 January 2023 |                 | 31 July 2022 |                |
|--|-----------------|-----------------|--------------|----------------|
|  | £'000           | £'000           | £'000        | £'000          |
| <b>Assets:</b>                                 |                 |                 |              |                |
| <b>Fixed assets:</b>                           |                 |                 |              |                |
| Investment assets                              |                 | 951,302         |              | 921,113        |
| <b>Current assets:</b>                         |                 |                 |              |                |
| Debtors  | 1,294           |                 | 4,640        |                |
| Cash and bank balances                         | 26,183          |                 | 12,577       |                |
|  |                 | 27,477          |              | 17,217         |
| <b>Total assets</b>                            |                 | <b>978,779</b>  |              | <b>938,330</b> |
| <b>Liabilities:</b>                            |                 |                 |              |                |
| Provisions for liabilities                     |                 | (1,744)         |              | (2,249)        |
| Creditors                                      | (17,911)        |                 | (1,173)      |                |
| Distribution payable                           | -               |                 | (377)        |                |
|  |                 | (17,911)        |              | (1,550)        |
| <b>Total liabilities</b>                       |                 | <b>(19,655)</b> |              | <b>(3,799)</b> |
| <b>Net assets attributable to shareholders</b> |                 | <b>959,124</b>  |              | <b>934,531</b> |

# abrdn China A Share Equity Fund

For the period ended 31 January 2023

## Investment Objective

To generate growth over the long term (5 years or more) by investing in China A equities (company shares).

Performance Target: To achieve the return of the MSCI China A Onshore Index, plus 3% per annum over rolling three year periods (before charges). The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target.

The ACD believes this is an appropriate target for the fund based on the investment policy of the fund and the constituents of the index.

## Investment Policy

### Portfolio Securities

- The fund will invest at least 70% in China A equities of companies listed on Chinese Stock Exchanges authorised by the China Securities Regulatory Commission. The fund may also invest in China A equities through RQFII, the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect programme in equities and equity related securities.
- The fund may also invest in China B equities, China H equities and participant notes.
- The fund may also invest in other funds (including those managed by abrdn), money-market instruments, and cash.

### Management Process

- The management team use their discretion (active management) to maintain a diverse asset mix at sector and stock level.
- Their primary focus is on stock selection using research techniques to select individual holdings. The research process is focused on finding high quality companies at attractive valuations that can be held for the long term.
- In seeking to achieve the Performance Target, the MSCI China A Onshore Index is used as a reference point for portfolio construction and as a basis for setting risk constraints. The expected variation ("tracking error") between the returns of the fund and the index, is not ordinarily expected to exceed 12.5%. Due to the active nature of the management process, the fund's performance profile may deviate significantly from that of the MSCI China A Onshore Index.

## Derivatives and Techniques

- The fund may use derivatives to reduce risk, reduce cost and/or generate additional income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management").
- Derivative usage in the fund is expected to be very limited. Where derivatives are used, this would mainly be in response to significant inflows into the fund so that in these instances, cash can be invested while maintaining the fund's existing allocations to company shares.

## Performance Review

For the six months ended 31 January 2023, the value of abrdn China A Share Equity Fund – M Accumulation Shares increased by 5.87% compared to a decrease of 2.35% in the performance target, the MSCI China A Onshore Index.

Source: Lipper; Basis: total return, published NAV to NAV, net of annual charges, UK net income reinvested, GBP.

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Please remember that past performance is not a guide to future returns. The price of shares and the revenue from them may fall as well as rise. Investors may not get back the amount originally invested.

Companies selected for illustrative purposes only to demonstrate the investment management style described herein and not as an investment recommendation or indication of future performance.

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\*\*abrdn means the relevant member of abrdn group, being abrdn plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

# abrdn China A Share Equity Fund

## Continued

### Market Review

Mainland China A-shares fell slightly over the period (measured in sterling terms), although there were large swings month-on-month in the fourth quarter; Chinese share prices dropped heavily in October but rebounded strongly in November. Mainland stock markets started the new calendar year on a highly positive note amid increased optimism over the prospects for the reopening Chinese economy.

Geopolitics took centre stage in early August. Tensions between China and Taiwan (and the US) escalated after a US Congressional visit to Taiwan that included a meeting with the Taiwanese president. The trip drew a hostile reaction from the Chinese government. In response, the Chinese military conducted high-profile military exercises around Taiwan and encircled the island.

The China A-share market was not spared in September's global stock market sell-off. This followed a more hawkish projection for interest rates from the US Federal Reserve and an outlook of slower global growth. However, there were some positives, such as the arrival of the US's Public Company Accounting Oversight Board in Hong Kong for audit inspections. This alleviated the risks of US-listed Chinese stocks (securities known as American Depositary Receipts or ADRs) being delisted from US stock exchanges.

Mainland Chinese stock markets rose over the final quarter of a difficult year. The government's stringent zero-Covid policy continued to dominate market sentiment. Chinese stocks fell sharply in October following the 20th Communist Party Congress, as investors were disappointed by the lack of an end date for the zero-Covid approach. However, October's disappointment quickly gave way to major rally in November, driven by the expectation of the dilution of the zero-Covid policy and economic reopening. Increased liquidity support for the struggling property sector from the government and state-owned banks also boosted sentiment. The global backdrop also provided a powerful tailwind for share prices. Better-than-expected US inflation data led to hopes that inflation may have peaked in the US, meaning that an end to the current interest rate-hiking cycle was possibly in sight.

The government duly dropped the zero-Covid policy in December. All social distancing measures were lifted. Covid-19 cases surged as a result, and the population quickly moved towards herd immunity.

January was a short trading month as the long Chinese New Year holiday fell in the week of 23 January. The positive sentiment formed after the government's abandonment of the zero-Covid policy continued to drive onshore stock markets significantly higher, amid hopes of

a rebound in Chinese economic growth in 2023. On the Covid-19 front, sea and land crossings reopened between Hong Kong and the Chinese mainland. The government also lifted the requirement for incoming travellers to quarantine. At the end of the month, China's Center for Disease Control and Prevention stated that the latest wave of infections was "coming to an end".

### Portfolio Activity and Review

The portfolio rose over the review period, comfortably outperforming the benchmark.

Stock selection drove the portfolio's outperformance, although sector allocation effects also boosted returns. Stock picking in information technology was the performance highlight, while stock selection in the industrials, financials and consumer discretionary sectors was also helpful. Stock picks in the materials sector were a minor headwind.

Turning to individual holdings, Glodon benefited from better sentiment towards information technology stocks and from good execution during Covid-19 and the downturn in the property sector. Yonyou Network Technology and Venustech Group were both boosted by favourable sentiment towards the trend for localisation within the software sector. Venustech was also helped by positive sentiment towards cybersecurity stocks following the government's announcement of supportive policies.

The only significant laggards were Yunnan Energy New Material and LONGi Green Energy Technology. The former was hurt by the news that the company's chairman and vice chairman were under house surveillance for an unknown investigation; the latter suffered from weak sentiment within the solar energy sector.

In portfolio activity, we participated in the Hong Kong IPO of China Tourism Group, as its shares were listed at an attractive discount. We remain positive on the company and the industry. Elsewhere, we topped up our position in Ping An Insurance. The company's results, alongside good numbers from its peers, suggested that the insurance industry was nearing an inflection point for recovery. We also topped up our position in Aier Eye Hospital Group, which we believed would benefit from the expected gradual easing of the zero-Covid policy as well as a relatively benign regulatory environment.

In December, we reviewed the positioning and weights of our five key portfolio themes (aspiration, green, wealth, digitalisation and healthcare) and the potential impact upon them from the reopening of the Chinese economy. However, we made no significant changes to the portfolio.

### Portfolio Outlook and Strategy

# abrdn China A Share Equity Fund

## Continued

We remain constructive on China A-share market. It has lagged the recent Chinese offshore market rally while foreign investor allocation to China remains below global index weights.

With the Chinese population achieving herd immunity rapidly, we are forecasting consumption recovery to be the main pillar for economic growth this year. This bodes well for our consumer holdings, where we have an overweight exposure versus the index and our peers.

Elsewhere, the real estate market is stabilising, but a recovery is likely to lag as buyers need an economic recovery to improve buying sentiment.

We expect and welcome a market consolidation in the near term after a strong rally since the market bottomed on 22 November 2022. We believe this provides an excellent opportunity for long-term investors as valuations are still attractive, in our view, and the secular growth in our five portfolio themes remains intact.

### **Asia Pacific Equity Team**

February 2023

# abrdn China A Share Equity Fund

## Continued

### Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the fund. The table below shows the fund's ranking on the Risk and Reward Indicator.

| Typically lower rewards, lower risk |   |   |   | Typically higher rewards, higher risk |   |   |
|-------------------------------------|---|---|---|---------------------------------------|---|---|
| ←                                   |   |   |   | →                                     |   |   |
| 1                                   | 2 | 3 | 4 | 5                                     | 6 | 7 |

Risk and reward indicator table as at 31 January 2023.

The fund is rated as 7 because of the extent to which the following risk factors apply:

- The fund invests in equity 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.
- A concentrated portfolio may be more volatile and less liquid than a more broadly diversified one. The fund's investments are concentrated in a particular country or sector.
- The fund invests in Chinese equities. Investing in China involves a greater risk of loss than investing in more developed markets due to, among other factors, greater government intervention, tax, economic, foreign exchange, liquidity and regulatory risks.
- Investing in China A shares involves special considerations and risks, including greater price volatility, a less developed regulatory and legal framework, exchange rate risk/controls, settlement, tax, quota, liquidity and regulatory risks.
- 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.

All investment involves risk. This fund offers no guarantee against loss or that the fund's objective will be attained.

The price of assets and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

Inflation reduces the buying power of your investment and income.

The value of assets held in the fund may rise and fall as a result of exchange rate fluctuations.

The fund could lose money if an entity (counterparty) with which it does business becomes unwilling or unable to honour its obligations to the fund.

In extreme market conditions some securities may become hard to value or sell at a desired price. This could affect the fund's ability to meet redemptions in a timely manner.

The fund could lose money as the result of a failure or delay in operational processes and systems including but not limited to third party providers failing or going into administration.



# Comparative Tables

| <b>I Accumulation<sup>A</sup></b>         | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 7,645                  | 5,969               | 6,385               | 2,129               |
| Closing number of shares                  | 5,861,414              | 4,860,057           | 4,880,268           | 1,768,187           |
| Closing net asset value per share (pence) | 130.43                 | 122.81              | 130.84              | 120.37              |
| Change in net asset value per share       | 6.20%                  | (6.14%)             | 8.70%               | 20.37%              |
| Operating charges                         | 1.20%                  | 1.17%               | 1.19%               | 1.19%               |
| <b>K Accumulation<sup>A</sup></b>         | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 1                      | 1                   | 1                   | 1                   |
| Closing number of shares                  | 1,000                  | 1,000               | 1,000               | 1,000               |
| Closing net asset value per share (pence) | 132.65                 | 124.55              | 132.01              | 120.89              |
| Change in net asset value per share       | 6.50%                  | (5.65%)             | 9.20%               | 20.89%              |
| Operating charges                         | 0.70%                  | 0.67%               | 0.69%               | 0.69%               |
| <b>M Accumulation<sup>A</sup></b>         | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 729                    | 1,547               | 1,827               | 882                 |
| Closing number of shares                  | 559,957                | 1,261,767           | 1,397,435           | 733,305             |
| Closing net asset value per share (pence) | 130.20                 | 122.62              | 130.71              | 120.31              |
| Change in net asset value per share       | 6.18%                  | (6.19%)             | 8.64%               | 20.31%              |
| Operating charges                         | 1.25%                  | 1.22%               | 1.24%               | 1.24%               |
| <b>Z Accumulation<sup>A</sup></b>         | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 6,751                  | 6,324               | 6,671               | 6,076               |
| Closing number of shares                  | 5,000,000              | 5,000,000           | 5,000,000           | 5,000,000           |
| Closing net asset value per share (pence) | 135.02                 | 126.48              | 133.42              | 121.52              |
| Change in net asset value per share       | 6.75%                  | (5.20%)             | 9.79%               | 21.52%              |
| Operating charges                         | 0.20%                  | 0.17%               | 0.19%               | 0.19%               |

The closing net asset value (£'000) divided by the closing number of shares may not calculate to the closing net asset value per share (pence) due to rounding differences. The published closing net asset value per share (pence) is based on unrounded values and represents the actual price.

The change in the net asset value per share is the change from the beginning of the period to the close of the period.

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

<sup>A</sup>The fund was launched on 20 August 2019.

# Portfolio Statement

As at 31 January 2023

| Holding                                | Investment                                 | Market value<br>£'000 | Percentage of<br>total net assets |
|--|--|-----------------------|-----------------------------------|
| <b>Equities (97.15%)</b>               |  | <b>14,623</b>         | <b>96.68</b>                      |
| <b>Pacific Basin Equities (97.15%)</b> |  | <b>14,623</b>         | <b>96.68</b>                      |
| <b>China (97.15%)</b>                  |  | <b>14,623</b>         | <b>96.68</b>                      |
| 119,472                                | Aier Eye Hospital 'A'                      | 472                   | 3.12                              |
| 52,900                                 | Anhui Conch Cement 'A'                     | 187                   | 1.24                              |
| 114,060                                | Bank of Ningbo 'A'                         | 450                   | 2.97                              |
| 78,800                                 | By-health 'A'                              | 218                   | 1.44                              |
| 127,300                                | Centre Testing International 'A'           | 362                   | 2.39                              |
| 35,431                                 | Chacha Food 'A'                            | 194                   | 1.28                              |
| 30,700                                 | China International Capital 'A'            | 147                   | 0.97                              |
| 103,200                                | China International Capital 'H'            | 186                   | 1.23                              |
| 145,800                                | China Merchants Bank 'A'                   | 722                   | 4.78                              |
| 20,693                                 | China Tourism Duty Free 'A'                | 528                   | 3.49                              |
| 4,800                                  | China Tourism Duty Free 'H'                | 119                   | 0.79                              |
| 26,000                                 | China Vanke 'A'                            | 57                    | 0.38                              |
| 116,500                                | China Vanke 'H'                            | 191                   | 1.26                              |
| 11,400                                 | Contemporary Amperex Technology 'A'        | 638                   | 4.22                              |
| 33,435                                 | Foshan Haitian Flavouring & Food 'A'       | 319                   | 2.11                              |
| 88,500                                 | Fuyao Glass Industry 'A'                   | 415                   | 2.75                              |
| 70,000                                 | Glodon 'A'                                 | 550                   | 3.64                              |
| 77,300                                 | Guangzhou Baiyun International Airport 'A' | 130                   | 0.86                              |
| 27,800                                 | Hangzhou Tigermed Consulting 'A'           | 389                   | 2.57                              |
| 12,000                                 | Hangzhou Tigermed Consulting 'H'           | 128                   | 0.84                              |
| 65,392                                 | Hundsun Technologies 'A'                   | 371                   | 2.45                              |
| 73,700                                 | Inner Mongolia Yili Industrial 'A'         | 289                   | 1.91                              |
| 49,040                                 | Jiangsu Hengrui Pharmaceuticals 'A'        | 249                   | 1.65                              |
| 5,500                                  | Kweichow Moutai 'A'                        | 1,220                 | 8.07                              |
| 83,708                                 | LONGi Green Energy Technology 'A'          | 485                   | 3.20                              |
| 69,400                                 | Luxshare Precision Industry 'A'            | 271                   | 1.79                              |
| 12,367                                 | Maxscend Microelectronics 'A'              | 199                   | 1.32                              |
| 83,800                                 | Midea 'A'                                  | 556                   | 3.68                              |
| 79,228                                 | NARI Technology 'A'                        | 251                   | 1.66                              |
| 3,500                                  | NAURA Technology 'A'                       | 99                    | 0.65                              |
| 203,400                                | Ping An Bank 'A'                           | 367                   | 2.42                              |
| 88,800                                 | Ping An Insurance 'A'                      | 544                   | 3.60                              |
| 12,820                                 | Proya Cosmetics 'A'                        | 254                   | 1.68                              |
| 6,900                                  | SG Micro 'A'                               | 148                   | 0.98                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                      | Investment   | Market value<br>£'000 | Percentage of<br>total net assets |
|--|--|-----------------------|-----------------------------------|
| 19,800                                       | Shanghai International Airport 'A'                             | 144                   | 0.95                              |
| 59,100                                       | Shanghai M&G Stationery 'A'                                    | 381                   | 2.52                              |
| 28,100                                       | Shenzhen Inovance Technology 'A'                               | 240                   | 1.59                              |
| 12,500                                       | Shenzhen Mindray Bio-Medical Electronics 'A'                   | 500                   | 3.30                              |
| 20,300                                       | Sungrow Power Supply 'A'                                       | 317                   | 2.10                              |
| 86,886                                       | Venustech 'A'  | 311                   | 2.06                              |
| 20,900                                       | Wanhua Chemical 'A'  | 243                   | 1.60                              |
| 12,500                                       | Wuliangye Yibin 'A'  | 314                   | 2.08                              |
| 91,391                                       | Yonyou Network Technology 'A'                                  | 269                   | 1.78                              |
| 10,600                                       | Yunnan Energy New Material 'A'                                 | 199                   | 1.31                              |
| <b>Collective Investment Schemes (0.78%)</b> |  | <b>109</b>            | <b>0.72</b>                       |
| 109  | Aberdeen Standard Liquidity Fund (Lux) – Sterling Fund Z1 Inc+ | 109                   | 0.72                              |
| Total investment assets                      |  | 14,732                | 97.40                             |
| Net other assets                             |  | 394                   | 2.60                              |
| <b>Total Net Assets</b>                      |  | <b>15,126</b>         | <b>100.00</b>                     |

All investments are listed on recognised stock exchanges and are approved securities, or are regulated collective investment schemes within the meaning of the FCA rules.  
The percentage figures in brackets show the comparative holding as at 31 July 2022.

+ Managed by subsidiaries of abrdn plc.

# Financial Statements

## Statement of Total Return

For the six months ended 31 January 2023

|   | 31 January 2023 |            | 31 January 2022 |           |
|---|-----------------|------------|-----------------|-----------|
|   | £'000           | £'000      | £'000           | £'000     |
| Income:   |                 |            |                 |           |
| Net capital gains   |                 | 947        |                 | 78        |
| Revenue   | 30              |            | 9               |           |
| Expenses  | (45)            |            | (53)            |           |
| Net expense before taxation   | (15)            |            | (44)            |           |
| Taxation  | (3)             |            | (1)             |           |
| Net expense after taxation  |                 | (18)       |                 | (45)      |
| <b>Total return</b>   |                 | <b>929</b> |                 | <b>33</b> |
| <b>Change in net assets attributable to shareholders from investment activities</b> |                 | <b>929</b> |                 | <b>33</b> |

## Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 January 2023

|  | 31 January 2023 |               | 31 January 2022 |               |
|--|-----------------|---------------|-----------------|---------------|
|  | £'000           | £'000         | £'000           | £'000         |
| <b>Opening net assets attributable to shareholders</b>                                   |                 | <b>13,841</b> |                 | <b>14,884</b> |
| Amounts receivable on the issue of shares  | 939             |               | 900             |               |
| Amounts payable on the cancellation of shares  | (583)           |               | (762)           |               |
|  |                 | 356           |                 | 138           |
| Change in net assets attributable to shareholders from investment activities (see above) |                 | 929           |                 | 33            |
| <b>Closing net assets attributable to shareholders</b>                                   |                 | <b>15,126</b> |                 | <b>15,055</b> |

Comparative information is provided for the statement of change in net assets attributable to shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

# Financial Statements

## Continued

### Balance Sheet

As at 31 January 2023

|  | 31 January 2023 |               | 31 July 2022 |               |
|--|-----------------|---------------|--------------|---------------|
|  | £'000           | £'000         | £'000        | £'000         |
| <b>Assets:</b>                                 |                 |               |              |               |
| <b>Fixed assets:</b>                           |                 |               |              |               |
| Investment assets                              |                 | 14,732        |              | 13,555        |
| <b>Current assets:</b>                         |                 |               |              |               |
| Debtors  | 101             |               | 27           |               |
| Cash and bank balances                         | 541             |               | 274          |               |
|  |                 | 642           |              | 301           |
| <b>Total assets</b>                            |                 | <b>15,374</b> |              | <b>13,856</b> |
| <b>Liabilities:</b>                            |                 |               |              |               |
| Creditors                                      | (248)           |               | (15)         |               |
|  |                 | (248)         |              | (15)          |
| <b>Total liabilities</b>                       |                 | <b>(248)</b>  |              | <b>(15)</b>   |
| <b>Net assets attributable to shareholders</b> |                 | <b>15,126</b> |              | <b>13,841</b> |

# abrdn Corporate Bond Fund

For the period ended 31 January 2023

## Investment Objective

To generate income and some growth over the long term (5 years or more) by investing in Sterling denominated investment grade corporate bonds.

Performance Target: To achieve the return of the iBoxx Sterling Collateralized & Corporates Index plus 1% per annum (before charges). The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target.

The ACD believes this is an appropriate target for the fund based on the investment policy of the fund and the constituents of the index.

## Investment Policy

### Portfolio Securities

- The fund will invest at least 60% in Sterling denominated investment grade corporate bonds.
- The fund may also invest in bonds issued anywhere in the world by governments and corporations, such as sub-sovereigns, sub-investment grade, inflation-linked, convertible, asset backed and mortgage-backed bonds. The fund will employ techniques to reduce (hedge) risk related to currency movements on non-Sterling bonds.
- The fund may also invest in other funds (including those managed by abrdn), money-market instruments, and cash.

### Management Process

- The management team use their discretion (active management) to identify bonds and derivatives after analysing companies prospects and creditworthiness alongside global economic and market conditions.
- In seeking to achieve the performance target, the iBoxx Sterling Collateralized & Corporates Index is used as a reference point for portfolio construction and as a basis for setting risk constraints. The expected variation ("tracking error") between the returns of the fund and the index is not ordinarily expected to exceed 3.5%. Due to the fund's risk constraints, the intention is that the fund's performance profile will not deviate significantly from the iBoxx Sterling Collateralized & Corporates Index over the longer term.

Please Note: The fund's ability to buy and sell bonds and the associated costs can be affected during periods of market stress which could include periods where interest rates move sharply.

## Derivatives and Techniques

- The fund will routinely use derivatives to reduce risk or reduce cost and/or generate extra income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management").
- Derivatives include instruments used to manage expected changes in interest rates, inflation, currencies or creditworthiness of corporations or governments.

## Performance Review

For the six months ended 31 January 2023, the value of abrdn Corporate Bond Fund – A Accumulation Shares decreased by 5.56% compared to a decrease of 5.36% in the performance target, the iBoxx Sterling Collateralized & Corporates Index.

Source: Lipper; Basis: total return, published NAV to NAV, net of annual charges, UK net income reinvested, GBP. Please note the fund performance is quoted net of fees while the index return is quoted gross and contains no adjustment for fees.

Please remember that past performance is not a guide to future returns. The price of shares and the revenue from them may fall as well as rise. Investors may not get back the amount originally invested.

Companies selected for illustrative purposes only to demonstrate the investment management style described herein and not as an investment recommendation or indication of future performance.

Any data contained herein which is attributed to a third party ("Third Party Data") is the property of (a) third party supplier(s) (the "Owner") and is licensed for use by abrdn\*\*. Third Party Data may not be copied or distributed. Third Party Data is provided "as is" and is not warranted to be accurate, complete or timely. To the extent permitted by applicable law, none of the Owner, abrdn\*\* or any other third party (including any third party involved in providing and/or compiling Third Party Data) shall have any liability for Third Party Data or for any use made of Third Party Data. Neither the Owner nor any other third party sponsors, endorses or promotes the fund or product to which Third Party Data relates.

\*\*abrdn means the relevant member of abrdn group, being abrdn plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

# abrdn Corporate Bond Fund

## Continued

### Market Review

Following two sharply negative quarters earlier in 2022, September was a disaster for bond markets. The trends of rising yields and widening spreads seemed to have subsided until the announcements by the UK government of unfunded tax cuts in a fiscal easing package. The UK currency and government bond markets took flight, and a febrile environment took hold. Due to higher yields leading to margin calls, UK pension funds were forced to liquidate bond holdings. This created a 'death spiral' of even higher yields that threatened to severely disrupt the financial system. The Bank of England was obliged to step in to limit the damage. Ten-year gilt yields were more than 130 basis points higher in September, resulting in some very negative market returns for duration-sensitive asset classes. The UK investment-grade market delivered its worst return in a quarter of a century, falling by over 12.5% in the quarter to 30 September. Happily, corporate bond markets bounced back in the final three months of 2022, providing some relief. A combination of spread tightening and (initially at least) falling government bond yields led to investment-grade markets posting strongly positive returns. High yield also recovered well, and emerging market bonds posted their best quarter since June 2020. While the recovery was global, the new government in the UK resulted in its domestic market turning in one of the stronger performances. Moving into 2023, the year started strongly for fixed income. The trends we saw at the back end of 2022 continued into January. Government bond yields and credit spreads fell as markets sought to price in falling inflation and a slowing of the pace of central bank rate hikes.

### Portfolio Activity and Review

In the first two months of the review period, government bonds were volatile. As an asset class, corporate bonds struggled over the summer months, with yields moving higher and spreads widening. As a result, fund performance was negative. Our credit exposure was predominantly in investment-grade corporate bonds, where value was seen as attractive following the year-to-date weakness. Investment-grade bonds issued by cyclical businesses underperformed, and financials also struggled. That said, we adopted a defensive position in response to the market turmoil, and the fund's relatively low duration exposure helped to limit the downside. As well as maintaining our short duration position, we added a short position in Italian government bonds. Some hedges that we had implemented during the summer had a positive effect in limiting the damage of the broader sell-off, and the fund outperformed its benchmark index. Poor liquidity meant trading was limited, although we added some bonds in the shorter end of the UK curve.

Market conditions improved and yields fell sharply in October and November, before moving higher in December. Usually in such rallies, lower quality areas perform well. For investment-grade bonds, this was the case. BBB-rated credit delivered a strong return, with insurance, banks, telecommunications and automotives among the best performers. These sectors all boosted fund performance. Noteworthy stocks included Hammerson, the UK real estate investment trust, which recovered strongly. Adjustments during December were focused on reducing duration and credit risk, taking profits in both instances, and reducing the fund's overall risk profile. The year-end rally in credit markets continued in January. Fixed income markets generally performed well, exhibiting similar themes to those seen late in 2022.

### Portfolio Outlook and Strategy

The fund closed in February 2023.

#### Sterling IG and Aggregate Team

February 2023

# abrdn Corporate Bond Fund

## Continued

### Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the fund. The table below shows the fund's ranking on the Risk and Reward Indicator.

| Typically lower rewards, lower risk |   |   | Typically higher rewards, higher risk |   |   |   |
|-------------------------------------|---|---|---------------------------------------|---|---|---|
| ←                                   |   |   | →                                     |   |   |   |
| 1                                   | 2 | 3 | 4                                     | 5 | 6 | 7 |

Risk and reward indicator table as at 31 January 2023.

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

- The fund invests in securities which are subject to the risk that the issuer may default on interest or capital payments.
- The fund price can go up or down daily for a variety of reasons including changes in interest rates, inflation expectations or the perceived credit quality of individual countries or securities.
- The fund invests in high yielding bonds which carry a greater risk of default than those with lower yields.
- The fund invests in mortgage and asset-backed securities (which may include collateralised loan, debt or mortgage obligations (respectively CLOs, CDOs or CMOs)). These are subject to prepayment and extension risk and additional liquidity and default risk compared to other credit securities.
- Convertible securities are investments that can be changed into another form upon certain triggers. As such, they can exhibit credit, equity and fixed interest risk. Contingent convertible securities (CoCos) are similar to convertible securities but have additional triggers which mean that they are more vulnerable to losses and volatile price movements and hence become less liquid.
- 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.

All investment involves risk. This fund offers no guarantee against loss or that the fund's objective will be attained.

The price of assets and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

Inflation reduces the buying power of your investment and income.

The value of assets held in the fund may rise and fall as a result of exchange rate fluctuations.

The fund could lose money if an entity (counterparty) with which it does business becomes unwilling or unable to honour its obligations to the fund.

In extreme market conditions some securities may become hard to value or sell at a desired price. This could affect the fund's ability to meet redemptions in a timely manner.

The fund could lose money as the result of a failure or delay in operational processes and systems including but not limited to third party providers failing or going into administration.



# Comparative Tables

| <b>A Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 1,568                  | 1,978               | 2,788               | 7,997               |
| Closing number of shares                  | 1,007,890              | 1,202,118           | 1,461,261           | 4,338,132           |
| Closing net asset value per share (pence) | 155.60                 | 164.49              | 190.78              | 184.34              |
| Change in net asset value per share       | (5.40%)                | (13.78%)            | 3.49%               | 6.12%               |
| Operating charges                         | 1.05%                  | 1.05%               | 1.07%               | 1.04%               |
| <b>A Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 1,675                  | 2,066               | 2,332               | 306,068             |
| Closing number of shares                  | 1,706,871              | 1,962,875           | 1,865,182           | 247,766,425         |
| Closing net asset value per share (pence) | 98.10                  | 105.27              | 125.04              | 123.53              |
| Change in net asset value per share       | (6.81%)                | (15.81%)            | 1.22%               | 4.00%               |
| Operating charges                         | 1.05%                  | 1.05%               | 1.07%               | 1.04%               |
| <b>I Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 10,592                 | 11,145              | 13,096              | 38,205              |
| Closing number of shares                  | 5,768,739              | 5,754,498           | 5,856,075           | 17,760,419          |
| Closing net asset value per share (pence) | 183.61                 | 193.67              | 223.63              | 215.11              |
| Change in net asset value per share       | (5.19%)                | (13.40%)            | 3.96%               | 6.60%               |
| Operating charges                         | 0.60%                  | 0.60%               | 0.62%               | 0.59%               |
| <b>I Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 31,860                 | 36,243              | 45,747              | 12,972              |
| Closing number of shares                  | 31,362,253             | 33,247,167          | 35,325,934          | 10,169,380          |
| Closing net asset value per share (pence) | 101.59                 | 109.01              | 129.50              | 127.56              |
| Change in net asset value per share       | (6.81%)                | (15.82%)            | 1.52%               | 4.01%               |
| Operating charges                         | 0.60%                  | 0.60%               | 0.62%               | 0.59%               |
| <b>I Gross Accumulation</b>               | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 419                    | 480                 | 654                 | 654                 |
| Closing number of shares                  | 199,728                | 216,800             | 256,107             | 266,141             |
| Closing net asset value per share (pence) | 209.76                 | 221.25              | 255.47              | 245.76              |
| Change in net asset value per share       | (5.19%)                | (13.39%)            | 3.95%               | 6.60%               |
| Operating charges                         | 0.60%                  | 0.60%               | 0.62%               | 0.59%               |
| <b>M Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 17                     | 18                  | 21                  | 26                  |
| Closing number of shares                  | 17,425                 | 17,453              | 17,494              | 21,834              |
| Closing net asset value per share (pence) | 99.44                  | 104.91              | 121.19              | 116.63              |
| Change in net asset value per share       | (5.21%)                | (13.43%)            | 3.91%               | 6.68%               |
| Operating charges                         | 0.65%                  | 0.65%               | 0.67%               | 0.64%               |

# Comparative Tables

## Continued

| <b>M Income<sup>A</sup></b>               | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | -                      | 1                   | 1                   | 1                   |
| Closing number of shares                  | -                      | 928                 | 928                 | 928                 |
| Closing net asset value per share (pence) | -                      | 95.20               | 113.13              | 111.42              |
| Change in net asset value per share       | -                      | (15.85%)            | 1.53%               | 4.29%               |
| Operating charges                         | -                      | 0.65%               | 0.67%               | 0.64%               |
| <b>P Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 147                    | 197                 | 41,676              | 83,161              |
| Closing number of shares                  | 153,752                | 191,856             | 34,109,140          | 69,106,228          |
| Closing net asset value per share (pence) | 95.82                  | 102.83              | 122.19              | 120.34              |
| Change in net asset value per share       | (6.82%)                | (15.84%)            | 1.54%               | 4.01%               |
| Operating charges                         | 0.35%                  | 0.35%               | 0.37%               | 0.34%               |
| <b>P Gross Income</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 7                      | 17                  | 90                  | 2,761               |
| Closing number of shares                  | 7,271                  | 16,090              | 71,422              | 2,227,019           |
| Closing net asset value per share (pence) | 98.71                  | 105.95              | 125.88              | 123.99              |
| Change in net asset value per share       | (6.83%)                | (15.83%)            | 1.52%               | 4.01%               |
| Operating charges                         | 0.35%                  | 0.35%               | 0.37%               | 0.34%               |
| <b>Q Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 386                    | 1,821               | 6,906               | 343,936             |
| Closing number of shares                  | 403,672                | 1,777,179           | 5,671,837           | 285,839,321         |
| Closing net asset value per share (pence) | 95.48                  | 102.48              | 121.75              | 120.33              |
| Change in net asset value per share       | (6.83%)                | (15.83%)            | 1.18%               | 4.02%               |
| Operating charges                         | 0.29%                  | 0.29%               | 0.30%               | 0.27%               |
| <b>Z Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 61,640                 | 59,459              | 65,656              | 159,389             |
| Closing number of shares                  | 29,718,868             | 27,247,156          | 26,189,242          | 66,427,040          |
| Closing net asset value per share (pence) | 207.41                 | 218.22              | 250.70              | 239.95              |
| Change in net asset value per share       | (4.95%)                | (12.96%)            | 4.48%               | 7.13%               |
| Operating charges                         | 0.10%                  | 0.10%               | 0.12%               | 0.09%               |

The closing net asset value (£'000) divided by the closing number of shares may not calculate to the closing net asset value per share (pence) due to rounding differences. The published closing net asset value per share (pence) is based on unrounded values and represents the actual price.  
The change in the net asset value per share is the change from the beginning of the period to the close of the period.

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class..

<sup>A</sup>M Income share class was closed on 11 November 2022.

# Portfolio Statement

As at 31 January 2023

| Holding                                    | Investment  | Market value<br>£'000 | Percentage of<br>total net assets |
|--|---|-----------------------|-----------------------------------|
| <b>Bonds (92.11%)</b>                      |   | <b>100,245</b>        | <b>92.55</b>                      |
| <b>Euro Denominated Bonds (0.99%)</b>      |   | <b>1,176</b>          | <b>1.09</b>                       |
| <b>Corporate Bonds (0.99%)</b>             |   | <b>1,176</b>          | <b>1.09</b>                       |
| less than 5 years to maturity              |   |                       |                                   |
| 12,850,000                                 | Lehman Brothers 4.625% 2019**                       | -                     | -                                 |
| 1,000,000                                  | Cromwell EREIT 2.125% 2025                          | 751                   | 0.70                              |
| Perpetual                                  |   |                       |                                   |
| 600,000                                    | Deutsche Bank 4.625% fixed to floating Perpetual    | 425                   | 0.39                              |
| <b>Sterling Denominated Bonds (86.43%)</b> |   | <b>97,679</b>         | <b>90.18</b>                      |
| <b>Corporate Bonds (81.57%)</b>            |   | <b>96,993</b>         | <b>89.55</b>                      |
| less than 5 years to maturity              |   |                       |                                   |
| 1,000,000                                  | America Movil 5% 2026                               | 1,008                 | 0.93                              |
| 1,500,000                                  | Banco Santander 1.75% 2027                          | 1,310                 | 1.21                              |
| 200,000                                    | Bazalgette Finance 2.375% 2027                      | 181                   | 0.17                              |
| 1,000,000                                  | CaixaBank 1.5% fixed to floating 2026               | 898                   | 0.83                              |
| 849,000                                    | Co-Operative Bank Finance 6% fixed to floating 2027 | 784                   | 0.72                              |
| 1,000,000                                  | Credit Suisse 2.125% fixed to floating 2025         | 907                   | 0.84                              |
| 1,200,000                                  | Danske Bank 2.25% fixed to floating 2028            | 1,057                 | 0.98                              |
| 900,000                                    | Deutsche Bank 2.625% 2024                           | 852                   | 0.79                              |
| 983,000                                    | Ford Motor Credit 2.748% 2024                       | 935                   | 0.86                              |
| 1,000,000                                  | General Motors Financial 1.55% 2027                 | 857                   | 0.79                              |
| 1,355,000                                  | Hammerson REIT 6% 2026                              | 1,283                 | 1.18                              |
| 975,000                                    | Heathrow Funding 6.75% 2026                         | 1,023                 | 0.94                              |
| 2,659,000                                  | HSBC 2.256% fixed to floating 2026                  | 2,457                 | 2.27                              |
| 1,200,000                                  | Informa 3.125% 2026                                 | 1,121                 | 1.04                              |
| 800,000                                    | Lloyds Banking 1.875% fixed to floating 2026        | 749                   | 0.69                              |
| 1,700,000                                  | Metrocentre Finance REIT 8.75% 2023                 | 835                   | 0.77                              |
| 800,000                                    | Santander UK 7.098% fixed to floating 2027          | 836                   | 0.77                              |
| 687,000                                    | Toyota Finance Australia 3.92% 2027                 | 674                   | 0.62                              |
| 1,653,000                                  | Westfield Stratford City Finance No 2 1.642% 2026   | 1,454                 | 1.34                              |
| between 5 and 10 years to maturity         |   |                       |                                   |
| 138,000                                    | AA Bond 8.45% 2028                                  | 140                   | 0.13                              |
| 316,000                                    | Anglian Water Osprey Financing 2% 2028              | 254                   | 0.24                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                             | Investment  | Market value<br>£'000 | Percentage of<br>total net assets |
|-------------------------------------|---|-----------------------|-----------------------------------|
| 842,000                             | AT&T 4.375% 2029  | 817                   | 0.75                              |
| 2,600,000                           | Athene Global Funding 1.875% 2028                             | 2,129                 | 1.97                              |
| 900,000                             | Australia & New Zealand Banking 1.809% fixed to floating 2031 | 766                   | 0.71                              |
| 800,000                             | Bank of America 3.584% fixed to floating 2031                 | 731                   | 0.68                              |
| 448,000                             | Berkeley 2.5% 2031  | 324                   | 0.30                              |
| 1,500,000                           | BNP Paribas 2% fixed to floating 2031                         | 1,314                 | 1.21                              |
| 1,600,000                           | BNP Paribas 2.875% 2029                                       | 1,415                 | 1.31                              |
| 1,000,000                           | Cooperatieve Rabobank 1.875% fixed to floating 2028           | 880                   | 0.81                              |
| 1,000,000                           | CPUK Finance 3.69% 2028                                       | 890                   | 0.82                              |
| 700,000                             | Credit Agricole 4.875% 2029                                   | 703                   | 0.65                              |
| 1,403,000                           | Credit Suisse 2.125% fixed to floating 2029                   | 1,062                 | 0.98                              |
| 1,500,000                           | Digital Stout REIT 3.75% 2030                                 | 1,323                 | 1.22                              |
| 471,000                             | ENW Finance 4.893% 2032                                       | 473                   | 0.44                              |
| 1,500,000                           | Fiserv 3% 2031  | 1,311                 | 1.21                              |
| 1,200,000                           | Goldman Sachs 3.625% fixed to floating 2029                   | 1,106                 | 1.02                              |
| 1,359,000                           | Heathrow Funding 6.45% 2031                                   | 1,455                 | 1.34                              |
| 300,000                             | ING 1.125% fixed to floating 2028                             | 251                   | 0.23                              |
| 2,500,000                           | Meadowhall Finance 4.986% 2032                                | 1,289                 | 1.19                              |
| 1,140,000                           | Meadowhall Finance 4.988% 2032                                | 622                   | 0.57                              |
| 1,245,000                           | MPT Operating Partnership REIT 3.692% 2028                    | 893                   | 0.82                              |
| 798,000                             | National Australia Bank 1.699% fixed to floating 2031         | 675                   | 0.62                              |
| 1,574,000                           | Next 3.625% 2028  | 1,473                 | 1.36                              |
| 134,000                             | NIE Finance 5.875% 2032                                       | 144                   | 0.13                              |
| 862,000                             | Pension Insurance 4.625% 2031                                 | 748                   | 0.69                              |
| 2,000,000                           | Premiertel 6.175% 2032  | 1,491                 | 1.38                              |
| 698,000                             | Smith (DS) 2.875% 2029  | 605                   | 0.56                              |
| 600,000                             | Southern Gas Networks 4.875% 2029                             | 603                   | 0.56                              |
| 800,000                             | TotalEnergies Capital International 1.405% 2031               | 634                   | 0.59                              |
| 1,450,000                           | Trafford Centre Finance 7.03%% 2029                           | 513                   | 0.47                              |
| 1,065,000                           | Virgin Money UK 5.125% fixed to floating 2030                 | 1,013                 | 0.93                              |
| 1,800,000                           | Virgin Money UK 7.875% fixed to floating 2028                 | 1,811                 | 1.67                              |
| 1,824,000                           | Workspace REIT 2.25% 2028                                     | 1,412                 | 1.30                              |
| 669,000                             | Yorkshire Water Finance 1.75% 2032                            | 509                   | 0.47                              |
| between 10 and 15 years to maturity |   |                       |                                   |
| 820,000                             | Annington Funding 3.685% 2034                                 | 679                   | 0.63                              |
| 1,200,000                           | Associated British Foods 2.5% 2034                            | 991                   | 0.91                              |
| 235,000                             | Bazalgette Finance 2.75% 2034                                 | 193                   | 0.18                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                             | Investment   | Market value<br>£'000 | Percentage of<br>total net assets |
|-------------------------------------|--|-----------------------|-----------------------------------|
| 1,500,000                           | Broadgate Financing 5.098% 2033                    | 1,243                 | 1.15                              |
| 1,472,000                           | Comcast 1.875% 2036                                | 1,080                 | 1.00                              |
| 1,500,000                           | E.ON International Finance 4.75% 2034              | 1,454                 | 1.34                              |
| 1,740,000                           | Enel 5.75% 2037                                    | 1,799                 | 1.66                              |
| 600,000                             | Gatwick Funding 4.625% 2034                        | 559                   | 0.52                              |
| 730,000                             | JPMorgan Chase 1.895% fixed to floating 2033       | 575                   | 0.53                              |
| 500,000                             | Legal & General 5.875% 2033                        | 549                   | 0.51                              |
| 1,888,000                           | Lloyds Banking 2.707% fixed to floating 2035       | 1,483                 | 1.37                              |
| 500,000                             | Metropolitan Housing Trust 1.875% 2036             | 347                   | 0.32                              |
| 333,000                             | Northumbrian Water Finance 6.375% 2034             | 371                   | 0.34                              |
| 137,000                             | Severn Trent Utilities Finance 4.625% 2034         | 134                   | 0.12                              |
| 793,000                             | Southern Gas Networks 3.1% 2036                    | 627                   | 0.58                              |
| 2,130,000                           | Thames Water Utilities Finance 4.375% 2034         | 1,977                 | 1.83                              |
| 1,060,000                           | Welltower REIT 4.5% 2034                           | 933                   | 0.86                              |
| between 15 and 25 years to maturity |  |                       |                                   |
| 1,000,000                           | AT&T 7% 2040                                       | 1,163                 | 1.07                              |
| 400,000                             | Blend Funding 3.459% 2047                          | 316                   | 0.29                              |
| 507,000                             | Diageo Finance 2.75% 2038                          | 406                   | 0.38                              |
| 800,000                             | E.ON International Finance 6.125% 2039             | 866                   | 0.80                              |
| 400,000                             | EDF 5.5% 2041                                      | 385                   | 0.36                              |
| 650,000                             | Eversholt Funding 3.529% 2042                      | 493                   | 0.46                              |
| 300,000                             | London & Quadrant Housing Trust 5.5% 2040          | 309                   | 0.28                              |
| 274,000                             | McDonald's 3.75% 2038                              | 244                   | 0.23                              |
| 370,000                             | Midland Heart Capital 5.087% 2044                  | 370                   | 0.34                              |
| 253,000                             | Morhomes 3.4% 2038                                 | 207                   | 0.19                              |
| 1,000,000                           | National Grid Electricity Transmission 2% 2040     | 650                   | 0.60                              |
| 391,000                             | National Grid Electricity Transmission 5.272% 2043 | 391                   | 0.36                              |
| 343,000                             | Orsted 5.375% 2042                                 | 359                   | 0.33                              |
| 333,000                             | Prologis International Funding II 3% 2042          | 250                   | 0.23                              |
| 1,744,000                           | RMPA Services 5.337% 2038                          | 1,207                 | 1.11                              |
| 297,000                             | Segro REIT 5.125% 2041                             | 297                   | 0.27                              |
| 1,938,000                           | Tesco Property Finance 3 5.744% 2040               | 1,757                 | 1.62                              |
| 1,900,000                           | Verizon Communications 1.875% 2038                 | 1,269                 | 1.17                              |
| 600,000                             | Wheatley Capital 4.375% 2044                       | 554                   | 0.51                              |
| 600,000                             | Yorkshire Housing Finance 4.125% 2044              | 521                   | 0.48                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                           | Investment   | Market value<br>£'000 | Percentage of<br>total net assets |
|-----------------------------------|--|-----------------------|-----------------------------------|
| greater than 25 years to maturity |  |                       |                                   |
| 497,000                           | Annington Funding 2.924% 2051  | 302                   | 0.28                              |
| 1,400,000                         | Aviva 4.375% fixed to floating 2049                                      | 1,276                 | 1.18                              |
| 400,000                           | Blend Funding 2.922% 2054  | 271                   | 0.25                              |
| 300,000                           | Bromford Housing 3.125% 2048   | 225                   | 0.21                              |
| 1,242,000                         | Channel Link Enterprises Finance 3.043% fixed to floating 2050           | 1,064                 | 0.98                              |
| 900,000                           | Citizen Treasury 3.25% 2048  | 694                   | 0.64                              |
| 600,000                           | Dignity Finance 4.6956% 2049   | 408                   | 0.38                              |
| 400,000                           | EDF 6% 2114  | 386                   | 0.36                              |
| 500,000                           | Engie 5% 2060  | 489                   | 0.45                              |
| 1,000,000                         | NGG Finance 5.625% fixed to floating 2073                                | 972                   | 0.90                              |
| 1,130,000                         | Ørsted 2.5% fixed to floating 3021                                       | 792                   | 0.73                              |
| 800,000                           | Sanctuary Capital 2.375% 2050  | 502                   | 0.46                              |
| 800,000                           | University of Oxford 2.544% 2117   | 464                   | 0.43                              |
| 509,000                           | Vattenfall 2.5% fixed to floating 2083                                   | 411                   | 0.38                              |
| 600,000                           | Vodafone 3.375% 2049   | 429                   | 0.40                              |
| 700,000                           | Wellcome Trust 2.517% 2118   | 412                   | 0.38                              |
| 500,000                           | Wrekin Housing 2.5% 2048   | 323                   | 0.30                              |
| 434,000                           | Zurich Finance Ireland Designated Activity 5.125% fixed to floating 2052 | 408                   | 0.38                              |
| Perpetual                         |  |                       |                                   |
| 1,233,000                         | Barclays 6.375% fixed to floating Perpetual                              | 1,156                 | 1.07                              |
| 500,000                           | Barclays 7.125% fixed to floating Perpetual                              | 486                   | 0.45                              |
| 500,000                           | EDF 5.875% fixed to floating Perpetual                                   | 427                   | 0.39                              |
| 1,000,000                         | EDF 6% fixed to floating Perpetual                                       | 923                   | 0.85                              |
| 2,304,000                         | HSBC 5.875% fixed to floating Perpetual                                  | 2,165                 | 2.00                              |
| 1,100,000                         | Lloyds Bank 11.75% Perpetual   | 1,566                 | 1.45                              |
| 799,000                           | National Express 4.25% fixed to floating Perpetual                       | 703                   | 0.65                              |
| 1,211,000                         | NatWest 4.5% fixed to floating Perpetual                                 | 997                   | 0.92                              |
| 826,000                           | NatWest 5.125% fixed to floating Perpetual                               | 734                   | 0.68                              |
| <b>Government Bonds (4.86%)</b>   |  | <b>686</b>            | <b>0.63</b>                       |
| less than 5 years to maturity     |  |                       |                                   |
| 500,000                           | UK (Govt of) 1.25% 2027  | 460                   | 0.42                              |
| greater than 25 years to maturity |  |                       |                                   |
| 296,000                           | Mexico (United Mexican States) 5.625% 2114                               | 226                   | 0.21                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                               | Investment                                      | Market value<br>£'000 | Percentage of<br>total net assets |
|---------------------------------------|---|-----------------------|-----------------------------------|
| US Dollar Denominated Bonds (4.69%)   |   | 1,390                 | 1.28                              |
| Corporate Bonds (4.69%)               |   | 1,390                 | 1.28                              |
| Perpetual                             |   |                       |                                   |
| 2,410,000                             | Australia & New Zealand Banking FRN Perpetual   | 1,390                 | 1.28                              |
| Collective Investment Schemes (5.41%) |   | 5,067                 | 4.68                              |
| 2,906,002                             | abrdn Strategic Bond Fund Z Acc+                | 5,067                 | 4.68                              |
| Derivatives (-0.17%)                  |   | (50)                  | (0.05)                            |
| Credit Default Swaps (-0.01%)         |   | (59)                  | (0.05)                            |
| EUR 2,000,000                         | Buy iTraxx Europe Series 38 20/12/2027 5%       | (69)                  | (0.06)                            |
| EUR 2,000,000                         | Sell Tesco Senior 20/06/2026 1%                 | 10                    | 0.01                              |
| Forward Currency Contracts (-0.15%)   |   | 31                    | 0.02                              |
|                                       | Buy EUR 23,952 Sell GBP 21,267 08/03/2023       | -                     | -                                 |
|                                       | Buy EUR 24,949 Sell GBP 21,543 08/03/2023       | -                     | -                                 |
|                                       | Buy EUR 38,162 Sell GBP 33,691 08/03/2023       | -                     | -                                 |
|                                       | Buy EUR 43,672 Sell GBP 38,678 08/03/2023       | -                     | -                                 |
|                                       | Buy EUR 59,975 Sell GBP 53,113 08/03/2023       | -                     | -                                 |
|                                       | Buy GBP 21,198 Sell EUR 24,484 08/03/2023       | -                     | -                                 |
|                                       | Buy GBP 24,285 Sell EUR 27,659 08/03/2023       | -                     | -                                 |
|                                       | Buy GBP 27,492 Sell EUR 31,398 08/03/2023       | -                     | -                                 |
|                                       | Buy GBP 32,294 Sell EUR 36,844 08/03/2023       | -                     | -                                 |
|                                       | Buy GBP 44,276 Sell EUR 50,332 08/03/2023       | -                     | -                                 |
|                                       | Buy GBP 110,880 Sell EUR 124,693 08/03/2023     | 1                     | -                                 |
|                                       | Buy GBP 1,019,846 Sell EUR 1,173,549 08/03/2023 | (15)                  | (0.02)                            |
|                                       | Buy GBP 28,731 Sell USD 35,514 08/03/2023       | -                     | -                                 |
|                                       | Buy GBP 29,062 Sell USD 35,435 08/03/2023       | -                     | -                                 |
|                                       | Buy GBP 50,755 Sell USD 62,035 08/03/2023       | 1                     | -                                 |
|                                       | Buy GBP 55,827 Sell USD 67,952 08/03/2023       | 1                     | -                                 |
|                                       | Buy GBP 2,435,209 Sell USD 2,932,900 08/03/2023 | 57                    | 0.05                              |
|                                       | Buy USD 1,388,946 Sell GBP 1,140,119 08/03/2023 | (14)                  | (0.01)                            |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                 | Investment                                   | Market value<br>£'000 | Percentage of<br>total net assets |
|---|--|-----------------------|-----------------------------------|
| Futures (-0.01%)                        |  | (22)                  | (0.02)                            |
| 15                                      | Long Gilt Future 29/03/2023                  | (35)                  | (0.03)                            |
| 10                                      | Long US 10 Year Note (CBT) Future 22/03/2023 | 13                    | 0.01                              |
| Total investment assets and liabilities |  | 105,262               | 97.18                             |
| Net other assets                        |  | 3,049                 | 2.82                              |
| <b>Total Net Assets</b>                 |  | <b>108,311</b>        | <b>100.00</b>                     |

All investments (excluding OTC derivatives) are listed on recognised stock exchanges and are approved securities, or are regulated collective investment schemes or are approved derivatives within the meaning of the FCA rules.

The percentage figures in brackets show the comparative holding as at 31 July 2022.

\* Managed by subsidiaries of abrdn plc.

\*\* Defaulted.



# Financial Statements

## Statement of Total Return

For the six months ended 31 January 2023

|   | 31 January 2023 |                | 31 January 2022 |                |
|---|-----------------|----------------|-----------------|----------------|
|   | £'000           | £'000          | £'000           | £'000          |
| Income:   |                 |                |                 |                |
| Net capital losses  |                 | (7,701)        |                 | (8,446)        |
| Revenue   | 2,116           |                | 2,510           |                |
| Expenses  | (174)           |                | (267)           |                |
| Interest payable and similar charges  | (2)             |                | (5)             |                |
| Net revenue before taxation   | 1,940           |                | 2,238           |                |
| Taxation  | -               |                | -               |                |
| Net revenue after taxation  |                 | 1,940          |                 | 2,238          |
| <b>Total return before distributions</b>  |                 | <b>(5,761)</b> |                 | <b>(6,208)</b> |
| Distributions   |                 | (1,940)        |                 | (2,238)        |
| <b>Change in net assets attributable to shareholders from investment activities</b> |                 | <b>(7,701)</b> |                 | <b>(8,446)</b> |

## Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 January 2023

|  | 31 January 2023 |                | 31 January 2022 |                |
|--|-----------------|----------------|-----------------|----------------|
|  | £'000           | £'000          | £'000           | £'000          |
| <b>Opening net assets attributable to shareholders</b>                                   |                 | <b>113,425</b> |                 | <b>178,967</b> |
| Amounts receivable on the issue of shares  | 6,192           |                | 6,755           |                |
| Amounts payable on the cancellation of shares  | (4,992)         |                | (50,624)        |                |
|  |                 | 1,200          |                 | (43,869)       |
| Dilution adjustment  |                 | 37             |                 | 178            |
| Change in net assets attributable to shareholders from investment activities (see above) |                 | (7,701)        |                 | (8,446)        |
| Retained distribution on accumulation shares   |                 | 1,347          |                 | 1,271          |
| Unclaimed distributions  |                 | 3              |                 | 5              |
| <b>Closing net assets attributable to shareholders</b>                                   |                 | <b>108,311</b> |                 | <b>128,106</b> |

Comparative information is provided for the statement of change in net assets attributable to shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

# Financial Statements

## Continued

### Balance Sheet

As at 31 January 2023

|  | 31 January 2023 |                | 31 July 2022 |                |
|--|-----------------|----------------|--------------|----------------|
|  | £'000           | £'000          | £'000        | £'000          |
| <b>Assets:</b>                                 |                 |                |              |                |
| <b>Fixed assets:</b>                           |                 |                |              |                |
| Investment assets                              |                 | 105,395        |              | 110,639        |
| <b>Current assets:</b>                         |                 |                |              |                |
| Debtors  | 1,600           |                | 1,876        |                |
| Cash and bank balances                         | 2,036           |                | 2,566        |                |
|  |                 | 3,636          |              | 4,442          |
| <b>Total assets</b>                            |                 | <b>109,031</b> |              | <b>115,081</b> |
| <b>Liabilities:</b>                            |                 |                |              |                |
| Investment liabilities                         |                 | (133)          |              | (216)          |
| Bank overdrafts                                | (100)           |                | (100)        |                |
| Creditors                                      | (181)           |                | (1,030)      |                |
| Distribution payable                           | (306)           |                | (310)        |                |
|  |                 | (587)          |              | (1,440)        |
| <b>Total liabilities</b>                       |                 | <b>(720)</b>   |              | <b>(1,656)</b> |
| <b>Net assets attributable to shareholders</b> |                 | <b>108,311</b> |              | <b>113,425</b> |

# Distribution Tables

For the six months ended 31 January 2023 (in pence per share)

## First interim interest distribution

Group 1 – shares purchased prior to 1 August 2022

Group 2 – shares purchased between 1 August 2022 and 31 October 2022

|                             | Revenue | Equalisation | Distribution paid<br>31/01/23 | Distribution paid<br>31/01/22 |
|-----------------------------|---------|--------------|-------------------------------|-------------------------------|
| <b>A Accumulation</b>       |         |              |                               |                               |
| Group 1                     | 1.0300  | -            | 1.0300                        | 0.9560                        |
| Group 2                     | 0.4520  | 0.5780       | 1.0300                        | 0.9560                        |
| <b>A Income</b>             |         |              |                               |                               |
| Group 1                     | 0.6592  | -            | 0.6592                        | 0.6262                        |
| Group 2                     | 0.1782  | 0.4810       | 0.6592                        | 0.6262                        |
| <b>I Accumulation</b>       |         |              |                               |                               |
| Group 1                     | 1.4165  | -            | 1.4165                        | 1.3736                        |
| Group 2                     | 0.5224  | 0.8941       | 1.4165                        | 1.3736                        |
| <b>I Income</b>             |         |              |                               |                               |
| Group 1                     | 0.7975  | -            | 0.7975                        | 0.7954                        |
| Group 2                     | 0.3602  | 0.4373       | 0.7975                        | 0.7954                        |
| <b>I Gross Accumulation</b> |         |              |                               |                               |
| Group 1                     | 1.6179  | -            | 1.6179                        | 1.5692                        |
| Group 2                     | 1.2671  | 0.3508       | 1.6179                        | 1.5692                        |
| <b>M Accumulation</b>       |         |              |                               |                               |
| Group 1                     | 0.7583  | -            | 0.7583                        | 0.7279                        |
| Group 2                     | 0.7583  | -            | 0.7583                        | 0.7279                        |
| <b>M Income</b>             |         |              |                               |                               |
| Group 1                     | 0.7036  | -            | 0.7036                        | 0.7111                        |
| Group 2                     | 0.7036  | -            | 0.7036                        | 0.7111                        |
| <b>P Income</b>             |         |              |                               |                               |
| Group 1                     | 0.8126  | -            | 0.8126                        | 0.8280                        |
| Group 2                     | 0.8126  | -            | 0.8126                        | 0.8280                        |
| <b>P Gross Income</b>       |         |              |                               |                               |
| Group 1                     | 0.8405  | -            | 0.8405                        | 0.8537                        |
| Group 2                     | 0.8405  | -            | 0.8405                        | 0.8537                        |
| <b>Q Income</b>             |         |              |                               |                               |
| Group 1                     | 0.8241  | -            | 0.8241                        | 0.8431                        |
| Group 2                     | 0.8241  | -            | 0.8241                        | 0.8431                        |
| <b>Z Accumulation</b>       |         |              |                               |                               |
| Group 1                     | 1.8515  | -            | 1.8515                        | 1.8557                        |
| Group 2                     | 0.3556  | 1.4959       | 1.8515                        | 1.8557                        |

# Distribution Tables

For the six months ended 31 January 2023 (in pence per share) continued

## Second interim interest distribution

Group 1 – shares purchased prior to 1 November 2022

Group 2 – shares purchased between 1 November 2022 and 31 January 2023

|                             | Revenue | Equalisation | Distribution paid<br>30/04/23 | Distribution paid<br>29/04/22 |
|-----------------------------|---------|--------------|-------------------------------|-------------------------------|
| <b>A Accumulation</b>       |         |              |                               |                               |
| Group 1                     | 1.2187  | -            | 1.2187                        | 1.2015                        |
| Group 2                     | 1.2187  | -            | 1.2187                        | 1.2015                        |
| <b>A Income</b>             |         |              |                               |                               |
| Group 1                     | 0.7744  | -            | 0.7744                        | 0.7836                        |
| Group 2                     | 0.7744  | -            | 0.7744                        | 0.7836                        |
| <b>I Accumulation</b>       |         |              |                               |                               |
| Group 1                     | 1.6406  | -            | 1.6406                        | 1.6653                        |
| Group 2                     | 1.6406  | -            | 1.6406                        | 1.6653                        |
| <b>I Income</b>             |         |              |                               |                               |
| Group 1                     | 0.9158  | -            | 0.9158                        | 0.9565                        |
| Group 2                     | 0.9158  | -            | 0.9158                        | 0.9565                        |
| <b>I Gross Accumulation</b> |         |              |                               |                               |
| Group 1                     | 1.8742  | -            | 1.8742                        | 1.8986                        |
| Group 2                     | 1.8742  | -            | 1.8742                        | 1.8986                        |
| <b>M Accumulation</b>       |         |              |                               |                               |
| Group 1                     | 0.8788  | -            | 0.8788                        | 0.8853                        |
| Group 2                     | 0.8788  | -            | 0.8788                        | 0.8853                        |
| <b>M Income</b>             |         |              |                               |                               |
| Group 1                     | -       | -            | -                             | 0.8631                        |
| Group 2                     | -       | -            | -                             | 0.8631                        |
| <b>P Income</b>             |         |              |                               |                               |
| Group 1                     | 0.9235  | -            | 0.9235                        | 0.6791                        |
| Group 2                     | 0.9235  | -            | 0.9235                        | 0.6791                        |
| <b>P Gross Income</b>       |         |              |                               |                               |
| Group 1                     | 0.9505  | -            | 0.9505                        | 0.9950                        |
| Group 2                     | 0.9505  | -            | 0.9505                        | 0.9950                        |
| <b>Q Income</b>             |         |              |                               |                               |
| Group 1                     | 0.9348  | -            | 0.9348                        | 0.9874                        |
| Group 2                     | 0.9348  | -            | 0.9348                        | 0.9874                        |
| <b>Z Accumulation</b>       |         |              |                               |                               |
| Group 1                     | 2.1070  | -            | 2.1070                        | 2.1795                        |
| Group 2                     | 2.1070  | -            | 2.1070                        | 2.1795                        |

# Distribution Tables

For the six months ended 31 January 2023 (in pence per share) continued

## Equalisation

This applies only to shares purchased during the distribution period (group 2 shares). It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

# abrdn Diversified Income Fund

For the period ended 31 January 2023

## Investment Objective

To generate a positive return through income and some capital growth over the long term (5 years or more) by investing in a globally diversified portfolio of assets whilst reducing the risk of losses. Invested capital is however at risk and there is no guarantee that this will be attained over any time period.

Performance Target: To exceed the return of SONIA by 5% per annum over rolling five year periods (before charges). The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target.

SONIA has been chosen as a proxy for the return on cash deposits.

## Investment Policy

### Portfolio Securities

- The fund invests globally in a range of asset classes, derivatives, money-market instruments and cash.
- The fund may also invest in other funds (including those managed by abrdn) to gain exposure to a broad mix of assets from across the global investment universe.
- Asset classes that the fund invests in may include listed equities, private equity, property, infrastructure, high yield bonds, loans, emerging market debt, asset-backed securities, alternative risk premia, insurance linked securities, litigation finance, peer-to-peer lending, aircraft leasing and healthcare royalties.
- Asset classes such as infrastructure, property or private equity will typically be accessed through investment route such as listed equities.

### Management Process

- The management team use their discretion (active management) to identify a diverse mix of investments which they believe are most appropriate for the investment objective. As a result of this diversification, and during extreme equity market falls, we expect losses to be below those of conventional global equity markets, with a volatility typically less than two thirds of equities.
- Their primary focus is on stock selection using the management team's quality, growth and momentum approach. It aims to identify companies that show a range of high quality characteristics, operate in growing markets and display positive business momentum.
- The team separately conduct extensive research to identify the most appropriate type of investment for each asset class.

## Derivatives and Techniques

- The fund may use derivatives to reduce risk, reduce cost and/or generate additional income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management").
- Where derivatives are used, this would mainly be in response to significant inflows into the fund so that in these instances, cash can be invested while maintaining the fund's existing allocations to company shares or management of currency risk.
- Some underlying funds invested in by the fund may use derivatives more extensively. Derivatives may be used within underlying funds to generate growth if market prices are expected to rise ("long positions") or fall ("short positions").

## Performance Review

For the six months ended 31 January 2023, the value of abrdn Diversified Income Fund – A Accumulation Shares decreased by 2.45%, compared to an increase of 1.28% in the performance target, SONIA.

Source: Lipper; Basis: total return, published NAV to NAV, net of annual charges, UK net income reinvested, GBP.

Any data contained herein which is attributed to a third party ("Third Party Data") is the property of (a) third party supplier(s) (the "Owner") and is licensed for use by abrdn\*\*. Third Party Data may not be copied or distributed. Third Party Data is provided "as is" and is not warranted to be accurate, complete or timely. To the extent permitted by applicable law, none of the Owner, abrdn\*\* or any other third party (including any third party involved in providing and/or compiling Third Party Data) shall have any liability for Third Party Data or for any use made of Third Party Data. Neither the Owner nor any other third party sponsors, endorses or promotes the fund or product to which Third Party Data relates.

Please remember that past performance is not a guide to future returns. The price of shares and the revenue from them may fall as well as rise. Investors may not get back the amount originally invested.

Companies selected for illustrative purposes only to demonstrate the investment management style described herein and not as an investment recommendation or indication of future performance.

\*\*abrdn means the relevant member of abrdn group, being abrdn plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

# abrdn Diversified Income Fund

## Continued

### Market Review

Global equities produced a modest positive return over the six months, despite bouts of heightened volatility. After declining at the start of the reporting period, equity markets recovered from end-September lows and performed particularly strongly since the start of 2023. The main reasons for the reversal in sentiment included increasing investor hopes of a softer economic landing than previously expected, and US inflation falling in December to its lowest in more than a year.

### Portfolio Activity and Review

Against this market backdrop, the largest positive contributions came from emerging market (EM) bonds, asset-backed securities (ABS), listed equity, US corporate credit and private equity. The largest negative contribution came from property.

Our listed equities delivered positive returns, with mixed performance from our satellites. Our local-currency EM bonds delivered a strong positive return when measured against our funding basket. Our EM debt allocation, and defensive currency funding basket, has proved particularly resilient against a challenging macroeconomic environment. ABS also delivered modest positive returns. Lastly, our property allocation produced a negative return over the period, as investors continued to consider the impact of rising interest rates, and what this means for both property valuations and the cost of borrowing for investors.

The main asset allocation change, which occurred towards the end of September, was the initiation of a new position in US corporate credit. The allocation is primarily invested in investment-grade credit with a smaller allocation to higher quality high-yield bonds. The sub-portfolio is managed directly by abrdn's US credit team and is focused on high-conviction ideas. The allocation was primarily funded from cash, which we raised in prior months, a reduction in our allocation to local-currency EM bonds and a modest reduction in our ABS exposure.

We significantly reduced our allocation to property, as we evaluated the potential impact of a materially different yield environment on our property investments. This primarily reflected the complete sale of our allocation to logistics assets, which we believed offered insufficient long-term risk-adjusted returns. In addition, we took the decision to exit our holding in social housing company Home REIT during December. This reflected the outcome of analysis and engagement following a short-seller attack, which highlighted several concerns with the company's business model.

### Portfolio Outlook and Strategy

The global economy remains weak. While we have upwardly revised our 2023 forecasts, our global GDP growth forecast remains below consensus. We expect divergence across regions to be a key theme.

We think that a US recession is necessary to restore price stability and that tightening financial conditions will be sufficient to cause a recession. While the Eurozone may avoid a recession in the short term, persistently strong core inflation means we have revised higher our expectations for European interest rates. This, alongside spillovers from the US, will lead to a recession in the Eurozone. We expect China to be the fastest-growing major economy, with our activity index already improving as the country shifts to endemic living. However, China's reopening will not be a tide that lifts all boats globally.

Many alternative asset classes are less affected by this turn in the cycle. Some have revenues with direct links to inflation or have limited economic sensitivity, for example. Therefore, we remain relatively cautious on relying solely on traditional asset classes and see compelling risk-adjusted return prospects in a number of alternative asset classes. These include infrastructure assets that have attractive and reliable yields with links to inflation; EM bonds offering attractive returns as well as diversification benefits; ABS that continue to offer attractive spreads and are floating rate; some specialist property investments that can offer attractive, reliable returns; and a variety of special opportunities, such as healthcare, music royalties and litigation finance.

### Diversified Assets Team

February 2023

# abrdn Diversified Income Fund

## Continued

### Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the fund. The table below shows the fund's ranking on the Risk and Reward Indicator.

| Typically lower rewards, lower risk |   |   | Typically higher rewards, higher risk |   |   |   |
|-------------------------------------|---|---|---------------------------------------|---|---|---|
| ←                                   |   |   |                                       |   |   | → |
| 1                                   | 2 | 3 | 4                                     | 5 | 6 | 7 |

Risk and reward indicator table as at 31 January 2023.

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

- The fund invests in emerging market equities and/or bonds. Investing in emerging markets involves a greater risk of loss than investing in more developed markets due to, among other factors, greater political, tax, economic, foreign exchange, liquidity and regulatory risks.
- The fund price can go up or down daily for a variety of reasons including changes in interest rates, inflation expectations or the perceived credit quality of individual countries or securities.
- The fund invests in securities which are subject to the risk that the issuer may default on interest or capital payments.
- Dividend payment policies of the REITs in which the fund invests are not representative of the dividend payment policy of the fund.
- 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.

All investment involves risk. This fund offers no guarantee against loss or that the fund's objective will be attained.

The price of assets and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

Inflation reduces the buying power of your investment and income.

The value of assets held in the fund may rise and fall as a result of exchange rate fluctuations.

The fund could lose money if an entity (counterparty) with which it does business becomes unwilling or unable to honour its obligations to the fund.

In extreme market conditions some securities may become hard to value or sell at a desired price. This could affect the fund's ability to meet redemptions in a timely manner.

The fund could lose money as the result of a failure or delay in operational processes and systems including but not limited to third party providers failing or going into administration.



# Comparative Tables

| <b>A Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 14,001                 | 14,611              | 16,322              | 16,931              |
| Closing number of shares                  | 5,997,170              | 6,288,636           | 6,735,685           | 8,046,482           |
| Closing net asset value per share (pence) | 233.47                 | 232.35              | 242.33              | 210.42              |
| Change in net asset value per share       | 0.48%                  | (4.12%)             | 15.16%              | (4.26%)             |
| Operating charges                         | 1.68%                  | 1.63%               | 1.22%               | 1.22%               |
| <b>A Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 627                    | 673                 | 799                 | 880                 |
| Closing number of shares                  | 575,556                | 605,249             | 659,648             | 799,509             |
| Closing net asset value per share (pence) | 108.90                 | 111.16              | 121.17              | 110.06              |
| Change in net asset value per share       | (2.03%)                | (8.26%)             | 10.09%              | (8.69%)             |
| Operating charges                         | 1.68%                  | 1.63%               | 1.22%               | 1.22%               |
| <b>I Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 26,609                 | 27,083              | 23,026              | 24,278              |
| Closing number of shares                  | 17,718,629             | 18,154,626          | 14,853,223          | 18,100,510          |
| Closing net asset value per share (pence) | 150.17                 | 149.18              | 155.02              | 134.13              |
| Change in net asset value per share       | 0.66%                  | (3.77%)             | 15.57%              | (3.93%)             |
| Operating charges                         | 1.23%                  | 1.18%               | 0.77%               | 0.77%               |
| <b>I Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 64,303                 | 125,340             | 143,455             | 130,653             |
| Closing number of shares                  | 65,803,564             | 125,942,256         | 132,829,429         | 133,714,603         |
| Closing net asset value per share (pence) | 97.72                  | 99.52               | 108.00              | 97.71               |
| Change in net asset value per share       | (1.81%)                | (7.85%)             | 10.53%              | (8.29%)             |
| Operating charges                         | 1.23%                  | 1.18%               | 0.77%               | 0.77%               |
| <b>M Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 304                    | 302                 | 318                 | 277                 |
| Closing number of shares                  | 273,664                | 274,136             | 277,951             | 278,942             |
| Closing net asset value per share (pence) | 111.01                 | 110.27              | 114.58              | 99.17               |
| Change in net asset value per share       | 0.67%                  | (3.76%)             | 15.54%              | (3.98%)             |
| Operating charges                         | 1.28%                  | 1.23%               | 0.82%               | 0.82%               |

# Comparative Tables

## Continued

| <b>M Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 228                    | 909                 | 31                  | 28                  |
| Closing number of shares                  | 247,278                | 968,866             | 30,731              | 30,837              |
| Closing net asset value per share (pence) | 92.13                  | 93.84               | 101.82              | 92.17               |
| Change in net asset value per share       | (1.82%)                | (7.84%)             | 10.47%              | (8.19%)             |
| Operating charges                         | 1.28%                  | 1.23%               | 0.82%               | 0.82%               |
| <b>Z Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 170                    | 2,663               | 3,400               | 4,372               |
| Closing number of shares                  | 67,221                 | 1,055,600           | 1,303,569           | 1,947,112           |
| Closing net asset value per share (pence) | 253.35                 | 252.16              | 260.79              | 224.57              |
| Change in net asset value per share       | 0.47%                  | (3.31%)             | 16.13%              | (3.46%)             |
| Operating charges                         | 0.63%                  | 0.58%               | 0.17%               | 0.17%               |

The closing net asset value (£'000) divided by the closing number of shares may not calculate to the closing net asset value per share (pence) due to rounding differences. The published closing net asset value per share (pence) is based on unrounded values and represents the actual price.

The change in the net asset value per share is the change from the beginning of the period to the close of the period.

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

Due to new guidance that came into force from 30 June 2022, the charges for underlying Closed Ended Funds held on the fund have now been included in the Operating Charges.

# Portfolio Statement

As at 31 January 2023

| Holding   | Investment  | Market value<br>£'000 | Percentage of<br>total net assets |
|---|---|-----------------------|-----------------------------------|
| <b>Bonds (26.54%)</b>                           |   | <b>34,728</b>         | <b>32.68</b>                      |
| <b>Brazilian Real Denominated Bonds (3.11%)</b> |   | <b>2,903</b>          | <b>2.73</b>                       |
| <b>Government Bonds (3.11%)</b>                 |   | <b>2,903</b>          | <b>2.73</b>                       |
| less than 5 years to maturity                   |   |                       |                                   |
| 8,178,000                                       | Brazil (Fed Rep of) 10% 2025                      | 1,256                 | 1.18                              |
| between 5 and 10 years to maturity              |   |                       |                                   |
| 10,796,000                                      | Brazil (Fed Rep of) 10% 2031                      | 1,490                 | 1.40                              |
| 1,163,000                                       | Brazil (Fed Rep of) 10% 2033                      | 157                   | 0.15                              |
| <b>Chilean Peso Denominated Bonds (1.32%)</b>   |   | <b>945</b>            | <b>0.89</b>                       |
| <b>Government Bonds (1.32%)</b>                 |   | <b>945</b>            | <b>0.89</b>                       |
| less than 5 years to maturity                   |   |                       |                                   |
| 585,000,000                                     | Chile (Republic of) 5.8% 2024                     | 586                   | 0.55                              |
| between 5 and 10 years to maturity              |   |                       |                                   |
| 365,000,000                                     | Chile (Republic of) 4.7% 2030                     | 359                   | 0.34                              |
| <b>Colombian Peso Denominated Bonds (2.03%)</b> |   | <b>1,851</b>          | <b>1.74</b>                       |
| <b>Government Bonds (2.03%)</b>                 |   | <b>1,851</b>          | <b>1.74</b>                       |
| less than 5 years to maturity                   |   |                       |                                   |
| 1,128,800,000                                   | Colombia (Republic of) 10% 2024                   | 193                   | 0.18                              |
| 642,900,000                                     | Colombia (Republic of) 7.5% 2026                  | 98                    | 0.09                              |
| between 5 and 10 years to maturity              |   |                       |                                   |
| 376,100,000                                     | Colombia (Republic of) 7% 2031                    | 49                    | 0.05                              |
| 7,438,400,000                                   | Colombia (Republic of) 7% 2031 (Issue March 2021) | 961                   | 0.90                              |
| between 10 and 15 years to maturity             |   |                       |                                   |
| 1,093,300,000                                   | Colombia (Republic of) 7.25% 2034                 | 133                   | 0.13                              |
| greater than 25 years to maturity               |   |                       |                                   |
| 3,906,200,000                                   | Colombia (Republic of) 7.25% 2050                 | 417                   | 0.39                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding   | Investment                          | Market value<br>£'000 | Percentage of<br>total net assets |
|---|-------------------------------------|-----------------------|-----------------------------------|
| <b>Czech Koruna Denominated Bonds (1.14%)</b>     |                                     | <b>1,201</b>          | <b>1.13</b>                       |
| <b>Government Bonds (1.14%)</b>                   |                                     | <b>1,201</b>          | <b>1.13</b>                       |
| less than 5 years to maturity                     |                                     |                       |                                   |
| 14,980,000  | Czech Republic (Govt of) 0.45% 2023 | 531                   | 0.50                              |
| 4,200,000   | Czech Republic (Govt of) 1% 2026    | 137                   | 0.13                              |
| between 5 and 10 years to maturity                |                                     |                       |                                   |
| 6,180,000   | Czech Republic (Govt of) 0.95% 2030 | 177                   | 0.17                              |
| between 10 and 15 years to maturity               |                                     |                       |                                   |
| 12,270,000  | Czech Republic (Govt of) 2% 2033    | 356                   | 0.33                              |
| <b>Dominican Peso Denominated Bonds (0.00%)</b>   |                                     | <b>109</b>            | <b>0.10</b>                       |
| <b>Government Bonds (0.00%)</b>                   |                                     | <b>109</b>            | <b>0.10</b>                       |
| less than 5 years to maturity                     |                                     |                       |                                   |
| 8,050,000   | Dominican (Republic of) 9.75% 2026  | 109                   | 0.10                              |
| <b>Euro Denominated Bonds (3.64%)</b>             |                                     | <b>164</b>            | <b>0.16</b>                       |
| <b>Corporate Bonds (3.45%)</b>                    |                                     | -                     | -                                 |
| <b>Government Bonds (0.19%)</b>                   |                                     | <b>164</b>            | <b>0.16</b>                       |
| less than 5 years to maturity                     |                                     |                       |                                   |
| 226,000   | Tunisia (Republic of) 6.75% 2023    | 164                   | 0.16                              |
| <b>Hungarian Forint Denominated Bonds (0.00%)</b> |                                     | <b>219</b>            | <b>0.21</b>                       |
| <b>Government Bonds (0.00%)</b>                   |                                     | <b>219</b>            | <b>0.21</b>                       |
| less than 5 years to maturity                     |                                     |                       |                                   |
| 77,760,000  | Hungary (Govt of) 5.5% 2025         | 155                   | 0.15                              |
| 30,260,000  | Hungary (Govt of) 6% 2023           | 64                    | 0.06                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                     | Investment                                 | Market value<br>£'000 | Percentage of<br>total net assets |
|---|--|-----------------------|-----------------------------------|
| Indian Rupee Denominated Bonds (0.29%)      |  | 190                   | 0.18                              |
| Corporate Bonds (0.12%)                     |  | -                     | -                                 |
| Government Bonds (0.17%)                    |  | 190                   | 0.18                              |
| less than 5 years to maturity               |  |                       |                                   |
| 19,260,000                                  | Gujarat (State of) 7.2% 2027               | 190                   | 0.18                              |
| Indonesian Rupiah Denominated Bonds (3.48%) |  | 3,168                 | 2.98                              |
| Government Bonds (3.48%)                    |  | 3,168                 | 2.98                              |
| less than 5 years to maturity               |  |                       |                                   |
| 10,989,000,000                              | Indonesia (Republic of) 5.5% 2026          | 583                   | 0.55                              |
| 14,601,000,000                              | Indonesia (Republic of) 6.5% 2025          | 798                   | 0.75                              |
| 15,899,000,000                              | Indonesia (Republic of) 7% 2027            | 882                   | 0.83                              |
| between 5 and 10 years to maturity          |  |                       |                                   |
| 11,059,000,000                              | Indonesia (Republic of) 6.125% 2028        | 589                   | 0.55                              |
| 1,076,000,000                               | Indonesia (Republic of) 6.5% 2031          | 58                    | 0.06                              |
| 1,413,000,000                               | Indonesia (Republic of) 9.5% 2031          | 89                    | 0.08                              |
| between 10 and 15 years to maturity         |  |                       |                                   |
| 2,797,000,000                               | Indonesia (Republic of) 8.375% 2034        | 169                   | 0.16                              |
| Kazakhstani Tenge Denominated Bonds (0.19%) |  | 194                   | 0.18                              |
| Corporate Bonds (0.15%)                     |  | 194                   | 0.18                              |
| less than 5 years to maturity               |  |                       |                                   |
| 135,500,000                                 | Development Bank of Kazakhstan 10.95% 2026 | 194                   | 0.18                              |
| Government Bonds (0.04%)                    |  |                       |                                   |
| Malaysian Ringgit Denominated Bonds (1.80%) |  | 1,900                 | 1.79                              |
| Government Bonds (1.80%)                    |  | 1,900                 | 1.79                              |
| less than 5 years to maturity               |  |                       |                                   |
| 963,000                                     | Malaysia (Govt of) 3.9% 2026               | 186                   | 0.17                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                       | Investment                                | Market value<br>£'000 | Percentage of<br>total net assets |
|---|---|-----------------------|-----------------------------------|
| between 5 and 10 years to maturity            |   |                       |                                   |
| 4,396,000                                     | Malaysia (Govt of) 3.733% 2028            | 841                   | 0.79                              |
| 1,076,000                                     | Malaysia (Govt of) 4.498% 2030            | 215                   | 0.20                              |
| between 10 and 15 years to maturity           |   |                       |                                   |
| 1,725,000                                     | Malaysia (Govt of) 3.828% 2034            | 323                   | 0.31                              |
| 1,776,000                                     | Malaysia (Govt of) 3.844% 2033            | 335                   | 0.32                              |
| <b>Mexican Peso Denominated Bonds (2.82%)</b> |   | <b>3,070</b>          | <b>2.90</b>                       |
| <b>Corporate Bonds (0.32%)</b>                |   | <b>590</b>            | <b>0.56</b>                       |
| less than 5 years to maturity                 |   |                       |                                   |
| 14,751,000                                    | Petroleos Mexicanos 7.19% 2024            | 590                   | 0.56                              |
| <b>Government Bonds (2.50%)</b>               |   | <b>2,480</b>          | <b>2.34</b>                       |
| less than 5 years to maturity                 |   |                       |                                   |
| 29,791,000                                    | Mexico (United Mexican States) 10% 2024   | 1,287                 | 1.21                              |
| 16,180,500                                    | Mexico (United Mexican States) 5.75% 2026 | 633                   | 0.60                              |
| 2,550,000                                     | Mexico (United Mexican States) 8% 2023    | 108                   | 0.10                              |
| between 5 and 10 years to maturity            |   |                       |                                   |
| 4,155,700                                     | Mexico (United Mexican States) 7.75% 2031 | 170                   | 0.16                              |
| between 15 and 25 years to maturity           |   |                       |                                   |
| 7,241,100                                     | Mexico (United Mexican States) 7.75% 2042 | 282                   | 0.27                              |
| <b>Peruvian Sol Denominated Bonds (0.89%)</b> |   | <b>958</b>            | <b>0.90</b>                       |
| <b>Government Bonds (0.89%)</b>               |   | <b>958</b>            | <b>0.90</b>                       |
| less than 5 years to maturity                 |   |                       |                                   |
| 1,397,000                                     | Peru (Republic of) 5.7% 2024              | 288                   | 0.27                              |
| between 5 and 10 years to maturity            |   |                       |                                   |
| 160,000                                       | Peru (Republic of) 6.15% 2032             | 29                    | 0.03                              |
| 2,319,000                                     | Peru (Republic of) 6.95% 2031             | 458                   | 0.43                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding   | Investment                            | Market value<br>£'000 | Percentage of<br>total net assets |
|---|---------------------------------------|-----------------------|-----------------------------------|
| between 10 and 15 years to maturity                 |                                       |                       |                                   |
| 973,000   | Peru (Republic of) 6.9% 2037          | 183                   | 0.17                              |
| <b>Polish Zloty Denominated Bonds (0.33%)</b>       |                                       |                       |                                   |
|   |                                       | <b>358</b>            | <b>0.34</b>                       |
| <b>Government Bonds (0.33%)</b>                     |                                       |                       |                                   |
|   |                                       | <b>358</b>            | <b>0.34</b>                       |
| between 5 and 10 years to maturity                  |                                       |                       |                                   |
| 1,922,000   | Poland (Republic of) 5.75% 2029       | 358                   | 0.34                              |
| <b>Romanian Leu Denominated Bonds (0.22%)</b>       |                                       |                       |                                   |
|   |                                       | <b>546</b>            | <b>0.51</b>                       |
| <b>Government Bonds (0.22%)</b>                     |                                       |                       |                                   |
|   |                                       | <b>546</b>            | <b>0.51</b>                       |
| less than 5 years to maturity                       |                                       |                       |                                   |
| 1,235,000   | Romania (Republic of) 3.65% 2025      | 204                   | 0.19                              |
| between 5 and 10 years to maturity                  |                                       |                       |                                   |
| 2,000,000   | Romania (Republic of) 6.7% 2032       | 342                   | 0.32                              |
| <b>South African Rand Denominated Bonds (3.21%)</b> |                                       |                       |                                   |
|   |                                       | <b>2,725</b>          | <b>2.56</b>                       |
| <b>Government Bonds (3.21%)</b>                     |                                       |                       |                                   |
|   |                                       | <b>2,725</b>          | <b>2.56</b>                       |
| less than 5 years to maturity                       |                                       |                       |                                   |
| 5,928,300   | South Africa (Republic of) 7.75% 2023 | 276                   | 0.26                              |
| between 5 and 10 years to maturity                  |                                       |                       |                                   |
| 11,171,500  | South Africa (Republic of) 8% 2030    | 477                   | 0.45                              |
| 4,900,000   | South Africa (Republic of) 8.25% 2032 | 201                   | 0.19                              |
| between 10 and 15 years to maturity                 |                                       |                       |                                   |
| 23,002,741  | South Africa (Republic of) 6.25% 2036 | 723                   | 0.68                              |
| 3,700,000   | South Africa (Republic of) 8.5% 2037  | 140                   | 0.13                              |
| between 15 and 25 years to maturity                 |                                       |                       |                                   |
| 2,843,000   | South Africa (Republic of) 6.5% 2041  | 84                    | 0.08                              |
| 5,869,000   | South Africa (Republic of) 8.75% 2044 | 216                   | 0.20                              |
| 15,802,400  | South Africa (Republic of) 9% 2040    | 608                   | 0.57                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                     | Investment                        | Market value<br>£'000 | Percentage of<br>total net assets |
|---|-----------------------------------|-----------------------|-----------------------------------|
| Sterling Denominated Bonds (0.73%)          |                                   | -                     | -                                 |
| Corporate Bonds (0.73%)                     |                                   | -                     | -                                 |
| Thai Baht Denominated Bonds (0.84%)         |                                   | 897                   | 0.84                              |
| Government Bonds (0.84%)                    |                                   | 897                   | 0.84                              |
| less than 5 years to maturity               |                                   |                       |                                   |
| 18,650,000                                  | Thailand (Kingdom of) 2.35% 2026  | 467                   | 0.44                              |
| between 5 and 10 years to maturity          |                                   |                       |                                   |
| 6,325,000                                   | Thailand (Kingdom of) 3.775% 2032 | 173                   | 0.16                              |
| between 15 and 25 years to maturity         |                                   |                       |                                   |
| 10,000,000                                  | Thailand (Kingdom of) 3.3% 2038   | 257                   | 0.24                              |
| Ukrainian Hryvnia Denominated Bonds (0.06%) |                                   | 70                    | 0.06                              |
| Government Bonds (0.06%)                    |                                   | 70                    | 0.06                              |
| less than 5 years to maturity               |                                   |                       |                                   |
| 3,518,000                                   | Ukraine (Republic of) 15.84% 2025 | 56                    | 0.05                              |
| 1,151,000                                   | Ukraine (Republic of) 9.79% 2027  | 14                    | 0.01                              |
| Uruguayan Peso Denominated Bonds (0.44%)    |                                   | 461                   | 0.43                              |
| Government Bonds (0.44%)                    |                                   | 461                   | 0.43                              |
| between 5 and 10 years to maturity          |                                   |                       |                                   |
| 686,588                                     | Uruguay (Republic of) 4.375% 2028 | 37                    | 0.03                              |
| 10,818,750                                  | Uruguay (Republic of) 8.25% 2031  | 203                   | 0.19                              |
| 11,330,000                                  | Uruguay (Republic of) 8.5% 2028   | 221                   | 0.21                              |
| US Dollar Denominated Bonds (0.00%)         |                                   | 12,799                | 12.05                             |
| Corporate Bonds (0.00%)                     |                                   | 12,534                | 11.80                             |
| less than 5 years to maturity               |                                   |                       |                                   |
| 334,000                                     | Academy 6% 2027                   | 263                   | 0.25                              |
| 347,000                                     | Becton Dickinson 3.7% 2027        | 274                   | 0.26                              |
| 386,000                                     | Corebridge Financial 3.65% 2027   | 299                   | 0.28                              |



# Portfolio Statement

As at 31 January 2023 continued

| Holding                            | Investment  | Market value<br>£'000 | Percentage of<br>total net assets |
|------------------------------------|---|-----------------------|-----------------------------------|
| 250,000                            | Credit Suisse 3.625% 2024                           | 194                   | 0.18                              |
| 191,000                            | Duke Energy 5% 2025                                 | 157                   | 0.15                              |
| 308,000                            | Enel Finance International 1.375% 2026              | 221                   | 0.21                              |
| 319,000                            | Gilead Sciences 1.2% 2027                           | 225                   | 0.21                              |
| 230,000                            | HSBC 0.976% fixed to floating 2025                  | 175                   | 0.17                              |
| 403,000                            | Penske Truck Leasing 1.2% 2025                      | 293                   | 0.28                              |
| 344,000                            | Phillips 66 3.55% 2026                              | 266                   | 0.25                              |
| 275,000                            | Sumitomo Mitsui Financial 5.52% 2028                | 230                   | 0.22                              |
| 275,000                            | TSMC Global 1% 2027                                 | 191                   | 0.18                              |
| 300,000                            | UBS 1.494% fixed to floating 2027                   | 214                   | 0.20                              |
| 415,000                            | Wells Fargo 2.164% fixed to floating 2026           | 318                   | 0.30                              |
| between 5 and 10 years to maturity |   |                       |                                   |
| 301,000                            | Ball 2.875% 2030                                    | 202                   | 0.19                              |
| 313,000                            | Boston Gas 3.001% 2029                              | 227                   | 0.21                              |
| 276,000                            | Broadridge Financial Solutions 2.6% 2031            | 191                   | 0.18                              |
| 307,000                            | Capital One Financial 5.247% fixed to floating 2030 | 246                   | 0.23                              |
| 437,000                            | CCO 4.25% 2031                                      | 296                   | 0.28                              |
| 219,000                            | Colonial Enterprises 3.25% 2030                     | 159                   | 0.15                              |
| 255,000                            | Constellation Brands 2.875% 2030                    | 183                   | 0.17                              |
| 250,000                            | Cox Communications 2.6% 2031                        | 169                   | 0.16                              |
| 226,000                            | Dell International 5.25% 2028                       | 185                   | 0.17                              |
| 230,000                            | Deutsche Bank FRN 2028                              | 183                   | 0.17                              |
| 221,000                            | Duke Energy Progress 3.4% 2032                      | 164                   | 0.15                              |
| 321,000                            | EnLink Midstream 6.5% 2030                          | 266                   | 0.25                              |
| 452,000                            | Ford Motor 3.25% 2032                               | 292                   | 0.27                              |
| 240,000                            | General Motors 5.6% 2032                            | 193                   | 0.18                              |
| 373,000                            | Graphic Packaging International 3.75% 2030          | 264                   | 0.25                              |
| 269,000                            | Halliburton 2.92% 2030                              | 195                   | 0.18                              |
| 286,000                            | HCA 5.625% 2028                                     | 236                   | 0.22                              |
| 267,000                            | Intel 4.15% 2032                                    | 208                   | 0.19                              |
| 243,000                            | Intercontinental Exchange 4.35% 2029                | 196                   | 0.18                              |
| 422,000                            | JPMorgan Chase 3.509% fixed to floating 2029        | 321                   | 0.30                              |
| 310,000                            | Netflix 5.875% 2028                                 | 262                   | 0.25                              |
| 307,000                            | NRG Energy 3.625% 2031                              | 198                   | 0.19                              |
| 160,000                            | Oracle 6.15% 2029                                   | 139                   | 0.13                              |
| 250,000                            | Pacific Gas and Electric 6.15% 2033                 | 209                   | 0.20                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                             | Investment   | Market value<br>£'000 | Percentage of<br>total net assets |
|-------------------------------------|--|-----------------------|-----------------------------------|
| 308,000                             | Perrigo Finance 4.4% 2030                            | 220                   | 0.21                              |
| 200,000                             | Schlumberger 3.9% 2028                               | 155                   | 0.15                              |
| 199,000                             | Southern California Edison 5.95% 2032                | 176                   | 0.16                              |
| 279,000                             | Southwestern Energy 4.75% 2032                       | 200                   | 0.19                              |
| 274,000                             | T-Mobile USA 3.5% 2031                               | 200                   | 0.19                              |
| 264,000                             | Venture Global Calcasieu Pass 3.875% 2029            | 191                   | 0.18                              |
| 25,000                              | Venture Global Calcasieu Pass 6.25% 2030             | 21                    | 0.02                              |
| between 10 and 15 years to maturity |  |                       |                                   |
| 330,000                             | Bank of America 3.846% fixed to floating 2037        | 234                   | 0.22                              |
| 234,000                             | Broadcom 3.187% 2036                                 | 145                   | 0.14                              |
| 166,000                             | Commonwealth Edison 4.9% 2033                        | 139                   | 0.13                              |
| 278,000                             | Enbridge 2.5% 2033                                   | 184                   | 0.17                              |
| 226,000                             | Kinder Morgan 5.2% 2033                              | 183                   | 0.17                              |
| 294,000                             | Morgan Stanley 5.297% fixed to floating 2037         | 231                   | 0.22                              |
| 226,000                             | Occidental Petroleum 6.45% 2036                      | 193                   | 0.18                              |
| 148,000                             | PNC Financial Services 5.068% fixed to floating 2034 | 121                   | 0.11                              |
| between 15 and 25 years to maturity |  |                       |                                   |
| 139,000                             | America Movil 6.125% 2040                            | 124                   | 0.12                              |
| 159,000                             | Carrier Global 3.377% 2040                           | 104                   | 0.10                              |
| 123,000                             | CVS Health 5.125% 2045                               | 96                    | 0.09                              |
| 159,000                             | Georgia Power 4.3% 2042                              | 117                   | 0.11                              |
| 194,000                             | Oracle 3.65% 2041                                    | 125                   | 0.12                              |
| 183,000                             | Utah Acquisition 5.25% 2046                          | 124                   | 0.12                              |
| greater than 25 years to maturity   |  |                       |                                   |
| 150,000                             | American International 4.75% 2048                    | 116                   | 0.11                              |
| 187,000                             | Blackstone Finance 3.2% 2052                         | 103                   | 0.10                              |
| 148,000                             | Lowe's 5.625% 2053                                   | 124                   | 0.12                              |
| 90,000                              | MetLife 5.25% 2054                                   | 76                    | 0.07                              |
| 141,000                             | Southern California Gas 3.95% 2050                   | 95                    | 0.09                              |
| 75,000                              | Target 4.8% 2053                                     | 61                    | 0.06                              |
| 200,000                             | Toronto-Dominion Bank 8.125% fixed to floating 2082  | 172                   | 0.16                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                 | Investment  | Market value<br>£'000 | Percentage of<br>total net assets |
|---|---|-----------------------|-----------------------------------|
| <b>Government Bonds (0.00%)</b>         |   | <b>265</b>            | <b>0.25</b>                       |
| less than 5 years to maturity           |   |                       |                                   |
| 325,000                                 | US Treasury 4.5% 2024                               | 265                   | 0.25                              |
| <b>Equities (59.08%)</b>                |   | <b>53,590</b>         | <b>50.44</b>                      |
| <b>Emerging Market Equities (0.10%)</b> |   | <b>-</b>              | <b>-</b>                          |
| <b>Argentina (0.01%)</b>                |   | <b>12</b>             | <b>0.01</b>                       |
| 13                                      | MercadoLibre  | 12                    | 0.01                              |
| <b>Brazil (0.03%)</b>                   |   | <b>27</b>             | <b>0.03</b>                       |
| 8,700                                   | B3 SA - Brasil Bolsa Balcao                         | 18                    | 0.02                              |
| 400                                     | Banco Santander Brasil                              | 2                     | -                                 |
| 600                                     | Telefonica Brasil                                   | 4                     | 0.01                              |
| 600                                     | TOTVS   | 3                     | -                                 |
| <b>Chile (0.01%)</b>                    |   | <b>5</b>              | <b>-</b>                          |
| 61                                      | Sociedad Quimica y Minera de Chile 'B' (Preference) | 5                     | -                                 |
| <b>Israel (0.00%)</b>                   |   | <b>9</b>              | <b>0.01</b>                       |
| 53                                      | Nice  | 9                     | 0.01                              |
| <b>Russia (0.00%)</b>                   |   | <b>-</b>              | <b>-</b>                          |
| 5,920                                   | Alrosa+++   | -                     | -                                 |
| 865                                     | Magnit GDR+++                                       | -                     | -                                 |
| 1,415                                   | Mobile TeleSystems ADR+++                           | -                     | -                                 |
| 842                                     | Polymetal International+++                          | -                     | -                                 |
| 78                                      | Polyus+++   | -                     | -                                 |
| 9,700                                   | Sberbank of Russia+++                               | -                     | -                                 |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                          | Investment                    | Market value<br>£'000 | Percentage of<br>total net assets |
|----------------------------------|-------------------------------|-----------------------|-----------------------------------|
| <b>South Africa (0.05%)</b>      |                               | <b>40</b>             | <b>0.04</b>                       |
| 64                               | Anglo American Platinum       | 4                     | 0.01                              |
| 949                              | Gold Fields                   | 9                     | 0.01                              |
| 4,108                            | Growthpoint Properties REIT   | 3                     | -                                 |
| 905                              | Impala Platinum               | 8                     | 0.01                              |
| 450                              | MultiChoice                   | 2                     | -                                 |
| 3,012                            | Sibanye Stillwater            | 6                     | 0.01                              |
| 769                              | Vodacom                       | 4                     | -                                 |
| 1,166                            | Woolworths                    | 4                     | -                                 |
| <b>European Equities (4.16%)</b> |                               | <b>3,731</b>          | <b>3.52</b>                       |
| <b>Belgium (0.01%)</b>           |                               | <b>21</b>             | <b>0.02</b>                       |
| 351                              | KBC                           | 21                    | 0.02                              |
| <b>Denmark (0.17%)</b>           |                               | <b>156</b>            | <b>0.15</b>                       |
| 112                              | Chr Hansen                    | 7                     | 0.01                              |
| 154                              | Coloplast 'B'                 | 15                    | 0.01                              |
| 744                              | Novo Nordisk 'B'              | 83                    | 0.08                              |
| 239                              | Novozymes 'B'                 | 10                    | 0.01                              |
| 187                              | Ørsted                        | 13                    | 0.01                              |
| 1,197                            | Vestas Wind Systems           | 28                    | 0.03                              |
| <b>Finland (0.10%)</b>           |                               | <b>89</b>             | <b>0.08</b>                       |
| 327                              | Kesko 'B'                     | 6                     | -                                 |
| 473                              | Neste                         | 18                    | 0.02                              |
| 2,623                            | Nokia                         | 10                    | 0.01                              |
| 3,564                            | Nordea Bank (Swedish listing) | 34                    | 0.03                              |
| 128                              | Orion 'B'                     | 6                     | -                                 |
| 729                              | Stora Enso 'R'                | 8                     | 0.01                              |
| 242                              | UPM-Kymmene                   | 7                     | 0.01                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding         | Investment                                 | Market value<br>£'000 | Percentage of<br>total net assets |
|-----------------|--|-----------------------|-----------------------------------|
| France (0.36%)  |  | 370                   | 0.35                              |
| 340             | Alstom                                     | 8                     | 0.01                              |
| 73              | Amundi                                     | 4                     | -                                 |
| 2,012           | AXA  | 51                    | 0.05                              |
| 398             | Bureau Veritas                             | 9                     | 0.01                              |
| 616             | Danone                                     | 27                    | 0.03                              |
| 148             | Eiffage                                    | 13                    | 0.01                              |
| 55              | Gecina REIT                                | 5                     | -                                 |
| 595             | Getlink                                    | 8                     | 0.01                              |
| 26              | Kering                                     | 13                    | 0.01                              |
| 236             | Legrand                                    | 17                    | 0.02                              |
| 24              | L'Oreal                                    | 8                     | 0.01                              |
| 36              | LVMH Moet Hennessy Louis Vuitton           | 25                    | 0.02                              |
| 826             | Orange                                     | 7                     | 0.01                              |
| 496             | Schneider Electric                         | 65                    | 0.06                              |
| 1,527           | TotalEnergies                              | 77                    | 0.07                              |
| 199             | Veolia Environment                         | 5                     | -                                 |
| 305             | Vinci                                      | 28                    | 0.03                              |
| Germany (0.26%) |  | 212                   | 0.20                              |
| 73              | Adidas                                     | 9                     | 0.01                              |
| 66              | Allianz                                    | 13                    | 0.01                              |
| 149             | Bayer                                      | 7                     | 0.01                              |
| 265             | Deutsche Post                              | 9                     | 0.01                              |
| 389             | Deutsche Telekom                           | 7                     | 0.01                              |
| 718             | Infineon Technologies                      | 21                    | 0.02                              |
| 78              | Muenchener Rueckversicherungs-Gesellschaft | 23                    | 0.02                              |
| 87              | SAP  | 8                     | 0.01                              |
| 284             | Siemens                                    | 36                    | 0.03                              |
| 70,514          | Sirius Real Estate                         | 59                    | 0.05                              |
| 1,247           | Telefonica Deutschland                     | 3                     | -                                 |
| 758             | Vonovia                                    | 17                    | 0.02                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                    | Investment             | Market value<br>£'000 | Percentage of<br>total net assets |
|----------------------------|------------------------|-----------------------|-----------------------------------|
| <b>Ireland (2.12%)</b>     |                        | <b>1,856</b>          | <b>1.75</b>                       |
| 312                        | Accenture 'A'          | 71                    | 0.07                              |
| 290                        | Aptiv                  | 27                    | 0.02                              |
| 127                        | Experian               | 4                     | -                                 |
| 1,563,637                  | Greencoat Renewables++ | 1,531                 | 1.44                              |
| 4,804                      | Keywords Studios++     | 136                   | 0.13                              |
| 725                        | Medtronic              | 49                    | 0.05                              |
| 263                        | Trane Technologies     | 38                    | 0.04                              |
| <b>Italy (0.06%)</b>       |                        | <b>61</b>             | <b>0.06</b>                       |
| 1,163                      | Assicurazioni Generali | 18                    | 0.02                              |
| 526                        | FinecoBank             | 8                     | 0.01                              |
| 16,645                     | Intesa Sanpaolo        | 35                    | 0.03                              |
| <b>Netherlands (0.12%)</b> |                        | <b>100</b>            | <b>0.09</b>                       |
| 257                        | Akzo Nobel             | 15                    | 0.01                              |
| 63                         | ASML                   | 33                    | 0.03                              |
| 174                        | Koninklijke DSM        | 18                    | 0.02                              |
| 4,721                      | Koninklijke KPN        | 13                    | 0.01                              |
| 401                        | NN                     | 14                    | 0.01                              |
| 127                        | Randstad               | 7                     | 0.01                              |
| <b>Norway (0.08%)</b>      |                        | <b>62</b>             | <b>0.06</b>                       |
| 378                        | Aker BP                | 9                     | 0.01                              |
| 999                        | DNB Bank               | 15                    | 0.01                              |
| 326                        | Equinor                | 8                     | 0.01                              |
| 239                        | Gjensidige Forsikring  | 3                     | -                                 |
| 609                        | Mowi                   | 9                     | 0.01                              |
| 1,431                      | Norsk Hydro            | 9                     | 0.01                              |
| 1,014                      | Telenor                | 9                     | 0.01                              |
| <b>Portugal (0.01%)</b>    |                        | <b>-</b>              | <b>-</b>                          |
| <b>Romania (0.00%)</b>     |                        | <b>-</b>              | <b>-</b>                          |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                   | Investment                          | Market value<br>£'000 | Percentage of<br>total net assets |
|---------------------------|-------------------------------------|-----------------------|-----------------------------------|
| Spain (0.08%)             |                                     | 62                    | 0.06                              |
| 298                       | Enagas                              | 4                     | -                                 |
| 537                       | Ferrovial                           | 13                    | 0.01                              |
| 1,098                     | Industria de Diseno Textil          | 28                    | 0.03                              |
| 5,627                     | Telefonica                          | 17                    | 0.02                              |
| Sweden (0.05%)            |                                     | 112                   | 0.11                              |
| 393                       | Boliden                             | 14                    | 0.01                              |
| 4,560                     | EQT                                 | 83                    | 0.08                              |
| 1,713                     | Telefonaktiebolaget LM Ericsson 'B' | 8                     | 0.01                              |
| 3,321                     | Telia                               | 7                     | 0.01                              |
| Switzerland (0.74%)       |                                     | 630                   | 0.59                              |
| 1,500                     | ABB                                 | 42                    | 0.04                              |
| 192                       | Adecco                              | 6                     | 0.01                              |
| 126                       | Cie Financiere Richemont            | 16                    | 0.01                              |
| 36                        | Geberit                             | 16                    | 0.01                              |
| 12                        | Givaudan                            | 31                    | 0.03                              |
| 184                       | Logitech International              | 9                     | 0.01                              |
| 539                       | Nestle                              | 53                    | 0.05                              |
| 626                       | Novartis                            | 46                    | 0.04                              |
| 326                       | Partners                            | 246                   | 0.23                              |
| 73                        | Roche (Participating certificate)   | 18                    | 0.02                              |
| 7                         | SGS                                 | 14                    | 0.01                              |
| 78                        | Sika                                | 18                    | 0.02                              |
| 322                       | Swiss Re                            | 27                    | 0.03                              |
| 245                       | TE Connectivity                     | 25                    | 0.02                              |
| 158                       | Zurich Insurance                    | 63                    | 0.06                              |
| Japanese Equities (0.68%) |                                     | 699                   | 0.66                              |
| 400                       | AEON                                | 7                     | 0.01                              |
| 2,000                     | Astellas Pharma                     | 24                    | 0.02                              |
| 500                       | Bridgestone                         | 15                    | 0.01                              |
| 100                       | Daikin Industries                   | 14                    | 0.01                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding | Investment                          | Market value<br>£'000 | Percentage of<br>total net assets |
|---------|-------------------------------------|-----------------------|-----------------------------------|
| 100     | Daito Trust Construction            | 8                     | 0.01                              |
| 200     | Denso                               | 9                     | 0.01                              |
| 200     | Eisai                               | 10                    | 0.01                              |
| 3,400   | ENEOS                               | 10                    | 0.01                              |
| 100     | Fujitsu                             | 12                    | 0.01                              |
| 200     | Hitachi                             | 8                     | 0.01                              |
| 300     | Inpex                               | 3                     | -                                 |
| 800     | Isuzu Motors                        | 8                     | 0.01                              |
| 1,300   | ITOCHU                              | 34                    | 0.03                              |
| 600     | KDDI                                | 15                    | 0.01                              |
| 800     | Kirin                               | 10                    | 0.01                              |
| 200     | Komatsu                             | 4                     | -                                 |
| 300     | Lixil                               | 4                     | -                                 |
| 1,600   | Marubeni                            | 16                    | 0.01                              |
| 1,300   | Mitsubishi                          | 35                    | 0.03                              |
| 1,700   | Mitsui                              | 41                    | 0.04                              |
| 2,330   | Mizuho Financial                    | 29                    | 0.03                              |
| 300     | NEC                                 | 9                     | 0.01                              |
| 1,400   | Nintendo                            | 49                    | 0.05                              |
| 200     | Nitto Denko                         | 10                    | 0.01                              |
| 5       | Nomura Real Estate Master Fund REIT | 5                     | 0.01                              |
| 1,600   | Olympus                             | 24                    | 0.02                              |
| 1,000   | ORIX                                | 14                    | 0.01                              |
| 300     | SBI                                 | 5                     | 0.01                              |
| 400     | Sekisui Chemical                    | 5                     | 0.01                              |
| 800     | Sekisui House                       | 12                    | 0.01                              |
| 100     | Shimano                             | 14                    | 0.01                              |
| 200     | Shionogi                            | 8                     | 0.01                              |
| 3,200   | SoftBank                            | 30                    | 0.03                              |
| 400     | SoftBank (Issue 2021)               | 15                    | 0.02                              |
| 400     | Sompo                               | 14                    | 0.01                              |
| 300     | Sumitomo Metal Mining               | 10                    | 0.01                              |
| 800     | Sumitomo Mitsui Financial           | 28                    | 0.03                              |
| 200     | Sysmex                              | 11                    | 0.01                              |
| 1,700   | Takeda Pharmaceutical               | 43                    | 0.04                              |
| 200     | Tokyo Electron                      | 56                    | 0.05                              |
| 300     | Toshiba                             | 8                     | 0.01                              |



# Portfolio Statement

As at 31 January 2023 continued

| Holding                                | Investment                               | Market value<br>£'000 | Percentage of<br>total net assets |
|--|--|-----------------------|-----------------------------------|
| 100                                    | Yamaha                                   | 3                     | -                                 |
| 3,400                                  | Z  | 8                     | 0.01                              |
| 100                                    | ZOZO                                     | 2                     | -                                 |
| <b>North America Equities (10.32%)</b> |  | <b>9,977</b>          | <b>9.39</b>                       |
| <b>Bermuda (0.03%)</b>                 |  | <b>7</b>              | <b>0.01</b>                       |
| 1,289,440                              | Blue Capital Alternative Income Fund*    | -                     | -                                 |
| 49,901                                 | Blue Capital Reinsurance                 | -                     | -                                 |
| 854                                    | Catco Reinsurance Opportunities Fund     | 1                     | -                                 |
| 787                                    | Catco Reinsurance Opportunities Fund 'C' | 6                     | 0.01                              |
| <b>Canada (2.04%)</b>                  |  | <b>1,611</b>          | <b>1.51</b>                       |
| 165                                    | Agnico Eagle Mines                       | 8                     | 0.01                              |
| 87                                     | BCE                                      | 3                     | -                                 |
| 7,782                                  | Brookfield                               | 234                   | 0.22                              |
| 2,160                                  | Brookfield Asset Management 'A'          | 56                    | 0.05                              |
| 559                                    | Cameco                                   | 13                    | 0.01                              |
| 267                                    | Canadian National Railway (US listing)   | 26                    | 0.02                              |
| 1,256                                  | Enbridge                                 | 42                    | 0.04                              |
| 265                                    | Keyera                                   | 5                     | -                                 |
| 791                                    | Lundin Mining                            | 5                     | -                                 |
| 326                                    | Magna International                      | 17                    | 0.02                              |
| 1,076                                  | Manulife Financial                       | 17                    | 0.02                              |
| 412                                    | Nutrien                                  | 28                    | 0.03                              |
| 3,058                                  | Onex                                     | 128                   | 0.12                              |
| 252                                    | Pan American Silver                      | 4                     | -                                 |
| 613                                    | Pembina Pipeline                         | 18                    | 0.02                              |
| 150                                    | Ritchie Bros Auctioneers                 | 7                     | 0.01                              |
| 190                                    | Shopify 'A'                              | 8                     | 0.01                              |
| 534                                    | TELUS                                    | 9                     | 0.01                              |
| 145                                    | Thomson Reuters                          | 14                    | 0.01                              |
| 758                                    | Toronto-Dominion Bank                    | 42                    | 0.04                              |
| 24,858                                 | Wheaton Precious Metals                  | 914                   | 0.86                              |
| 127                                    | WSP Global                               | 13                    | 0.01                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                      | Investment                           | Market value<br>£'000 | Percentage of<br>total net assets |
|------------------------------|--------------------------------------|-----------------------|-----------------------------------|
| <b>Mexico (0.03%)</b>        |                                      | <b>32</b>             | <b>0.03</b>                       |
| 3,700                        | Fibra Uno Administracion REIT        | 4                     | -                                 |
| 3,100                        | Grupo Financiero Banorte 'O'         | 21                    | 0.02                              |
| 2,200                        | Wal-Mart de Mexico                   | 7                     | 0.01                              |
| <b>United States (8.22%)</b> |                                      | <b>8,327</b>          | <b>7.84</b>                       |
| 233                          | 3M                                   | 22                    | 0.02                              |
| 203                          | Abbott Laboratories                  | 18                    | 0.02                              |
| 322                          | AbbVie                               | 39                    | 0.04                              |
| 205                          | Activision Blizzard                  | 13                    | 0.01                              |
| 339                          | Advanced Micro Devices               | 21                    | 0.02                              |
| 147                          | Albemarle                            | 34                    | 0.03                              |
| 174                          | Alexandria Real Estate Equities REIT | 23                    | 0.02                              |
| 362                          | Ally Financial                       | 10                    | 0.01                              |
| 1,814                        | Alphabet 'A'                         | 146                   | 0.14                              |
| 1,348                        | Amazon.com                           | 113                   | 0.11                              |
| 64                           | American Express                     | 9                     | 0.01                              |
| 132                          | American Tower REIT                  | 24                    | 0.02                              |
| 231                          | American Water Works                 | 29                    | 0.03                              |
| 330                          | Amgen                                | 68                    | 0.06                              |
| 236                          | Analog Devices                       | 33                    | 0.03                              |
| 682                          | Annaly Capital Management REIT       | 13                    | 0.01                              |
| 5,268                        | Apollo Global Management             | 303                   | 0.28                              |
| 3,583                        | Apple                                | 420                   | 0.39                              |
| 349                          | Applied Materials                    | 32                    | 0.03                              |
| 5,125                        | Ares Capital                         | 81                    | 0.08                              |
| 2,401                        | AT&T                                 | 40                    | 0.04                              |
| 243                          | Autodesk                             | 42                    | 0.04                              |
| 194                          | Automatic Data Processing            | 36                    | 0.03                              |
| 178                          | AvalonBay Communities REIT           | 26                    | 0.02                              |
| 697                          | Baker Hughes                         | 18                    | 0.02                              |
| 359                          | Ball                                 | 17                    | 0.02                              |
| 254                          | Bank of America                      | 7                     | 0.01                              |
| 51                           | Berkshire Hathaway 'B'               | 13                    | 0.01                              |
| 227                          | Best Buy                             | 16                    | 0.01                              |
| 115                          | BlackRock                            | 71                    | 0.07                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding | Investment                         | Market value<br>£'000 | Percentage of<br>total net assets |
|---------|------------------------------------|-----------------------|-----------------------------------|
| 7,618   | Blackstone Secured Lending Fund    | 152                   | 0.14                              |
| 94      | Block                              | 6                     | 0.01                              |
| 252     | BorgWarner                         | 10                    | 0.01                              |
| 166     | Boston Properties REIT             | 10                    | 0.01                              |
| 1,665   | Boston Scientific                  | 63                    | 0.06                              |
| 448     | Bristol-Myers Squibb               | 26                    | 0.02                              |
| 152     | Broadcom                           | 72                    | 0.07                              |
| 121     | Broadridge Financial Solutions     | 15                    | 0.01                              |
| 165     | Brown-Forman 'B'                   | 9                     | 0.01                              |
| 194     | Bunge                              | 16                    | -                                 |
| 146,784 | Burford Capital++                  | 1,069                 | 1.01                              |
| 230     | Campbell Soup                      | 10                    | 0.01                              |
| 278     | Caterpillar                        | 57                    | 0.05                              |
| 17      | Chipotle Mexican Grill             | 23                    | 0.02                              |
| 28      | Cigna                              | 7                     | 0.01                              |
| 22      | Cintas                             | 8                     | 0.01                              |
| 2,079   | Cisco Systems                      | 82                    | 0.08                              |
| 536     | Citigroup                          | 23                    | 0.02                              |
| 71      | CME                                | 10                    | 0.01                              |
| 561     | Cognizant Technology Solutions 'A' | 30                    | 0.03                              |
| 687     | Colgate-Palmolive                  | 42                    | 0.04                              |
| 259     | Conagra Brands                     | 8                     | 0.01                              |
| 86      | ConocoPhillips                     | 9                     | 0.01                              |
| 470     | Corteva                            | 25                    | 0.02                              |
| 180     | Cummins                            | 36                    | 0.03                              |
| 171     | CVS Health                         | 12                    | 0.01                              |
| 63      | Deere                              | 22                    | 0.02                              |
| 88      | Discover Financial Services        | 8                     | 0.01                              |
| 529     | Dow                                | 25                    | 0.02                              |
| 257     | DuPont de Nemours                  | 15                    | 0.01                              |
| 436     | Eaton                              | 57                    | 0.05                              |
| 652     | eBay                               | 26                    | 0.02                              |
| 154     | Ecolab                             | 19                    | 0.02                              |
| 73      | Electronic Arts                    | 8                     | 0.01                              |
| 43      | Elevance Health                    | 17                    | 0.02                              |
| 122     | Eli Lilly                          | 34                    | 0.03                              |
| 21      | Enphase Energy                     | 4                     | -                                 |
| 156     | EQT                                | 4                     | -                                 |

# Portfolio Statement

As at 31 January 2023 continued

| Holding | Investment                         | Market value<br>£'000 | Percentage of<br>total net assets |
|---------|------------------------------------|-----------------------|-----------------------------------|
| 16      | Equinix REIT                       | 10                    | 0.01                              |
| 363     | Equity Residential REIT            | 19                    | 0.02                              |
| 35      | Erie Indemnity 'A'                 | 7                     | 0.01                              |
| 340     | Essential Utilities                | 13                    | 0.01                              |
| 43      | Essex Property REIT                | 8                     | 0.01                              |
| 58      | Etsy                               | 6                     | 0.01                              |
| 221     | Eversource Energy                  | 15                    | 0.01                              |
| 79      | Extra Space Storage REIT           | 10                    | 0.01                              |
| 219     | ExxonMobil                         | 21                    | 0.02                              |
| 162     | Fastenal                           | 7                     | 0.01                              |
| 419     | Fifth Third Bancorp                | 12                    | 0.01                              |
| 41      | First Solar                        | 6                     | 0.01                              |
| 141     | FMC                                | 15                    | 0.01                              |
| 834     | Freeport-McMoRan                   | 30                    | 0.03                              |
| 10,735  | FS KKR Capital                     | 171                   | 0.16                              |
| 723     | General Mills                      | 46                    | 0.04                              |
| 936     | Gilead Sciences                    | 64                    | 0.06                              |
| 50      | Goldman Sachs                      | 15                    | 0.01                              |
| 545     | Halliburton                        | 18                    | 0.02                              |
| 160     | Hasbro                             | 8                     | 0.01                              |
| 108     | HCA Healthcare                     | 22                    | 0.02                              |
| 402     | Healthpeak Properties REIT         | 9                     | 0.01                              |
| 1,437   | Hewlett Packard Enterprise         | 19                    | 0.02                              |
| 193     | Home Depot                         | 51                    | 0.05                              |
| 179     | Hormel Foods                       | 7                     | 0.01                              |
| 167     | Howmet Aerospace                   | 6                     | 0.01                              |
| 1,184   | HP                                 | 28                    | 0.03                              |
| 20      | Humana                             | 8                     | 0.01                              |
| 1,555   | Huntington Bancshares              | 19                    | 0.02                              |
| 1,344   | Intel                              | 31                    | 0.03                              |
| 324     | Intercontinental Exchange          | 28                    | 0.03                              |
| 610     | International Business Machines    | 67                    | 0.06                              |
| 168     | International Flavors & Fragrances | 15                    | 0.01                              |
| 473     | International Paper                | 16                    | 0.01                              |
| 577     | Interpublic                        | 17                    | 0.02                              |
| 176     | Intuit                             | 60                    | 0.06                              |
| 409     | Invesco                            | 6                     | -                                 |
| 339     | Iron Mountain REIT                 | 15                    | 0.01                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding | Investment                     | Market value<br>£'000 | Percentage of<br>total net assets |
|---------|--------------------------------|-----------------------|-----------------------------------|
| 122     | J M Smucker                    | 15                    | 0.01                              |
| 212     | Johnson & Johnson              | 28                    | 0.03                              |
| 827     | Johnson Controls International | 47                    | 0.04                              |
| 940     | JPMorgan Chase                 | 107                   | 0.10                              |
| 482     | Juniper Networks               | 13                    | 0.01                              |
| 275     | Kellogg                        | 15                    | 0.01                              |
| 141     | Kimberly-Clark                 | 15                    | 0.01                              |
| 1,816   | Kinder Morgan                  | 27                    | 0.02                              |
| 6,722   | KKR                            | 305                   | 0.29                              |
| 63      | KLA                            | 20                    | 0.02                              |
| 310     | Kraft Heinz                    | 10                    | 0.01                              |
| 77      | Lam Research                   | 31                    | 0.03                              |
| 87      | Lear                           | 10                    | 0.01                              |
| 36      | Lennox International           | 8                     | 0.01                              |
| 417     | Lowe's                         | 71                    | 0.07                              |
| 1,230   | Lumen Technologies             | 5                     | -                                 |
| 381     | Marsh & McLennan               | 54                    | 0.05                              |
| 246     | Marvell Technology             | 9                     | 0.01                              |
| 316     | Masco                          | 14                    | 0.01                              |
| 202     | Mastercard 'A'                 | 61                    | 0.06                              |
| 320     | McCormick                      | 20                    | 0.02                              |
| 78      | McDonald's                     | 17                    | 0.02                              |
| 559     | Merck                          | 49                    | 0.05                              |
| 226     | Meta Platforms                 | 27                    | 0.02                              |
| 302     | MGM Resorts International      | 10                    | 0.01                              |
| 1,635   | Microsoft                      | 329                   | 0.31                              |
| 49      | Moderna                        | 7                     | 0.01                              |
| 430     | Mondelez International 'A'     | 23                    | 0.02                              |
| 187     | Moody's                        | 49                    | 0.05                              |
| 257     | Morgan Stanley                 | 20                    | 0.02                              |
| 248     | Mosaic                         | 10                    | 0.01                              |
| 105     | Motorola Solutions             | 22                    | 0.02                              |
| 103     | MSCI                           | 44                    | 0.04                              |
| 440     | Nasdaq                         | 22                    | 0.02                              |
| 261     | NetApp                         | 14                    | 0.01                              |
| 26      | Netflix                        | 7                     | 0.01                              |
| 470     | Newell Brands                  | 6                     | 0.01                              |
| 880     | Newmont                        | 38                    | 0.04                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding | Investment                     | Market value<br>£'000 | Percentage of<br>total net assets |
|---------|--------------------------------|-----------------------|-----------------------------------|
| 232     | NIKE 'B'                       | 24                    | 0.02                              |
| 683     | NortonLifeLock                 | 13                    | 0.01                              |
| 664     | NVIDIA                         | 105                   | 0.10                              |
| 5,076   | Oaktree Specialty Lending      | 82                    | 0.08                              |
| 160     | ONEOK                          | 9                     | 0.01                              |
| 12,095  | Owl Rock Capital               | 128                   | 0.12                              |
| 397     | Paramount Global 'B'           | 7                     | 0.01                              |
| 76      | Paychex                        | 7                     | 0.01                              |
| 60      | PayPal                         | 4                     | -                                 |
| 136     | PepsiCo                        | 19                    | 0.02                              |
| 2,057   | Pfizer                         | 74                    | 0.07                              |
| 107     | Phillips 66                    | 9                     | 0.01                              |
| 45      | Pioneer Natural Resources      | 8                     | 0.01                              |
| 59      | PNC Financial Services         | 8                     | 0.01                              |
| 152     | PPG Industries                 | 16                    | 0.01                              |
| 229     | Principal Financial            | 17                    | 0.02                              |
| 134     | Procter & Gamble               | 15                    | 0.01                              |
| 485     | Progressive                    | 54                    | 0.05                              |
| 580     | Prologis REIT                  | 61                    | 0.06                              |
| 451     | Prudential Financial           | 38                    | 0.04                              |
| 294     | Qualcomm                       | 32                    | 0.03                              |
| 173     | Regency Centers REIT           | 9                     | 0.01                              |
| 913     | Regions Financial              | 17                    | 0.02                              |
| 67      | ResMed                         | 12                    | 0.01                              |
| 146     | Robert Half International      | 10                    | 0.01                              |
| 12      | Rockwell Automation            | 3                     | -                                 |
| 193     | S&P Global                     | 59                    | 0.05                              |
| 814     | Schlumberger                   | 38                    | 0.04                              |
| 286     | Seagate Technology             | 16                    | -                                 |
| 13,681  | Sixth Street Specialty Lending | 213                   | 0.20                              |
| 885     | Snap 'A'                       | 8                     | 0.01                              |
| 492     | Starbucks                      | 44                    | 0.04                              |
| 42      | STERIS                         | 7                     | 0.01                              |
| 256     | T Rowe Price                   | 24                    | 0.02                              |
| 135     | Target                         | 19                    | 0.02                              |
| 555     | Tesla                          | 78                    | 0.07                              |
| 494     | Texas Instruments              | 71                    | 0.07                              |
| 87      | Thermo Fisher Scientific       | 40                    | 0.04                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                               | Investment                          | Market value<br>£'000 | Percentage of<br>total net assets |
|---------------------------------------|-------------------------------------|-----------------------|-----------------------------------|
| 131                                   | TransUnion                          | 8                     | 0.01                              |
| 1,177                                 | Truist Financial                    | 47                    | 0.04                              |
| 44                                    | Twilio 'A'                          | 2                     | -                                 |
| 405                                   | UDR REIT                            | 14                    | 0.01                              |
| 239                                   | Union Pacific                       | 40                    | 0.04                              |
| 276                                   | United Parcel Service 'B'           | 42                    | 0.04                              |
| 184                                   | UnitedHealth                        | 75                    | 0.07                              |
| 467                                   | Valero Energy                       | 53                    | 0.05                              |
| 433                                   | Ventas REIT                         | 18                    | 0.02                              |
| 200                                   | Verisk Analytics                    | 30                    | 0.03                              |
| 2,089                                 | Verizon Communications              | 71                    | 0.07                              |
| 372                                   | VF                                  | 9                     | 0.01                              |
| 164                                   | Visa 'A'                            | 31                    | 0.03                              |
| 47                                    | W.W. Grainger                       | 22                    | 0.02                              |
| 73                                    | WalMart                             | 9                     | 0.01                              |
| 142                                   | Walt Disney                         | 13                    | 0.01                              |
| 413                                   | Waste Management                    | 52                    | 0.05                              |
| 62                                    | West Pharmaceutical Services        | 13                    | 0.01                              |
| 205                                   | Westinghouse Air Brake Technologies | 17                    | 0.02                              |
| 943                                   | Weyerhaeuser REIT                   | 26                    | 0.02                              |
| 77                                    | Whirlpool                           | 10                    | 0.01                              |
| 163                                   | Yum! Brands                         | 17                    | 0.02                              |
| <b>Pacific Basin Equities (0.96%)</b> |                                     | <b>889</b>            | <b>0.83</b>                       |
| <b>Australia (0.25%)</b>              |                                     | <b>297</b>            | <b>0.28</b>                       |
| 407                                   | Ampol                               | 7                     | 0.01                              |
| 1,256                                 | APA                                 | 8                     | 0.01                              |
| 95                                    | ASX                                 | 4                     | -                                 |
| 2,204                                 | Aurizon                             | 5                     | -                                 |
| 1,824                                 | Brambles                            | 12                    | 0.01                              |
| 1,391                                 | Coles                               | 14                    | 0.01                              |
| 426                                   | Commonwealth Bank of Australia      | 27                    | 0.02                              |
| 468                                   | Computershare                       | 6                     | -                                 |
| 1,145                                 | Dexus REIT                          | 5                     | 0.01                              |
| 1,793                                 | Fortescue Metals                    | 23                    | 0.02                              |
| 2,293                                 | GPT REIT                            | 6                     | -                                 |
| 4,025                                 | Medibank                            | 7                     | 0.01                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                  | Investment                     | Market value<br>£'000 | Percentage of<br>total net assets |
|--------------------------|--------------------------------|-----------------------|-----------------------------------|
| 181                      | Mineral Resources              | 9                     | 0.01                              |
| 4,724                    | Mirvac REIT                    | 6                     | -                                 |
| 407                      | National Australia Bank        | 7                     | 0.01                              |
| 213                      | Ramsay Health Care             | 8                     | 0.01                              |
| 3,600                    | Stockland REIT                 | 8                     | 0.01                              |
| 1,774                    | Suncorp                        | 13                    | 0.01                              |
| 4,308                    | Telstra                        | 10                    | 0.01                              |
| 2,536                    | Transurban                     | 20                    | 0.02                              |
| 1,036                    | Treasury Wine Estates          | 9                     | 0.01                              |
| 4,633                    | Vicinity Centres REIT          | 5                     | 0.01                              |
| 1,445                    | Wesfarmers                     | 41                    | 0.04                              |
| 603                      | Westpac Banking                | 8                     | 0.01                              |
| 1,393                    | Woodside Energy                | 29                    | 0.03                              |
| <b>China (0.20%)</b>     |                                | <b>162</b>            | <b>0.15</b>                       |
| 1,336                    | Alibaba                        | 15                    | 0.01                              |
| 3,000                    | China Medical System           | 4                     | -                                 |
| 2,000                    | Country Garden Services        | 4                     | -                                 |
| 8,000                    | CRRC 'H'                       | 3                     | -                                 |
| 10,000                   | CSPC Pharmaceutical            | 9                     | 0.01                              |
| 520                      | Ganfeng Lithium 'H'            | 4                     | -                                 |
| 2,000                    | Haidilao International         | 4                     | -                                 |
| 114                      | JD.com 'A'                     | 3                     | -                                 |
| 10,000                   | Lenovo                         | 6                     | 0.01                              |
| 2,000                    | Li Ning                        | 16                    | 0.02                              |
| 480                      | Meituan 'B'                    | 9                     | 0.01                              |
| 111                      | NetEase ADR                    | 8                     | 0.01                              |
| 1,000                    | Tencent                        | 40                    | 0.04                              |
| 600                      | WuXi AppTec 'H'                | 6                     | 0.01                              |
| 535                      | Yum China                      | 27                    | 0.03                              |
| 106                      | Zai Lab ADR                    | 4                     | -                                 |
| <b>Hong Kong (0.07%)</b> |                                | <b>49</b>             | <b>0.05</b>                       |
| 5,000                    | Geely Automobile               | 7                     | 0.01                              |
| 600                      | Hong Kong Exchanges & Clearing | 22                    | 0.02                              |



# Portfolio Statement

As at 31 January 2023 continued

| Holding                    | Investment              | Market value<br>£'000 | Percentage of<br>total net assets |
|----------------------------|-------------------------|-----------------------|-----------------------------------|
| 2,200                      | Link REIT               | 14                    | 0.01                              |
| 6,000                      | Sino Land               | 6                     | 0.01                              |
| 200                        | Super Hi International  | -                     | -                                 |
| <b>India (0.06%)</b>       |                         | <b>69</b>             | <b>0.06</b>                       |
| 935                        | Axis Bank               | 8                     | 0.01                              |
| 743                        | Dabur India             | 4                     | -                                 |
| 740                        | DLF                     | 3                     | -                                 |
| 370                        | Hindustan Unilever      | 9                     | 0.01                              |
| 85                         | Info Edge India         | 3                     | -                                 |
| 1,823                      | Infosys                 | 28                    | 0.03                              |
| 1,062                      | Mahindra & Mahindra     | 14                    | 0.01                              |
| <b>Indonesia (0.00%)</b>   |                         | <b>2</b>              | <b>-</b>                          |
| 9,100                      | Unilever Indonesia      | 2                     | -                                 |
| <b>Macau (0.00%)</b>       |                         | <b>2</b>              | <b>-</b>                          |
| 1,200                      | Sands China             | 4                     | -                                 |
| <b>Malaysia (0.01%)</b>    |                         | <b>10</b>             | <b>0.01</b>                       |
| 5,800                      | Hartalega               | 2                     | -                                 |
| 5,000                      | Malayan Banking         | 8                     | 0.01                              |
| <b>New Zealand (0.01%)</b> |                         | <b>11</b>             | <b>0.01</b>                       |
| 1,543                      | Meridian Energy         | 4                     | -                                 |
| 2,687                      | Spark New Zealand       | 7                     | 0.01                              |
| <b>Singapore (0.04%)</b>   |                         | <b>11</b>             | <b>0.01</b>                       |
| 1,100                      | Keppel                  | 5                     | -                                 |
| 806                        | Oversea-Chinese Banking | 6                     | 0.01                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                        | Investment                                      | Market value<br>£'000 | Percentage of<br>total net assets |
|--------------------------------|---|-----------------------|-----------------------------------|
| <b>South Korea (0.09%)</b>     |   | <b>97</b>             | <b>0.09</b>                       |
| 93                             | Hyundai Engineering & Construction              | 2                     | -                                 |
| 5                              | Hyundai Engineering & Construction (Preference) | -                     | -                                 |
| 22                             | Hyundai Glovis                                  | 2                     | -                                 |
| 65                             | Hyundai Mobis                                   | 9                     | 0.01                              |
| 497                            | KB Financial                                    | 18                    | 0.02                              |
| 200                            | Kia   | 9                     | 0.01                              |
| 11                             | LG Household & Health Care                      | 5                     | 0.01                              |
| 717                            | Samsung Electronics                             | 29                    | 0.03                              |
| 96                             | Samsung Life Insurance                          | 4                     | -                                 |
| 36                             | Samsung SDI                                     | 16                    | 0.01                              |
| 54                             | S-Oil   | 3                     | -                                 |
| <b>Taiwan (0.22%)</b>          |   | <b>178</b>            | <b>0.17</b>                       |
| 7,800                          | AU Optronics                                    | 4                     | 0.01                              |
| 571                            | Cathay Financial                                | 1                     | -                                 |
| 2,150                          | Chailease                                       | 13                    | 0.01                              |
| 24,000                         | CTBC Financial                                  | 15                    | 0.02                              |
| 2,000                          | Delta Electronics                               | 16                    | 0.01                              |
| 10,910                         | Innolux   | 4                     | -                                 |
| 1,000                          | MediaTek  | 19                    | 0.02                              |
| 2,500                          | Ruentex Development                             | 3                     | -                                 |
| 15,250                         | SinoPac Financial                               | 7                     | 0.01                              |
| 4,000                          | Taiwan Semiconductor Manufacturing              | 56                    | 0.05                              |
| 1,000                          | Unimicron Technology                            | 4                     | 0.01                              |
| 7,000                          | Uni-President Enterprises                       | 13                    | 0.01                              |
| 12,000                         | United Microelectronics                         | 16                    | 0.01                              |
| 11,630                         | Yuanta Financial                                | 7                     | 0.01                              |
| <b>UK Equities (42.86%)</b>    |   | <b>38,200</b>         | <b>35.95</b>                      |
| <b>Basic Materials (0.16%)</b> |   | <b>173</b>            | <b>0.16</b>                       |
| 1,527                          | Anglo American                                  | 53                    | 0.05                              |
| 3,883                          | Hill & Smith                                    | 49                    | 0.05                              |
| 219                            | Johnson Matthey                                 | 5                     | -                                 |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                               | Investment                     | Market value<br>£'000 | Percentage of<br>total net assets |
|---------------------------------------|--------------------------------|-----------------------|-----------------------------------|
| 195                                   | Linde                          | 52                    | 0.05                              |
| 227                                   | Rio Tinto                      | 14                    | 0.01                              |
| <b>Consumer Discretionary (0.80%)</b> |                                | <b>894</b>            | <b>0.84</b>                       |
| 1,224                                 | Barratt Developments           | 6                     | 0.01                              |
| 131                                   | Berkeley                       | 5                     | 0.01                              |
| 561                                   | Burberry                       | 14                    | 0.01                              |
| 5,553                                 | CVS++                          | 112                   | 0.10                              |
| 4,267                                 | Dunelm                         | 50                    | 0.05                              |
| 4,916                                 | Focusrite++                    | 40                    | 0.04                              |
| 3,675                                 | Future                         | 55                    | 0.05                              |
| 625                                   | Games Workshop                 | 59                    | 0.05                              |
| 3,464                                 | GlobalData++                   | 43                    | 0.04                              |
| 33,258                                | Hollywood Bowl                 | 87                    | 0.08                              |
| 38,338                                | JD Sports Fashion              | 62                    | 0.06                              |
| 2,356                                 | Kingfisher                     | 7                     | 0.01                              |
| 7,406                                 | Next Fifteen Communications++  | 74                    | 0.07                              |
| 382                                   | Persimmon                      | 5                     | 0.01                              |
| 18,716                                | Pets at Home                   | 66                    | 0.06                              |
| 2,308                                 | RELX                           | 55                    | 0.05                              |
| 4,229                                 | Taylor Wimpey                  | 5                     | -                                 |
| 6,194                                 | Team17++                       | 29                    | 0.03                              |
| 12,647                                | Watches of Switzerland         | 120                   | 0.11                              |
| <b>Consumer Staples (0.22%)</b>       |                                | <b>300</b>            | <b>0.28</b>                       |
| 213                                   | Coca-Cola Europacific Partners | 10                    | 0.01                              |
| 1,542                                 | Cranswick                      | 49                    | 0.04                              |
| 1,807                                 | Diageo                         | 64                    | 0.06                              |
| 3,543                                 | Greggs                         | 95                    | 0.09                              |
| 4,795                                 | Hilton Food                    | 32                    | 0.03                              |
| 95                                    | Reckitt Benckiser              | 5                     | 0.01                              |
| 2,105                                 | Sainsbury (J)                  | 6                     | -                                 |
| 956                                   | Unilever (Netherlands listing) | 39                    | 0.04                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                    | Investment                                    | Market value<br>£'000 | Percentage of<br>total net assets |
|----------------------------|---|-----------------------|-----------------------------------|
| <b>Energy (0.09%)</b>      |   | <b>146</b>            | <b>0.14</b>                       |
| 11,239                     | BP  | 55                    | 0.05                              |
| 3,628                      | Energear                                      | 42                    | 0.04                              |
| 17,108                     | Serica Energy++                               | 43                    | 0.04                              |
| 250                        | Shell   | 6                     | 0.01                              |
| <b>Financials (30.46%)</b> |   | <b>31,797</b>         | <b>29.93</b>                      |
| 27,997                     | 3i  | 441                   | 0.41                              |
| 657,393                    | 3i Infrastructure                             | 2,196                 | 2.07                              |
| 854,328                    | Aberdeen Diversified Income and Growth Trust+ | 759                   | 0.71                              |
| 216                        | Admiral                                       | 5                     | 0.01                              |
| 27,407                     | AJ Bell                                       | 92                    | 0.09                              |
| 3,749                      | Alpha FX++                                    | 70                    | 0.07                              |
| 91,745                     | Apax Global Alpha                             | 163                   | 0.15                              |
| 1,024,994                  | Aquila European Renewables                    | 787                   | 0.74                              |
| 3,055,365                  | BioPharma Credit                              | 2,373                 | 2.23                              |
| 487,000                    | Blackstone Loan Financing                     | 322                   | 0.30                              |
| 576,415                    | Bluefield Solar Income Fund                   | 804                   | 0.76                              |
| 1,955,709                  | Cordiant Digital Infrastructure               | 1,658                 | 1.56                              |
| 737,811                    | CVC Income & Growth                           | 713                   | 0.67                              |
| 884,101                    | Fair Oaks Income                              | 345                   | 0.33                              |
| 930,136                    | Foresight Solar Fund                          | 1,101                 | 1.04                              |
| 1,277,062                  | GCP Asset Backed Income Fund                  | 1,029                 | 0.97                              |
| 527,281                    | GCP Infrastructure Investments                | 510                   | 0.48                              |
| 1,502,431                  | Greencoat UK Wind                             | 2,392                 | 2.25                              |
| 467,626                    | Gresham House Energy Storage Fund             | 746                   | 0.70                              |
| 10,536                     | HarbourVest Global Private Equity             | 232                   | 0.22                              |
| 507,500                    | Harmony Energy Income Trust                   | 609                   | 0.57                              |
| 19,529                     | HgCapital Trust                               | 69                    | 0.07                              |
| 1,347,829                  | HIICL Infrastructure                          | 2,235                 | 2.10                              |
| 40,924                     | Honeycomb Investment Trust                    | 224                   | 0.21                              |
| 9,581                      | Impax Asset Management++                      | 74                    | 0.07                              |
| 23,555                     | Intermediate Capital                          | 327                   | 0.31                              |
| 1,053,544                  | International Public Partnerships             | 1,606                 | 1.51                              |
| 209,626                    | JLEN Environmental Assets                     | 253                   | 0.24                              |
| 13,788                     | JTC   | 99                    | 0.09                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                    | Investment                                  | Market value<br>£'000 | Percentage of<br>total net assets |
|----------------------------|---|-----------------------|-----------------------------------|
| 3,542                      | Legal & General                             | 9                     | 0.01                              |
| 4,013                      | Liontrust Asset Management                  | 46                    | 0.04                              |
| 3,008                      | M&G   | 6                     | 0.01                              |
| 15,318                     | Molten Ventures                             | 55                    | 0.05                              |
| 4,713                      | NatWest                                     | 14                    | 0.01                              |
| 1,043,804                  | NextEnergy Solar Fund                       | 1,157                 | 1.09                              |
| 10,667                     | OSB   | 58                    | 0.06                              |
| 1,010,300                  | Pantheon Infrastructure                     | 962                   | 0.91                              |
| 100,845                    | Pantheon International                      | 266                   | 0.25                              |
| 32,817                     | Petershill Partners                         | 55                    | 0.05                              |
| 391,776                    | Renewables Infrastructure                   | 509                   | 0.48                              |
| 1,667,485                  | Round Hill Music Royalty Fund               | 1,029                 | 0.97                              |
| 1,034,469                  | Sdcl Energy Efficiency Income Trust         | 970                   | 0.91                              |
| 1,507,772                  | Sequoia Economic Infrastructure Income Fund | 1,286                 | 1.21                              |
| 13,030                     | SME Credit Realisation Fund                 | 14                    | 0.01                              |
| 875,644                    | Tufton Oceanic Assets                       | 811                   | 0.76                              |
| 1,636,341                  | TwentyFour Income Fund                      | 1,630                 | 1.53                              |
| 1,024,914                  | US Solar Fund                               | 686                   | 0.65                              |
| <b>Health Care (0.15%)</b> |   | <b>181</b>            | <b>0.17</b>                       |
| 135                        | AstraZeneca                                 | 14                    | 0.01                              |
| 2,404                      | Craneware++                                 | 35                    | 0.03                              |
| 1,752                      | Dechra Pharmaceuticals                      | 50                    | 0.05                              |
| 1,929                      | Genus                                       | 56                    | 0.05                              |
| 1,805                      | GSK   | 26                    | 0.03                              |
| <b>Industrials (0.47%)</b> |   | <b>481</b>            | <b>0.45</b>                       |
| 35,080                     | Chemring                                    | 99                    | 0.09                              |
| 88,132                     | Coats                                       | 64                    | 0.06                              |
| 10,514                     | DiscoverIE                                  | 90                    | 0.09                              |
| 8,243                      | FDM   | 65                    | 0.06                              |
| 172                        | Intertek                                    | 7                     | 0.01                              |
| 17,357                     | Marshalls                                   | 59                    | 0.05                              |
| 17,989                     | Midwich++                                   | 89                    | 0.08                              |
| 1,685                      | Rentokil Initial                            | 8                     | 0.01                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                      | Investment   | Market value<br>£'000 | Percentage of<br>total net assets |
|--|--|-----------------------|-----------------------------------|
| <b>Real Estate (9.60%)</b>                   |  | <b>3,365</b>          | <b>3.17</b>                       |
| 1,905,900                                    | Assura REIT  | 1,062                 | 1.00                              |
| 857,058                                      | PRS REIT   | 779                   | 0.73                              |
| 151,765                                      | Residential Secure Income REIT                           | 119                   | 0.11                              |
| 7,444  | Safestore REIT   | 75                    | 0.07                              |
| 827  | Segro REIT   | 7                     | 0.01                              |
| 576,119                                      | Target Healthcare REIT                                   | 466                   | 0.44                              |
| 86,000                                       | Unite REIT   | 857                   | 0.81                              |
| <b>Technology (0.66%)</b>                    |  | <b>547</b>            | <b>0.51</b>                       |
| 10,246                                       | Auction Technology                                       | 72                    | 0.07                              |
| 6,211  | Auto Trader  | 39                    | 0.04                              |
| 18,901                                       | Big Technologies++                                       | 47                    | 0.04                              |
| 25,525                                       | Bytes Technology   | 99                    | 0.09                              |
| 4,763  | Computacenter  | 106                   | 0.10                              |
| 10,250                                       | GB++   | 36                    | 0.03                              |
| 7,259  | Kainos   | 107                   | 0.10                              |
| 3,440  | Softcat  | 41                    | 0.04                              |
| <b>Telecommunications (0.23%)</b>            |  | <b>298</b>            | <b>0.28</b>                       |
| 8,058  | Gamma Communication++                                    | 95                    | 0.09                              |
| 22,499                                       | Spirent Communications                                   | 49                    | 0.04                              |
| 6,335  | Telecom Plus   | 126                   | 0.12                              |
| 29,789                                       | Vodafone   | 28                    | 0.03                              |
| <b>Utilities (0.02%)</b>                     |  | <b>18</b>             | <b>0.02</b>                       |
| 268  | Severn Trent   | 8                     | 0.01                              |
| 902  | United Utilities   | 10                    | 0.01                              |
| <b>Collective Investment Schemes (8.37%)</b> |  | <b>9,687</b>          | <b>9.12</b>                       |
| 2,459  | Alpha UCITS SICAV – Fair Oaks Dynamic Credit Fund L2 GBP | 2,184                 | 2.06                              |
| 6,494,100                                    | MI Twentyfour Asset Backed Opportunities Fund I Inc      | 5,886                 | 5.54                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                    | Investment                                       | Market value<br>£'000 | Percentage of<br>total net assets |
|--|--|-----------------------|-----------------------------------|
| 159,772                                    | Neuberger Berman CLO Income Fund I2 Inc          | 1,316                 | 1.24                              |
| 66,505                                     | Oakley Capital Investments                       | 301                   | 0.28                              |
| <b>Derivatives (-0.44%)</b>                |  | <b>832</b>            | <b>0.79</b>                       |
| <b>Forward Currency Contracts (-0.48%)</b> |  | <b>920</b>            | <b>0.87</b>                       |
|  | Buy AUD 537,000 Sell GBP 305,140 08/03/2023      | -                     | -                                 |
|  | Buy CAD 63,167 Sell GBP 38,076 08/03/2023        | -                     | -                                 |
|  | Buy CAD 183,896 Sell GBP 110,658 08/03/2023      | -                     | -                                 |
|  | Buy CAD 487,000 Sell GBP 301,299 08/03/2023      | (8)                   | (0.01)                            |
|  | Buy CAD 1,279,615 Sell GBP 767,370 08/03/2023    | 4                     | -                                 |
|  | Buy EUR 313,000 Sell GBP 274,865 08/03/2023      | 1                     | -                                 |
|  | Buy EUR 586,256 Sell GBP 517,100 08/03/2023      | (1)                   | -                                 |
|  | Buy EUR 5,616,540 Sell GBP 4,860,001 08/03/2023  | 85                    | 0.08                              |
|  | Buy GBP 152,456 Sell AUD 267,000 08/03/2023      | 1                     | -                                 |
|  | Buy GBP 221,234 Sell AUD 388,000 08/03/2023      | 1                     | -                                 |
|  | Buy GBP 5,021,335 Sell AUD 8,946,000 08/03/2023  | (61)                  | (0.06)                            |
|  | Buy GBP 161,379 Sell CAD 264,000 08/03/2023      | 2                     | -                                 |
|  | Buy GBP 227,318 Sell CAD 370,000 08/03/2023      | 4                     | -                                 |
|  | Buy GBP 375,314 Sell CAD 626,000 08/03/2023      | (2)                   | -                                 |
|  | Buy GBP 753,399 Sell CAD 1,246,000 08/03/2023    | 2                     | -                                 |
|  | Buy GBP 4,596,553 Sell CAD 7,459,092 08/03/2023  | 102                   | 0.10                              |
|  | Buy GBP 154,649 Sell EUR 174,000 08/03/2023      | 1                     | -                                 |
|  | Buy GBP 398,470 Sell EUR 459,000 08/03/2023      | (6)                   | -                                 |
|  | Buy GBP 512,282 Sell EUR 580,482 08/03/2023      | 1                     | -                                 |
|  | Buy GBP 8,408,712 Sell EUR 9,676,000 08/03/2023  | (111)                 | (0.09)                            |
|  | Buy GBP 185,628 Sell JPY 28,929,000 08/03/2023   | 5                     | -                                 |
|  | Buy GBP 187,757 Sell NOK 2,268,000 08/03/2023    | 5                     | 0.01                              |
|  | Buy GBP 4,798,078 Sell NOK 56,819,000 08/03/2023 | 210                   | 0.20                              |
|  | Buy GBP 169,445 Sell NZD 324,000 08/03/2023      | -                     | -                                 |
|  | Buy GBP 218,995 Sell NZD 419,000 08/03/2023      | -                     | -                                 |
|  | Buy GBP 4,971,611 Sell NZD 9,591,000 08/03/2023  | (31)                  | (0.03)                            |
|  | Buy GBP 248,634 Sell SEK 3,155,000 08/03/2023    | 4                     | -                                 |
|  | Buy GBP 4,765,571 Sell SEK 60,040,000 08/03/2023 | 101                   | 0.09                              |
|  | Buy GBP 62,568 Sell USD 76,176 08/03/2023        | 1                     | -                                 |
|  | Buy GBP 78,707 Sell USD 94,753 08/03/2023        | 2                     | -                                 |
|  | Buy GBP 81,786 Sell USD 98,492 08/03/2023        | 2                     | -                                 |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                | Investment  | Market value<br>£'000 | Percentage of<br>total net assets |
|------------------------|---|-----------------------|-----------------------------------|
|                        | Buy GBP 83,554 Sell USD 101,891 08/03/2023        | 1                     | -                                 |
|                        | Buy GBP 119,698 Sell USD 148,000 08/03/2023       | -                     | -                                 |
|                        | Buy GBP 127,991 Sell USD 158,559 08/03/2023       | (1)                   | -                                 |
|                        | Buy GBP 156,442 Sell USD 191,041 08/03/2023       | 2                     | -                                 |
|                        | Buy GBP 236,924 Sell USD 293,789 08/03/2023       | (1)                   | -                                 |
|                        | Buy GBP 291,871 Sell USD 358,314 08/03/2023       | 1                     | -                                 |
|                        | Buy GBP 303,367 Sell USD 370,448 08/03/2023       | 3                     | -                                 |
|                        | Buy GBP 356,331 Sell USD 434,786 08/03/2023       | 4                     | -                                 |
|                        | Buy GBP 375,291 Sell USD 448,000 08/03/2023       | 12                    | 0.01                              |
|                        | Buy GBP 599,541 Sell USD 721,700 08/03/2023       | 14                    | 0.01                              |
|                        | Buy GBP 800,741 Sell USD 973,389 08/03/2023       | 12                    | 0.01                              |
|                        | Buy GBP 836,686 Sell USD 1,016,000 08/03/2023     | 13                    | 0.01                              |
|                        | Buy GBP 904,106 Sell USD 1,100,750 08/03/2023     | 12                    | 0.01                              |
|                        | Buy GBP 1,062,261 Sell USD 1,284,601 08/03/2023   | 21                    | 0.02                              |
|                        | Buy GBP 20,730,128 Sell USD 24,966,806 08/03/2023 | 488                   | 0.46                              |
|                        | Buy JPY 39,183,000 Sell GBP 234,871 08/03/2023    | 10                    | 0.01                              |
|                        | Buy JPY 304,643,000 Sell GBP 1,840,646 08/03/2023 | 61                    | 0.06                              |
|                        | Buy NZD 390,000 Sell GBP 203,911 08/03/2023       | (1)                   | -                                 |
|                        | Buy NZD 554,000 Sell GBP 287,669 08/03/2023       | 1                     | -                                 |
|                        | Buy SEK 2,686,000 Sell GBP 211,987 08/03/2023     | (3)                   | -                                 |
|                        | Buy USD 33,036 Sell GBP 27,056 08/03/2023         | -                     | -                                 |
|                        | Buy USD 93,363 Sell GBP 75,956 08/03/2023         | -                     | -                                 |
|                        | Buy USD 131,107 Sell GBP 106,278 08/03/2023       | -                     | -                                 |
|                        | Buy USD 153,287 Sell GBP 124,335 08/03/2023       | -                     | -                                 |
|                        | Buy USD 217,603 Sell GBP 178,323 08/03/2023       | (2)                   | -                                 |
|                        | Buy USD 243,825 Sell GBP 199,662 08/03/2023       | (2)                   | -                                 |
|                        | Buy USD 285,042 Sell GBP 235,697 08/03/2023       | (5)                   | -                                 |
|                        | Buy USD 302,612 Sell GBP 249,102 08/03/2023       | (4)                   | -                                 |
|                        | Buy USD 317,000 Sell GBP 258,994 08/03/2023       | (2)                   | -                                 |
|                        | Buy USD 504,643 Sell GBP 413,966 08/03/2023       | (5)                   | -                                 |
|                        | Buy USD 1,735,000 Sell GBP 1,429,348 08/03/2023   | (23)                  | (0.02)                            |
| <b>Futures (0.04%)</b> |   | <b>(88)</b>           | <b>(0.08)</b>                     |
| 27                     | Long Euro Stoxx 50 Future 17/03/2023              | 47                    | 0.05                              |
| 9                      | Long FTSE 100 Index Future 17/03/2023             | 24                    | 0.02                              |
| 10                     | Long S&P 500 E-mini Future 17/03/2023             | 33                    | 0.03                              |



# Portfolio Statement

As at 31 January 2023 continued

| Holding                                 | Investment                                  | Market value<br>£'000 | Percentage of<br>total net assets |
|---|---|-----------------------|-----------------------------------|
| 6                                       | Long S&P 500 Micro E-mini Future 17/03/2023 | 3                     | -                                 |
| (87)                                    | Short FTSE 250 Index Future 17/03/2023      | (195)                 | (0.18)                            |
| Total investment assets and liabilities |   | 98,837                | 93.03                             |
| Net other assets                        |   | 7,405                 | 6.97                              |
| <b>Total Net Assets</b>                 |   | <b>106,242</b>        | <b>100.00</b>                     |

All investments (excluding OTC derivatives) are listed on recognised stock exchanges and are approved securities, or are regulated collective investment schemes or are approved derivatives within the meaning of the FCA rules.

The percentage figures in brackets show the comparative holding as at 31 July 2022.

+ Managed by subsidiaries of abrdn plc.

++ AIM listed.

+++ Priced per abrdn VPC.

\* Delisted.

# Financial Statements

## Statement of Total Return

For the six months ended 31 January 2023

|   | 31 January 2023 |                | 31 January 2022 |              |
|---|-----------------|----------------|-----------------|--------------|
|   | £'000           | £'000          | £'000           | £'000        |
| Income:   |                 |                |                 |              |
| Net capital losses  |                 | (4,535)        |                 | (65)         |
| Revenue   | 3,486           |                | 4,628           |              |
| Expenses  | (448)           |                | (648)           |              |
| Interest payable and similar charges  | (5)             |                | (1)             |              |
| Net revenue before taxation   | 3,033           |                | 3,979           |              |
| Taxation  | (385)           |                | (496)           |              |
| Net revenue after taxation  |                 | 2,648          |                 | 3,483        |
| <b>Total return before distributions</b>  |                 | <b>(1,887)</b> |                 | <b>3,418</b> |
| Distributions   |                 | (3,090)        |                 | (4,125)      |
| <b>Change in net assets attributable to shareholders from investment activities</b> |                 | <b>(4,977)</b> |                 | <b>(707)</b> |

## Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 January 2023

|  | 31 January 2023 |                | 31 January 2022 |                |
|--|-----------------|----------------|-----------------|----------------|
|  | £'000           | £'000          | £'000           | £'000          |
| <b>Opening net assets attributable to shareholders</b>                                   |                 | <b>171,581</b> |                 | <b>187,351</b> |
| Amounts receivable on the issue of shares  | 5,661           |                | 5,556           |                |
| Amounts payable on the cancellation of shares  | (67,250)        |                | (4,461)         |                |
|  |                 | (61,589)       |                 | 1,095          |
| Dilution adjustment  |                 | 205            |                 | -              |
| Change in net assets attributable to shareholders from investment activities (see above) |                 | (4,977)        |                 | (707)          |
| Retained distribution on accumulation shares   |                 | 1,022          |                 | 921            |
| <b>Closing net assets attributable to shareholders</b>                                   |                 | <b>106,242</b> |                 | <b>188,660</b> |

Comparative information is provided for the statement of change in net assets attributable to shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

# Financial Statements

## Continued

### Balance Sheet

As at 31 January 2023

|  | 31 January 2023 |                | 31 July 2022 |                |
|--|-----------------|----------------|--------------|----------------|
|  | £'000           | £'000          | £'000        | £'000          |
| <b>Assets:</b>                                 |                 |                |              |                |
| <b>Fixed assets:</b>                           |                 |                |              |                |
| Investment assets                              |                 | 99,301         |              | 161,919        |
| <b>Current assets:</b>                         |                 |                |              |                |
| Debtors  | 1,637           |                | 1,931        |                |
| Cash and bank balances                         | 8,107           |                | 11,970       |                |
|  |                 | 9,744          |              | 13,901         |
| <b>Total assets</b>                            |                 | <b>109,045</b> |              | <b>175,820</b> |
| <b>Liabilities:</b>                            |                 |                |              |                |
| Investment liabilities                         |                 | (464)          |              | (1,403)        |
| Provisions for liabilities                     |                 | (5)            |              | (9)            |
| Bank overdrafts                                | (129)           |                | -            |                |
| Creditors                                      | (1,951)         |                | (2,416)      |                |
| Distribution payable                           | (254)           |                | (411)        |                |
|  |                 | (2,334)        |              | (2,827)        |
| <b>Total liabilities</b>                       |                 | <b>(2,803)</b> |              | <b>(4,239)</b> |
| <b>Net assets attributable to shareholders</b> |                 | <b>106,242</b> |              | <b>171,581</b> |

# Distribution Tables

For the six months ended 31 January 2023 (in pence per share)

## First interim dividend distribution

Group 1 – shares purchased prior to 1 August 2022

Group 2 – shares purchased between 1 August 2022 and 31 August 2022

|                       | Revenue | Equalisation | Distribution paid<br>30/09/22 | Distribution paid<br>30/09/21 |
|-----------------------|---------|--------------|-------------------------------|-------------------------------|
| <b>A Accumulation</b> |         |              |                               |                               |
| Group 1               | 1.0280  | –            | 1.0280                        | 0.9244                        |
| Group 2               | 0.5083  | 0.5197       | 1.0280                        | 0.9244                        |
| <b>A Income</b>       |         |              |                               |                               |
| Group 1               | 0.4916  | –            | 0.4916                        | 0.4622                        |
| Group 2               | 0.2922  | 0.1994       | 0.4916                        | 0.4622                        |
| <b>I Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.6484  | –            | 0.6484                        | 0.5915                        |
| Group 2               | 0.2159  | 0.4325       | 0.6484                        | 0.5915                        |
| <b>I Income</b>       |         |              |                               |                               |
| Group 1               | 0.4325  | –            | 0.4325                        | 0.4121                        |
| Group 2               | 0.1360  | 0.2965       | 0.4325                        | 0.4121                        |
| <b>M Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.4792  | –            | 0.4792                        | 0.4372                        |
| Group 2               | 0.4792  | –            | 0.4792                        | 0.4372                        |
| <b>M Income</b>       |         |              |                               |                               |
| Group 1               | 0.4077  | –            | 0.4077                        | 0.3885                        |
| Group 2               | 0.2344  | 0.1733       | 0.4077                        | 0.3885                        |
| <b>Z Accumulation</b> |         |              |                               |                               |
| Group 1               | 1.0908  | –            | 1.0908                        | 0.9956                        |
| Group 2               | 0.7899  | 0.3009       | 1.0908                        | 0.9956                        |

# Distribution Tables

For the six months ended 31 January 2023 (in pence per share) continued

## Second interim dividend distribution

Group 1 – shares purchased prior to 1 September 2022

Group 2 – shares purchased between 1 September 2022 and 30 September 2022

|                       | Revenue | Equalisation | Distribution paid<br>31/10/22 | Distribution paid<br>29/10/21 |
|-----------------------|---------|--------------|-------------------------------|-------------------------------|
| <b>A Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.7200  | –            | 0.7200                        | 0.9096                        |
| Group 2               | 0.1627  | 0.5573       | 0.7200                        | 0.9096                        |
| <b>A Income</b>       |         |              |                               |                               |
| Group 1               | 0.3432  | –            | 0.3432                        | 0.4531                        |
| Group 2               | 0.2577  | 0.0855       | 0.3432                        | 0.4531                        |
| <b>I Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.4516  | –            | 0.4516                        | 0.5822                        |
| Group 2               | 0.0996  | 0.3520       | 0.4516                        | 0.5822                        |
| <b>I Income</b>       |         |              |                               |                               |
| Group 1               | 0.3044  | –            | 0.3044                        | 0.4041                        |
| Group 2               | 0.1295  | 0.1749       | 0.3044                        | 0.4041                        |
| <b>M Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.3339  | –            | 0.3339                        | 0.4303                        |
| Group 2               | 0.3339  | –            | 0.3339                        | 0.4303                        |
| <b>M Income</b>       |         |              |                               |                               |
| Group 1               | 0.2828  | –            | 0.2828                        | 0.3809                        |
| Group 2               | 0.1670  | 0.1158       | 0.2828                        | 0.3809                        |
| <b>Z Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.7360  | –            | 0.7360                        | 0.9803                        |
| Group 2               | 0.6518  | 0.0842       | 0.7360                        | 0.9803                        |

# Distribution Tables

For the six months ended 31 January 2023 (in pence per share) continued

## Third interim dividend distribution

Group 1 – shares purchased prior to 1 October 2022

Group 2 – shares purchased between 1 October 2022 and 31 October 2022

|                       | Revenue | Equalisation | Distribution paid<br>30/11/22 | Distribution paid<br>30/11/21 |
|-----------------------|---------|--------------|-------------------------------|-------------------------------|
| <b>A Accumulation</b> |         |              |                               |                               |
| Group 1               | 1.2423  | –            | 1.2423                        | 0.9116                        |
| Group 2               | 0.8271  | 0.4152       | 1.2423                        | 0.9116                        |
| <b>A Income</b>       |         |              |                               |                               |
| Group 1               | 0.5896  | –            | 0.5896                        | 0.4524                        |
| Group 2               | 0.1188  | 0.4708       | 0.5896                        | 0.4524                        |
| <b>I Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.7878  | –            | 0.7878                        | 0.5837                        |
| Group 2               | 0.3872  | 0.4006       | 0.7878                        | 0.5837                        |
| <b>I Income</b>       |         |              |                               |                               |
| Group 1               | 0.5239  | –            | 0.5239                        | 0.4036                        |
| Group 2               | 0.1771  | 0.3468       | 0.5239                        | 0.4036                        |
| <b>M Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.5819  | –            | 0.5819                        | 0.4314                        |
| Group 2               | 0.5819  | –            | 0.5819                        | 0.4314                        |
| <b>M Income</b>       |         |              |                               |                               |
| Group 1               | 0.4909  | –            | 0.4909                        | 0.3805                        |
| Group 2               | 0.3228  | 0.1681       | 0.4909                        | 0.3805                        |
| <b>Z Accumulation</b> |         |              |                               |                               |
| Group 1               | 1.3017  | –            | 1.3017                        | 0.9832                        |
| Group 2               | 1.1295  | 0.1722       | 1.3017                        | 0.9832                        |

# Distribution Tables

For the six months ended 31 January 2023 (in pence per share) continued

## Fourth interim dividend distribution

Group 1 – shares purchased prior to 1 November 2022

Group 2 – shares purchased between 1 November 2022 and 30 November 2022

|                       | Revenue | Equalisation | Distribution paid<br>30/12/22 | Distribution paid<br>31/12/21 |
|-----------------------|---------|--------------|-------------------------------|-------------------------------|
| <b>A Accumulation</b> |         |              |                               |                               |
| Group 1               | 1.0813  | –            | 1.0813                        | 0.9197                        |
| Group 2               | 0.1651  | 0.9162       | 1.0813                        | 0.9197                        |
| <b>A Income</b>       |         |              |                               |                               |
| Group 1               | 0.5107  | –            | 0.5107                        | 0.4547                        |
| Group 2               | 0.3866  | 0.1241       | 0.5107                        | 0.4547                        |
| <b>I Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.6842  | –            | 0.6842                        | 0.5891                        |
| Group 2               | 0.3077  | 0.3765       | 0.6842                        | 0.5891                        |
| <b>I Income</b>       |         |              |                               |                               |
| Group 1               | 0.4504  | –            | 0.4504                        | 0.4058                        |
| Group 2               | 0.1397  | 0.3107       | 0.4504                        | 0.4058                        |
| <b>M Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.5057  | –            | 0.5057                        | 0.4354                        |
| Group 2               | 0.5057  | –            | 0.5057                        | 0.4354                        |
| <b>M Income</b>       |         |              |                               |                               |
| Group 1               | 0.4240  | –            | 0.4240                        | 0.3825                        |
| Group 2               | 0.1007  | 0.3233       | 0.4240                        | 0.3825                        |
| <b>Z Accumulation</b> |         |              |                               |                               |
| Group 1               | 1.1288  | –            | 1.1288                        | 0.9926                        |
| Group 2               | 0.9406  | 0.1882       | 1.1288                        | 0.9926                        |

# Distribution Tables

For the six months ended 31 January 2023 (in pence per share) continued

## Fifth interim dividend distribution

Group 1 – shares purchased prior to 1 December 2022

Group 2 – shares purchased between 1 December 2022 and 31 December 2022

|                       | Revenue | Equalisation | Distribution paid<br>31/01/23 | Distribution paid<br>31/01/22 |
|-----------------------|---------|--------------|-------------------------------|-------------------------------|
| <b>A Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.7750  | –            | 0.7750                        | 0.9348                        |
| Group 2               | 0.2510  | 0.5240       | 0.7750                        | 0.9348                        |
| <b>A Income</b>       |         |              |                               |                               |
| Group 1               | 0.3639  | –            | 0.3639                        | 0.4604                        |
| Group 2               | 0.0904  | 0.2735       | 0.3639                        | 0.4604                        |
| <b>I Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.4875  | –            | 0.4875                        | 0.5989                        |
| Group 2               | 0.1412  | 0.3463       | 0.4875                        | 0.5989                        |
| <b>I Income</b>       |         |              |                               |                               |
| Group 1               | 0.3195  | –            | 0.3195                        | 0.4110                        |
| Group 2               | 0.1128  | 0.2067       | 0.3195                        | 0.4110                        |
| <b>M Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.3603  | –            | 0.3603                        | 0.4426                        |
| Group 2               | 0.3603  | –            | 0.3603                        | 0.4426                        |
| <b>M Income</b>       |         |              |                               |                               |
| Group 1               | 0.3010  | –            | 0.3010                        | 0.3875                        |
| Group 2               | 0.1477  | 0.1533       | 0.3010                        | 0.3875                        |
| <b>Z Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.7974  | –            | 0.7974                        | 1.0096                        |
| Group 2               | 0.6607  | 0.1367       | 0.7974                        | 1.0096                        |



# Distribution Tables

For the six months ended 31 January 2023 (in pence per share) continued

## Sixth interim dividend distribution

Group 1 – shares purchased prior to 1 January 2023

Group 2 – shares purchased between 1 January 2023 and 31 January 2023

|                       | Revenue | Equalisation | Distribution paid<br>28/02/23 | Distribution paid<br>28/02/22 |
|-----------------------|---------|--------------|-------------------------------|-------------------------------|
| <b>A Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.9252  | –            | 0.9252                        | 0.8832                        |
| Group 2               | 0.6442  | 0.2810       | 0.9252                        | 0.8832                        |
| <b>A Income</b>       |         |              |                               |                               |
| Group 1               | 0.4333  | –            | 0.4333                        | 0.4361                        |
| Group 2               | 0.3255  | 0.1078       | 0.4333                        | 0.4361                        |
| <b>I Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.5832  | –            | 0.5832                        | 0.4943                        |
| Group 2               | 0.1175  | 0.4657       | 0.5832                        | 0.4943                        |
| <b>I Income</b>       |         |              |                               |                               |
| Group 1               | 0.3809  | –            | 0.3809                        | 0.3362                        |
| Group 2               | 0.1801  | 0.2008       | 0.3809                        | 0.3362                        |
| <b>M Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.4368  | –            | 0.4368                        | 0.3710                        |
| Group 2               | 0.4368  | –            | 0.4368                        | 0.3710                        |
| <b>M Income</b>       |         |              |                               |                               |
| Group 1               | 0.3909  | –            | 0.3909                        | 0.3221                        |
| Group 2               | 0.2574  | 0.1335       | 0.3909                        | 0.3221                        |
| <b>Z Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.9573  | –            | 0.9573                        | 0.6742                        |
| Group 2               | 0.7856  | 0.1717       | 0.9573                        | 0.6742                        |

## Equalisation

This applies only to shares purchased during the distribution period (group 2 shares). It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

# abrdn Emerging Markets Equity Fund

For the period ended 31 January 2023

## Investment Objective

To generate growth over the long term (5 years or more) by investing in emerging markets equities (company shares).

Performance Target: To achieve the return of the MSCI Emerging Markets Index, plus 3% per annum over rolling three year periods (before charges). The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target.

The ACD believes this is an appropriate target for the fund based on the investment policy of the fund and the constituents of the index.

## Investment Policy

### Portfolio Securities

- The fund invests at least 70% in equities and equity related securities of companies listed, incorporated or domiciled in global emerging market countries, or companies that derive a significant proportion of their revenues or profits or have a significant proportion of their assets there.
- Emerging Markets include Asian, Eastern European, Middle Eastern, African and Latin American countries or any country included within the MSCI Emerging Markets Index.
- The fund may also invest in other funds (including those managed by abrdn), money-market instruments, and cash.

### Management Process

- The management team use their discretion (active management) to maintain a diverse asset mix at country, sector and stock level.
- Their primary focus is on stock selection using research techniques to select individual holdings. The research process is focused on finding high quality companies at attractive valuations that can be held for the long term.
- In seeking to achieve the performance target, the MSCI Emerging Markets Index is used as a reference point for portfolio construction and as a basis for setting risk constraints. The expected variation ("tracking error") between the returns of the fund and the index is not ordinarily expected to exceed 9%. Due to the active nature of the management process, the fund's performance profile may deviate significantly from that of the Index over the long term.

## Derivatives and Techniques

- The fund may use derivatives to reduce risk, reduce cost and/or generate additional income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management").
- Derivative usage in the fund is expected to be very limited. Where derivatives are used, this would mainly be in response to significant inflows into the fund so that in these instances, cash can be invested while maintaining the fund's existing allocations to company shares.

## Performance Review

For the six months ended 31 January 2023, the value of abrdn Emerging Markets Equity Fund – A Accumulation Shares increased by 4.76% compared to an increase of 3.91% in the performance target, the MSCI Emerging Markets Index.

Source: Lipper; Basis: total return, published NAV to NAV, net of annual charges, UK net income reinvested, GBP.

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\*\*abrdn means the relevant member of abrdn group, being abrdn plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

# abrdn Emerging Markets Equity Fund

## Continued

### Market Review

Emerging market equities erased early losses and closed higher in the six months under review, thanks to a sharp rally in November. Market sentiment was dominated by US monetary policy and developments in China.

After raising interest rates by 75 basis points each over four consecutive sessions, the US Federal Reserve (Fed) slowed its pace of monetary tightening in December following easing inflation data. Fed chair Jerome Powell, however, indicated that rates would likely rise further and remain elevated for longer to tame inflation. Rising interest rates, together with elevated inflation levels, have sparked concerns over a slowdown in the global economy.

Meanwhile, positive developments in China boosted investor sentiment. In November, Presidents Joe Biden and Xi Jinping held their first face-to-face meeting amid escalating tension between the two countries. On the domestic front, China surprised markets by rapidly rolling back its zero-Covid policy towards the period-end, following unprecedented street protests in major cities against stringent pandemic restrictions. Policymakers also signalled support for bolstering economic growth and shoring up the troubled property sector. Separately, China's 20th party congress concluded with President Xi's consolidation of control over the Chinese Communist Party, which could lead to better and more coordinated policy execution.

### Portfolio Activity and Review

Against a volatile market backdrop, the fund delivered robust absolute gains and outpaced its benchmark. Strong stock selection in Mexico and the lack of exposure to the Middle East were among the top contributors to performance.

The fund's Mexican holdings proved beneficial in view of US-China tensions. Nearshoring has underpinned both the Mexican peso and the economy. Our holdings in lender Banorte, bottling company FEMSA and airport operator ASUR were among the top contributors. Banorte is experiencing strong loan growth and has pricing power in terms of net interest margins. The market reacted well in October to the bank's announcement that it was no longer in the running to take over Citigroup's Banamex unit. ASUR is a beneficiary of reopening travel and pent-up demand. Meanwhile, Brazil was an initial beneficiary of high commodity prices in 2022, but sentiment fell after President Lula da Silva's election victory as he appeared to be less pragmatic than the market had expected, with a more aggressive fiscal approach towards policymaking. That said, Brazilian electric equipment producer WEG fared well. E-commerce player MercadoLibre rallied as rival Americanas filed for bankruptcy protection.

The lack of exposure to Middle Eastern oil-producing countries was also additive as the Gulf markets trailed on weaker energy prices.

Fortunes were mixed within emerging Asia. China weighed on relative performance. We had expected that Beijing's strict zero-Covid policy would unwind sooner than it did, given the government's historic focus on pragmatic economic policies. Between the property sector crisis where highly leveraged developers struggled to complete ongoing residential projects due to liquidity issues and the lack of action in the run-up to the 20th party congress in October, investors had little reason to cheer. Regulatory overhang and environmental, social and governance concerns further weighed on our positions in China Merchants Bank, Yunnan Energy New Material and Sungrow Power Supply, which we exited to fund better opportunities.

Towards the end of the year, China's rapid pivot away from zero-Covid to a full reopening of the economy triggered sharp rallies in A-shares and H-shares, including our holdings in insurer AIA Group, brewer Budweiser APAC and China Tourism Group Duty Free. Easing regulatory headwinds for platform names saw internet companies outperform, including Tencent and Alibaba. Overall, the exposure to direct China proved costly, though that was partially offset by our off-benchmark position in Hong Kong.

Expectations that China's reopening would boost demand for everything from consumer electronics to travel and commodities pulled other markets up with it, including the export-oriented market of South Korea, where the fund outperformed largely due to strong stock selection. Samsung Engineering advanced on optimism over future orders. Battery maker LG Chem strengthened amid expectations that China's reopening would be positive for demand in its core petrochemicals business, while momentum in its electric vehicle batteries business remains attractive. Elsewhere, Thailand-based PTT Exploration and Production outperformed after delivering better-than-expected results.

In key portfolio activity, we participated in China Tourism Group Duty Free's Hong Kong initial public offering and added Chinese e-commerce platform Meituan, which is uniquely placed to benefit from powerful secular tailwinds driving the growth of online local services. Another purchase was Telkom Indonesia, the largest and strongest player in the country's key telecommunications growth areas.

# abrdn Emerging Markets Equity Fund

## Continued

We also bought French oil and gas firm TotalEnergies, which has a significant proportion of assets in emerging market countries. The firm has attractive commodity leverage and a credible and balanced energy transition strategy embedded across its fossil, renewables and new molecule businesses.

We sold Grupo Mexico to fund our purchase of Southern Copper, which offers more direct copper exposure. The Peru and Mexico-based miner owns some of the world's best copper mining assets and is the lowest-cost copper producer globally, with large reserves and strong growth prospects.

We also exited Bank of the Philippine Islands, Sea and Shenzhou International to fund better opportunities elsewhere.

## Portfolio Outlook and Strategy

While the US continues to unwind years of loose monetary policy to tackle inflation, emerging market central banks are approaching the tail end of their rates cycle. Larger emerging economies have relatively resilient currency reserves and current account positions compared to the past, and corporate balance sheets have emerged stronger from the pandemic, making them better prepared for any global recession.

Meanwhile, the potential for a counter-cyclical recovery in China remains intact, now that Beijing has reversed its zero-Covid policy and is focusing on getting growth back on track. The reopening should broadly support markets as pent-up demand is unleashed and the economy recovers in stages. Macro policy is likely to stay accommodative, with more legroom to support growth due to relatively low inflation. Beyond China, other emerging markets are set to benefit from a global supply chain rearrangement post-pandemic – with international companies diversifying into markets like India and regions such as South-East Asia, where economic conditions have proven to be relatively resilient.

### Global Emerging Markets Equity Team

February 2023

# abrdn Emerging Markets Equity Fund

## Continued

### Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the fund. The table below shows the fund's ranking on the Risk and Reward Indicator.

| Typically lower rewards, lower risk |   |   |   | Typically higher rewards, higher risk |   |   |
|-------------------------------------|---|---|---|---------------------------------------|---|---|
| ←                                   |   |   |   | →                                     |   |   |
| 1                                   | 2 | 3 | 4 | 5                                     | 6 | 7 |

Risk and reward indicator table as at 31 January 2023.

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.

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 6 because of the extent to which the following risk factors apply:

- The fund invests in equity 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.
- The fund invests in emerging market equities and/or bonds. Investing in emerging markets involves a greater risk of loss than investing in more developed markets due to, among other factors, greater political, tax, economic, foreign exchange, liquidity and regulatory risks.
- The fund may invest in companies with Variable Interest Entity (VIE) structures in order to gain exposure to industries with foreign ownership restrictions. There is a risk that investments in these structures may be adversely affected by changes in the legal and regulatory framework.
- Investing in China A shares involves special considerations and risks, including greater price volatility, a less developed regulatory and legal framework, exchange rate risk/controls, settlement, tax, quota, liquidity and regulatory risks.

- 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.

All investment involves risk. This fund offers no guarantee against loss or that the fund's objective will be attained.

The price of assets and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

Inflation reduces the buying power of your investment and income.

The value of assets held in the fund may rise and fall as a result of exchange rate fluctuations.

The fund could lose money if an entity (counterparty) with which it does business becomes unwilling or unable to honour its obligations to the fund.

In extreme market conditions some securities may become hard to value or sell at a desired price. This could affect the fund's ability to meet redemptions in a timely manner.

The fund could lose money as the result of a failure or delay in operational processes and systems including but not limited to third party providers failing or going into administration.

# Comparative Tables

| <b>A Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 89,147                 | 229,720             | 315,514             | 286,682             |
| Closing number of shares                  | 11,559,646             | 31,314,860          | 35,274,020          | 38,833,931          |
| Closing net asset value per share (pence) | 771.19                 | 733.58              | 894.47              | 738.23              |
| Change in net asset value per share       | 5.13%                  | (17.99%)            | 21.16%              | (4.30%)             |
| Operating charges                         | 1.32%                  | 1.32%               | 1.60%               | 1.65%               |
| <b>G Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | -                      | 12,011              | 20,938              | 38,494              |
| Closing number of shares                  | 189                    | 10,839,312          | 15,566,628          | 34,831,050          |
| Closing net asset value per share (pence) | 116.91                 | 110.81              | 134.50              | 110.52              |
| Change in net asset value per share       | 5.50%                  | (17.61%)            | 21.70%              | (3.87%)             |
| Operating charges                         | 0.87%                  | 0.87%               | 1.15%               | 1.20%               |
| <b>I Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 441,971                | 357,391             | 472,929             | 448,110             |
| Closing number of shares                  | 50,940,900             | 43,402,802          | 47,316,396          | 54,565,409          |
| Closing net asset value per share (pence) | 867.61                 | 823.43              | 999.50              | 821.23              |
| Change in net asset value per share       | 5.37%                  | (17.62%)            | 21.71%              | (3.87%)             |
| Operating charges                         | 0.87%                  | 0.87%               | 1.15%               | 1.20%               |
| <b>I Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 2,334                  | 2,128               | 2,628               | 2,262               |
| Closing number of shares                  | 294,422                | 282,745             | 283,969             | 295,600             |
| Closing net asset value per share (pence) | 792.88                 | 752.49              | 925.53              | 765.40              |
| Change in net asset value per share       | 5.37%                  | (18.70%)            | 20.92%              | (4.46%)             |
| Operating charges                         | 0.87%                  | 0.87%               | 1.15%               | 1.20%               |
| <b>K Accumulation<sup>A</sup></b>         | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 116,350                | 107,094             | 130,018             | 128,231             |
| Closing number of shares                  | 108,400,443            | 105,210,333         | 105,386,673         | 126,953,346         |
| Closing net asset value per share (pence) | 107.33                 | 101.79              | 123.37              | 101.01              |
| Change in net asset value per share       | 5.44%                  | (17.49%)            | 22.14%              | 1.01%               |
| Operating charges                         | 0.72%                  | 0.72%               | 0.79%               | 0.80%               |
| <b>M Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 190                    | 181                 | 226                 | 203                 |
| Closing number of shares                  | 156,985                | 157,258             | 161,761             | 176,916             |
| Closing net asset value per share (pence) | 120.97                 | 114.84              | 139.46              | 114.65              |
| Change in net asset value per share       | 5.34%                  | (17.65%)            | 21.64%              | (3.58%)             |
| Operating charges                         | 0.92%                  | 0.92%               | 1.20%               | 1.25%               |

# Comparative Tables

## Continued

| <b>M Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 1                      | 1                   | 1                   | 1                   |
| Closing number of shares                  | 908                    | 908                 | 908                 | 908                 |
| Closing net asset value per share (pence) | 116.91                 | 110.89              | 136.44              | 112.88              |
| Change in net asset value per share       | 5.43%                  | (18.73%)            | 20.87%              | (3.97%)             |
| Operating charges                         | 0.92%                  | 0.92%               | 1.20%               | 1.25%               |
| <b>Z Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 21,847                 | 21,546              | 151,876             | 129,622             |
| Closing number of shares                  | 2,165,584              | 2,258,988           | 13,228,270          | 13,871,429          |
| Closing net asset value per share (pence) | 1,008.80               | 953.81              | 1,148.12            | 934.45              |
| Change in net asset value per share       | 5.77%                  | (16.92%)            | 22.87%              | (2.92%)             |
| Operating charges                         | 0.12%                  | 0.12%               | 0.19%               | 0.20%               |

The closing net asset value (£'000) divided by the closing number of shares may not calculate to the closing net asset value per share (pence) due to rounding differences. The published closing net asset value per share (pence) is based on unrounded values and represents the actual price.

The change in the net asset value per share is the change from the beginning of the period to the close of the period.

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

<sup>A</sup> K Accumulation share class was launched on 15 August 2019.

# Portfolio Statement

As at 31 January 2023

| Holding  | Investment                  | Market value<br>£'000 | Percentage of<br>total net assets |
|--|-----------------------------|-----------------------|-----------------------------------|
| <b>Equities (98.61%)</b>                                 |                             | <b>660,196</b>        | <b>98.27</b>                      |
| <b>Europe, Middle East &amp; Africa Equities (6.65%)</b> |                             | <b>51,000</b>         | <b>7.59</b>                       |
| <b>France (0.00%)</b>                                    |                             | <b>12,562</b>         | <b>1.87</b>                       |
| 249,906  | TotalEnergies               | 12,562                | 1.87                              |
| <b>Netherlands (1.85%)</b>                               |                             | <b>12,554</b>         | <b>1.87</b>                       |
| 21,694   | ASM International           | 5,898                 | 0.88                              |
| 12,520   | ASML                        | 6,656                 | 0.99                              |
| <b>Russia (0.00%)</b>                                    |                             | <b>-</b>              | <b>-</b>                          |
| 283,971  | Lukoil ADR+++               | -                     | -                                 |
| 1,062,488  | Novatek+++                  | -                     | -                                 |
| 1,812,963  | Sberbank of Russia+++       | -                     | -                                 |
| <b>South Africa (3.15%)</b>                              |                             | <b>18,716</b>         | <b>2.78</b>                       |
| 142,050  | Anglo American Platinum     | 8,508                 | 1.26                              |
| 2,842,596  | Sanlam                      | 7,449                 | 1.11                              |
| 485,274  | Vodacom                     | 2,759                 | 0.41                              |
| <b>United Kingdom (1.65%)</b>                            |                             | <b>7,168</b>          | <b>1.07</b>                       |
| 473,295  | Mondi                       | 7,168                 | 1.07                              |
| <b>Latin American Equities (14.57%)</b>                  |                             | <b>93,104</b>         | <b>13.86</b>                      |
| <b>Argentina (1.54%)</b>                                 |                             | <b>11,238</b>         | <b>1.67</b>                       |
| 34,907   | Globant                     | 4,597                 | 0.68                              |
| 6,925  | MercadoLibre                | 6,641                 | 0.99                              |
| <b>Brazil (5.25%)</b>                                    |                             | <b>32,925</b>         | <b>4.90</b>                       |
| 3,871,175  | B3 SA - Brasil Bolsa Balcao | 8,004                 | 1.19                              |
| 3,246,168  | Banco Bradesco ADR          | 7,330                 | 1.09                              |
| 1,777,214  | Raia Drogasil               | 7,040                 | 1.05                              |



# Portfolio Statement

As at 31 January 2023 continued

| Holding                                | Investment                                   | Market value<br>£'000 | Percentage of<br>total net assets |
|--|--|-----------------------|-----------------------------------|
| 1,881,963                              | Rumo   | 5,519                 | 0.82                              |
| 825,061                                | WEG  | 5,032                 | 0.75                              |
| <b>Chile (0.87%)</b>                   |  | <b>3,617</b>          | <b>0.54</b>                       |
| 263,335                                | Banco Santander Chile ADR                    | 3,617                 | 0.54                              |
| <b>Mexico (6.37%)</b>                  |  | <b>42,008</b>         | <b>6.26</b>                       |
| 161,191                                | Fomento Economico Mexicano ADR               | 11,491                | 1.71                              |
| 310,874                                | Grupo Aeroportuario del Sureste 'B'          | 6,853                 | 1.02                              |
| 2,499,006                              | Grupo Financiero Banorte 'O'                 | 16,843                | 2.51                              |
| 111,690                                | Southern Copper                              | 6,821                 | 1.02                              |
| <b>Peru (0.54%)</b>                    |  | <b>3,316</b>          | <b>0.49</b>                       |
| 30,400                                 | Credicorp                                    | 3,316                 | 0.49                              |
| <b>Pacific Basin Equities (77.39%)</b> |  | <b>516,092</b>        | <b>76.82</b>                      |
| <b>China (28.90%)</b>                  |  | <b>192,996</b>        | <b>28.73</b>                      |
| 2,972,500                              | Alibaba                                      | 33,113                | 4.93                              |
| 270,452                                | China Tourism Duty Free 'A'                  | 6,903                 | 1.03                              |
| 201,300                                | China Tourism Duty Free 'H'                  | 4,990                 | 0.74                              |
| 867,896                                | Foshan Haitian Flavouring & Food 'A'         | 8,278                 | 1.23                              |
| 710,878                                | JD.com 'A'                                   | 17,046                | 2.54                              |
| 47,958                                 | Kweichow Moutai 'A'                          | 10,642                | 1.58                              |
| 33,900                                 | Li Auto 'A'                                  | 333                   | 0.05                              |
| 1,631,564                              | LONGi Green Energy Technology 'A'            | 9,444                 | 1.41                              |
| 601,140                                | Meituan 'B'                                  | 10,870                | 1.62                              |
| 1,686,175                              | Midea 'A'                                    | 11,189                | 1.67                              |
| 2,054,619                              | NARI Technology 'A'                          | 6,516                 | 0.97                              |
| 258,500                                | Shenzhen Mindray Bio-Medical Electronics 'A' | 10,337                | 1.54                              |
| 1,066,100                              | Tencent                                      | 42,224                | 6.28                              |
| 1,351,500                              | Wuxi Biologics (Cayman)                      | 9,138                 | 1.36                              |
| 1,773,743                              | Yonyou Network Technology 'A'                | 5,224                 | 0.78                              |
| 1,473,500                              | Zhongsheng                                   | 6,749                 | 1.00                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                    | Investment                       | Market value<br>£'000 | Percentage of<br>total net assets |
|----------------------------|----------------------------------|-----------------------|-----------------------------------|
| <b>Hong Kong (5.57%)</b>   |                                  | <b>48,242</b>         | <b>7.18</b>                       |
| 1,870,800                  | AIA                              | 17,167                | 2.56                              |
| 5,297,100                  | Budweiser Brewing                | 13,531                | 2.01                              |
| 2,138,000                  | China Resources Land             | 8,330                 | 1.24                              |
| 252,456                    | Hong Kong Exchanges & Clearing   | 9,214                 | 1.37                              |
| <b>India (14.61%)</b>      |                                  | <b>97,671</b>         | <b>14.54</b>                      |
| 466,439                    | Hindustan Unilever               | 11,922                | 1.77                              |
| 940,734                    | Housing Development Finance      | 24,485                | 3.64                              |
| 724,021                    | Kotak Mahindra Bank              | 12,434                | 1.85                              |
| 74,628                     | Maruti Suzuki India              | 6,579                 | 0.98                              |
| 4,769,322                  | Power Grid Corp of India         | 10,264                | 1.53                              |
| 1,177,845                  | SBI Life Insurance               | 14,247                | 2.12                              |
| 300,995                    | Tata Consultancy Services        | 10,023                | 1.50                              |
| 109,893                    | UltraTech Cement                 | 7,717                 | 1.15                              |
| <b>Indonesia (3.47%)</b>   |                                  | <b>26,135</b>         | <b>3.89</b>                       |
| 21,876,900                 | Bank Central Asia                | 10,047                | 1.50                              |
| 37,418,404                 | Bank Rakyat Indonesia Persero    | 9,286                 | 1.38                              |
| 32,689,200                 | Telkom Indonesia Persero         | 6,802                 | 1.01                              |
| <b>Philippines (0.60%)</b> |                                  | -                     | -                                 |
| <b>Singapore (0.49%)</b>   |                                  | -                     | -                                 |
| <b>South Korea (9.71%)</b> |                                  | <b>66,002</b>         | <b>9.82</b>                       |
| 35,676                     | LG Chemical                      | 16,209                | 2.41                              |
| 1,075,528                  | Samsung Electronics (Preference) | 39,008                | 5.81                              |
| 633,904                    | Samsung Engineering              | 10,785                | 1.60                              |
| <b>Taiwan (11.30%)</b>     |                                  | <b>69,326</b>         | <b>10.32</b>                      |
| 1,148,000                  | Delta Electronics                | 8,960                 | 1.33                              |
| 3,434,000                  | Hon Hai Precision                | 9,262                 | 1.38                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                      | Investment   | Market value<br>£'000 | Percentage of<br>total net assets |
|--|--|-----------------------|-----------------------------------|
| 3,618,718                                    | Taiwan Semiconductor Manufacturing                             | 51,104                | 7.61                              |
| <b>Thailand (2.74%)</b>                      |  | <b>15,720</b>         | <b>2.34</b>                       |
| 2,301,700                                    | Kasikornbank (Alien Market)                                    | 8,184                 | 1.22                              |
| 1,785,700                                    | PTT Exploration & Production (Alien Market)                    | 7,536                 | 1.12                              |
| <b>Collective Investment Schemes (0.00%)</b> |  | <b>5,589</b>          | <b>0.83</b>                       |
| 5,589  | Aberdeen Standard Liquidity Fund (Lux) – Sterling Fund Z1 Inc+ | 5,589                 | 0.83                              |
| Total investment assets                      |  | 665,785               | 99.10                             |
| Net other assets                             |  | 6,055                 | 0.90                              |
| <b>Total Net Assets</b>                      |  | <b>671,840</b>        | <b>100.00</b>                     |

All investments are listed on recognised stock exchanges and are approved securities, or are regulated collective investment schemes within the meaning of the FCA rules.

The percentage figures in brackets show the comparative holding as at 31 July 2022.

Comparative figures have been restated to match current year classification.

+ Managed by subsidiaries of abrdn plc.

+++ Priced per abrdn VPC.

# Financial Statements

## Statement of Total Return

For the six months ended 31 January 2023

|   | 31 January 2023 |               | 31 January 2022 |                 |
|---|-----------------|---------------|-----------------|-----------------|
|   | £'000           | £'000         | £'000           | £'000           |
| Income:   |                 |               |                 |                 |
| Net capital gains/(losses)  |                 | 30,941        |                 | (41,814)        |
| Revenue   | 5,996           |               | 9,058           |                 |
| Expenses  | (3,099)         |               | (4,734)         |                 |
| Interest payable and similar charges  | -               |               | (6)             |                 |
| Net revenue before taxation   | 2,897           |               | 4,318           |                 |
| Taxation  | (1,084)         |               | (1,962)         |                 |
| Net revenue after taxation  |                 | 1,813         |                 | 2,356           |
| <b>Total return before equalisation</b>   |                 | <b>32,754</b> |                 | <b>(39,458)</b> |
| Equalisation on shares  |                 | 52            |                 | (613)           |
| <b>Change in net assets attributable to shareholders from investment activities</b> |                 | <b>32,806</b> |                 | <b>(40,071)</b> |

## Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 January 2023

|  | 31 January 2023 |                | 31 January 2022 |                  |
|--|-----------------|----------------|-----------------|------------------|
|  | £'000           | £'000          | £'000           | £'000            |
| <b>Opening net assets attributable to shareholders</b>                                   |                 | <b>730,072</b> |                 | <b>1,094,130</b> |
| Amounts receivable on the issue of shares  | 4,629           |                | 15,807          |                  |
| Amounts payable on the cancellation of shares  | (95,667)        |                | (169,266)       |                  |
|  |                 | (91,038)       |                 | (153,459)        |
| Dilution adjustment  |                 | -              |                 | 235              |
| Capacity Management Charge   |                 | -              |                 | 240              |
| Change in net assets attributable to shareholders from investment activities (see above) |                 | 32,806         |                 | (40,071)         |
| <b>Closing net assets attributable to shareholders</b>                                   |                 | <b>671,840</b> |                 | <b>901,075</b>   |

Comparative information is provided for the statement of change in net assets attributable to shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

# Financial Statements

## Continued

### Balance Sheet

As at 31 January 2023

|  | 31 January 2023 |                | 31 July 2022 |                |
|--|-----------------|----------------|--------------|----------------|
|  | £'000           | £'000          | £'000        | £'000          |
| <b>Assets:</b>                                 |                 |                |              |                |
| <b>Fixed assets:</b>                           |                 |                |              |                |
| Investment assets                              |                 | 665,785        |              | 719,944        |
| <b>Current assets:</b>                         |                 |                |              |                |
| Debtors  | 5,258           |                | 2,923        |                |
| Cash and bank balances                         | 6,733           |                | 12,125       |                |
|  |                 | 11,991         |              | 15,048         |
| <b>Total assets</b>                            |                 | <b>677,776</b> |              | <b>734,992</b> |
| <b>Liabilities:</b>                            |                 |                |              |                |
| Investment liabilities                         |                 | -              |              | (2,844)        |
| Provisions for liabilities                     |                 | (2,717)        |              | -              |
| Creditors                                      | (3,219)         |                | (2,048)      |                |
| Distribution payable                           | -               |                | (28)         |                |
|  |                 | (3,219)        |              | (2,076)        |
| <b>Total liabilities</b>                       |                 | <b>(5,936)</b> |              | <b>(4,920)</b> |
| <b>Net assets attributable to shareholders</b> |                 | <b>671,840</b> |              | <b>730,072</b> |

# abrdn Europe ex UK Equity Fund

For the period ended 31 January 2023

## Investment Objective

To generate growth over the long term (5 years or more) by investing in European equities (company shares).

Performance Target: To achieve the return of the FTSE World Europe ex UK Index plus 3% per annum over rolling three year periods (before charges). The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target.

The ACD believes this is an appropriate target for the fund based on the investment policy of the fund and the constituents of the index.

## Investment Policy

### Portfolio Securities

- The fund will invest at least 70% in equities and equity related securities of companies listed, incorporated or domiciled in European countries, or companies that derive a significant proportion of their revenues or profits from European operations or have a significant proportion of their assets there.
- European countries can include the emerging markets of Europe, but excludes the UK.
- The fund may also invest in other funds (including those managed by abrdn), money-market instruments and cash.

### Management Process

- The management team use their discretion (active management) to maintain a diverse asset mix at country, sector and stock level.
- Their primary focus is on stock selection using research techniques to select individual holdings. The research process is focused on finding high quality companies at attractive valuations that can be held for the long term.
- In seeking to achieve the Performance Target, the FTSE World Europe ex UK Index is used as a reference point for portfolio construction and as a basis for setting risk constraints. The expected variation ("tracking error") between the returns of the fund and the index is not ordinarily expected to exceed 9%. Due to the active nature of the management process, the fund's performance profile may deviate significantly from that of the index over the long term.

### Derivatives and Techniques

- The fund may use derivatives to reduce risk, reduce cost and/or generate additional income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management").

- Derivative usage in the fund is expected to be very limited. Where derivatives are used, this would mainly be in response to significant inflows into the fund so that in these instances, cash can be invested while maintaining the fund's existing allocations to company shares.

## Performance Review

For the six months ended 31 January 2023, the value of abrdn Europe ex UK Equity Fund – A Accumulation Shares decreased by 0.46%, compared with an increase of 11.14% in the benchmark, the FTSE World Europe ex UK Index.

Source: Lipper; Basis: total return, published NAV to NAV, net of annual charges, UK net income reinvested, GBP. Please note the fund performance is quoted net of fees while the index return is quoted gross and contains no adjustment for fees.

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Please remember that past performance is not a guide to future returns. The price of shares and the revenue from them may fall as well as rise. Investors may not get back the amount originally invested.

Companies selected for illustrative purposes only to demonstrate the investment management style described herein and not as an investment recommendation or indication of future performance.

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\*\*abrdn means the relevant member of abrdn group, being abrdn plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

## Market Review

European equities (excluding the UK) made solid gains over the period as fears of rising inflation started to recede and China's reopening boosted share prices. These gains came despite sharp losses in August and September as fears grew that the tighter monetary policy introduced by central banks around the world to combat rising prices could spark a global recession.

# abrdn Europe ex UK Equity Fund

## Continued

Investor sentiment took heart from signs inflation had peaked in October and November, raising hopes of less aggressive monetary tightening ahead. Volatility returned to markets in December, however, as Covid infections in China surged and the European Central Bank (ECB) warned of further rate hikes in 2023, before prices recovered in the new year.

In the eurozone, annual inflation hit a record high of 10.6% in October before falling back to 10.1% the following month as energy-price increases eased. The ECB raised interest rates three times during the period and European Commission officials predicted that the eurozone economy would contract in the first three months of 2023. However, data published in January suggested that industrial activity and business confidence were starting to pick up following several months of decline. The ongoing conflict in Ukraine continued to affect sentiment in Europe, although falls in energy prices over the winter were welcomed by businesses and households alike.

### Portfolio Activity and Review

The fund underperformed mostly due to the impact of rising inflation and higher rates, which caused significant headwinds for long-duration assets, while cyclical and low-multiple segments of the market such as energy firms and banks, where we have little exposure, performed well. On a stock-specific basis, the most significant detractor from returns was game developer Ubisoft. Its shares fell after Tencent increased its stake in the company, effectively removing the potential for a takeover bid. In addition, disappointing trading performance towards the end of 2022 led Ubisoft to warn on future profits and alter its strategy to focus on just a handful of AAA-rated games. Leading renewables player Ørsted was a drag on performance due to inflationary capex costs which resulted in the company recognising an impairment on its US offshore wind project, Sunrise Wind. However, management is confident this is a one-off issue relating to this specific project, given it has carried out impairment tests on all US offshore projects. The fund's holding in Polypeptide was also negative. Its shares weakened after issuing a profit warning due to temporary manufacturing issues as well as the announcement that the CEO would leave the business.

Conversely, the largest contributor to performance over the period was reinsurer Hannover Re, which benefited from improving prospects for reinsurance renewals. Our holding in fairly recent entrant LVMH, a global leader in luxury goods, was also positive as the business was seen as well-placed to take advantage of the reopening of the Chinese market. Chemicals distributor Azelis Group held up well against wider sector weakness after winning new principal mandates and boosting market share.

In terms of activity, we exited the fund's position in Nestle as we viewed the stability of its earnings to be already well reflected in its valuation. This decision added to relative performance in December and January as the company's shares lagged the wider market. We reapportioned capital into existing holdings which have more compelling valuations for the growth prospects on offer: leading global payments provider Adyen, active pharmaceutical manufacturer Lonza, global beauty giant L'Oreal and Schneider Electric, which is a clear winner from trends towards energy transition, sustainability and digitalisation.

### Portfolio Outlook and Strategy

While China's reopening is undoubtedly positive, the outlook for the global economy remains weak. The majority of developed economies are set to feel the lagged impact of significant monetary tightening to cool inflation. Therefore, while demand has held up well thus far, we expect activity to fade and margins for the average company to come under pressure. We have started to see evidence of earnings downgrades for the market coming through as the first companies report their fourth-quarter and full-year numbers, combined with generally cautious outlook statements for 2023.

Against this backdrop, we believe that the case for our quality-led approach is stronger than ever. The valuation de-rating witnessed last year, and the main driver of the 2022 equity market decline, is now behind us. With earnings multiples having contracted to discounted levels in historic terms, the focus is shifting to the resilience of those earnings going forward. We have demonstrated that the fund's holdings can deliver much stronger and more consistent earnings growth than the market, or indeed European GDP, over the cycle. This gives us confidence in their ability to deliver long-term outperformance regardless of the external environment.

### European Equities Team

February 2023

# abrdn Europe ex UK Equity Fund

## Continued

### Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the fund. The table below shows the fund's ranking on the Risk and Reward Indicator.

| Typically lower rewards, lower risk |   |   |   | Typically higher rewards, higher risk |   |   |
|-------------------------------------|---|---|---|---------------------------------------|---|---|
| ←                                   |   |   |   | →                                     |   |   |
| 1                                   | 2 | 3 | 4 | 5                                     | 6 | 7 |

Risk and reward indicator table as at 31 January 2023.

The fund is rated as 6 because of the extent to which the following risk factors apply:

- The fund invests in equity 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.
- 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.

All investment involves risk. This fund offers no guarantee against loss or that the fund's objective will be attained.

The price of assets and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

Inflation reduces the buying power of your investment and income.

The value of assets held in the fund may rise and fall as a result of exchange rate fluctuations.

The fund could lose money if an entity (counterparty) with which it does business becomes unwilling or unable to honour its obligations to the fund.

In extreme market conditions some securities may become hard to value or sell at a desired price. This could affect the fund's ability to meet redemptions in a timely manner.

The fund could lose money as the result of a failure or delay in operational processes and systems including but not limited to third party providers failing or going into administration.



# Comparative Tables

| <b>A Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 134,962                | 145,969             | 174,206             | 157,587             |
| Closing number of shares                  | 51,859,811             | 56,173,158          | 59,635,607          | 63,787,758          |
| Closing net asset value per share (pence) | 260.24                 | 259.85              | 292.12              | 247.05              |
| Change in net asset value per share       | 0.15%                  | (11.05%)            | 18.24%              | 5.32%               |
| Operating charges                         | 1.30%                  | 1.29%               | 1.32%               | 1.32%               |
| <b>I Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 179,189                | 319,113             | 393,102             | 251,173             |
| Closing number of shares                  | 68,208,156             | 121,928,199         | 134,213,065         | 101,856,237         |
| Closing net asset value per share (pence) | 262.71                 | 261.72              | 292.89              | 246.60              |
| Change in net asset value per share       | 0.38%                  | (10.64%)            | 18.77%              | 5.80%               |
| Operating charges                         | 0.85%                  | 0.84%               | 0.87%               | 0.87%               |
| <b>M Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 334                    | 332                 | 361                 | 375                 |
| Closing number of shares                  | 240,788                | 240,406             | 233,748             | 287,765             |
| Closing net asset value per share (pence) | 138.51                 | 138.03              | 154.54              | 130.18              |
| Change in net asset value per share       | 0.35%                  | (10.68%)            | 18.71%              | 5.90%               |
| Operating charges                         | 0.90%                  | 0.89%               | 0.92%               | 0.92%               |
| <b>Z Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 2,755                  | 2,918               | 7,166               | 7,002               |
| Closing number of shares                  | 846,596                | 903,536             | 1,997,058           | 2,335,070           |
| Closing net asset value per share (pence) | 325.45                 | 323.00              | 358.84              | 299.86              |
| Change in net asset value per share       | 0.76%                  | (9.99%)             | 19.67%              | 6.59%               |
| Operating charges                         | 0.10%                  | 0.09%               | 0.12%               | 0.12%               |

The closing net asset value (£'000) divided by the closing number of shares may not calculate to the closing net asset value per share (pence) due to rounding differences. The published closing net asset value per share (pence) is based on unrounded values and represents the actual price.

The change in the net asset value per share is the change from the beginning of the period to the close of the period.

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

# Portfolio Statement

As at 31 January 2023

| Holding                           | Investment                       | Market value<br>£'000 | Percentage of<br>total net assets |
|-----------------------------------|----------------------------------|-----------------------|-----------------------------------|
| <b>Equities (98.98%)</b>          |                                  | <b>313,440</b>        | <b>98.80</b>                      |
| <b>European Equities (95.91%)</b> |                                  | <b>304,476</b>        | <b>95.98</b>                      |
| <b>Belgium (2.65%)</b>            |                                  | <b>10,149</b>         | <b>3.20</b>                       |
| 464,629                           | Azelis                           | 10,149                | 3.20                              |
| <b>Denmark (10.32%)</b>           |                                  | <b>32,897</b>         | <b>10.37</b>                      |
| 215,894                           | Novo Nordisk 'B'                 | 24,155                | 7.61                              |
| 122,044                           | Ørsted                           | 8,742                 | 2.76                              |
| <b>France (25.01%)</b>            |                                  | <b>87,806</b>         | <b>27.68</b>                      |
| 286,668                           | Dassault Systemes                | 8,612                 | 2.72                              |
| 248,580                           | Edenred                          | 10,941                | 3.45                              |
| 44,059                            | L'Oreal                          | 14,692                | 4.63                              |
| 29,094                            | LVMH Moet Hennessy Louis Vuitton | 20,533                | 6.47                              |
| 85,294                            | Pernod Ricard                    | 14,289                | 4.51                              |
| 104,382                           | Schneider Electric               | 13,654                | 4.30                              |
| 304,561                           | Ubisoft Entertainment            | 5,085                 | 1.60                              |
| <b>Germany (12.58%)</b>           |                                  | <b>42,018</b>         | <b>13.24</b>                      |
| 97,833                            | Deutsche Boerse                  | 14,128                | 4.45                              |
| 80,305                            | Hannover Rueck                   | 13,202                | 4.16                              |
| 134,339                           | Knorr-Bremse                     | 7,097                 | 2.24                              |
| 176,827                           | Nemetschek                       | 7,591                 | 2.39                              |
| <b>Italy (2.38%)</b>              |                                  | <b>6,182</b>          | <b>1.95</b>                       |
| 277,322                           | Amplifon                         | 6,182                 | 1.95                              |
| <b>Netherlands (19.22%)</b>       |                                  | <b>63,533</b>         | <b>20.03</b>                      |
| 10,953                            | Adyen                            | 13,311                | 4.20                              |
| 46,594                            | ASML                             | 24,769                | 7.81                              |
| 87,827                            | Heineken                         | 7,092                 | 2.24                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                      | Investment   | Market value<br>£'000 | Percentage of<br>total net assets |
|--|--|-----------------------|-----------------------------------|
| 130,731                                      | Prosus   | 8,512                 | 2.68                              |
| 111,480                                      | Wolters Kluwer   | 9,849                 | 3.10                              |
| <b>Norway (2.70%)</b>                        |  | <b>9,766</b>          | <b>3.08</b>                       |
| 580,710                                      | Schibsted 'B'  | 9,766                 | 3.08                              |
| <b>Sweden (2.82%)</b>                        |  | <b>8,936</b>          | <b>2.82</b>                       |
| 1,051,485                                    | Atlas Copco 'B'  | 8,936                 | 2.82                              |
| <b>Switzerland (18.23%)</b>                  |  | <b>43,189</b>         | <b>13.61</b>                      |
| 24,102                                       | Lonza  | 11,068                | 3.49                              |
| 11,170                                       | Partners   | 8,430                 | 2.66                              |
| 186,805                                      | PolyPeptide  | 4,367                 | 1.37                              |
| 38,974                                       | Sika   | 8,918                 | 2.81                              |
| 98,994                                       | Straumann  | 10,406                | 3.28                              |
| <b>UK Equities (3.07%)</b>                   |  | <b>8,964</b>          | <b>2.82</b>                       |
| <b>Financials (3.07%)</b>                    |  | <b>8,964</b>          | <b>2.82</b>                       |
| 1,398,666                                    | Allfunds   | 8,964                 | 2.82                              |
| <b>Collective Investment Schemes (0.00%)</b> |  | <b>5</b>              | <b>-</b>                          |
| 5  | Aberdeen Standard Liquidity Fund (Lux) – Sterling Fund Z1 Inc+ | 5                     | -                                 |
| Total investment assets                      |  | 313,445               | 98.80                             |
| Net other assets                             |  | 3,795                 | 1.20                              |
| <b>Total Net Assets</b>                      |  | <b>317,240</b>        | <b>100.00</b>                     |

All investments are listed on recognised stock exchanges and are approved securities, or are regulated collective investment schemes within the meaning of the FCA rules. The percentage figures in brackets show the comparative holding as at 31 July 2022.

\* Managed by subsidiaries of abrdn plc.

# Financial Statements

## Statement of Total Return

For the six months ended 31 January 2023

|   | 31 January 2023 |                 | 31 January 2022 |                 |
|---|-----------------|-----------------|-----------------|-----------------|
|   | £'000           | £'000           | £'000           | £'000           |
| Income:   |                 |                 |                 |                 |
| Net capital losses  |                 | (11,217)        |                 | (35,258)        |
| Revenue   | 891             |                 | 777             |                 |
| Expenses  | (1,807)         |                 | (2,763)         |                 |
| Interest payable and similar charges  | (3)             |                 | (1)             |                 |
| Net expense before taxation   | (919)           |                 | (1,987)         |                 |
| Taxation  | 113             |                 | 101             |                 |
| Net expense after taxation  |                 | (806)           |                 | (1,886)         |
| <b>Total return before equalisation</b>   |                 | <b>(12,023)</b> |                 | <b>(37,144)</b> |
| Equalisation on shares  |                 | -               |                 | (1)             |
| <b>Change in net assets attributable to shareholders from investment activities</b> |                 | <b>(12,023)</b> |                 | <b>(37,145)</b> |

## Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 January 2023

|  | 31 January 2023 |                | 31 January 2022 |                |
|--|-----------------|----------------|-----------------|----------------|
|  | £'000           | £'000          | £'000           | £'000          |
| <b>Opening net assets attributable to shareholders</b>                                   |                 | <b>468,332</b> |                 | <b>574,835</b> |
| Amounts receivable on the issue of shares  | 896             |                | 4,194           |                |
| Amounts payable on the cancellation of shares  | (140,041)       |                | (42,596)        |                |
|  |                 | (139,145)      |                 | (38,402)       |
| Dilution adjustment  |                 | 76             |                 | -              |
| Change in net assets attributable to shareholders from investment activities (see above) |                 | (12,023)       |                 | (37,145)       |
| <b>Closing net assets attributable to shareholders</b>                                   |                 | <b>317,240</b> |                 | <b>499,288</b> |

Comparative information is provided for the statement of change in net assets attributable to shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

# Financial Statements

## Continued

### Balance Sheet

As at 31 January 2023

|  | 31 January 2023 |                | 31 July 2022 |                |
|--|-----------------|----------------|--------------|----------------|
|  | £'000           | £'000          | £'000        | £'000          |
| <b>Assets:</b>                                 |                 |                |              |                |
| <b>Fixed assets:</b>                           |                 |                |              |                |
| Investment assets                              |                 | 313,445        |              | 463,566        |
| <b>Current assets:</b>                         |                 |                |              |                |
| Debtors  | 1,052           |                | 974          |                |
| Cash and bank balances                         | 3,474           |                | 4,470        |                |
|  |                 | 4,526          |              | 5,444          |
| <b>Total assets</b>                            |                 | <b>317,971</b> |              | <b>469,010</b> |
| <b>Liabilities:</b>                            |                 |                |              |                |
| Creditors                                      | (731)           |                | (678)        |                |
|  |                 | (731)          |              | (678)          |
| <b>Total liabilities</b>                       |                 | <b>(731)</b>   |              | <b>(678)</b>   |
| <b>Net assets attributable to shareholders</b> |                 | <b>317,240</b> |              | <b>468,332</b> |

# abrdn European High Yield Bond Fund

For the period ended 31 January 2023

## Investment Objective

To generate income and some growth over the long term (5 years or more) by investing in Sterling and Euro denominated sub-investment grade (high yield) corporate bonds.

Performance Target: To achieve the return of the ICE BofAML European Currency High Yield Constrained Index (Hedged to GBP) plus 1.25% per annum (before charges). The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target.

The ACD believes this is an appropriate target for the fund based on the investment policy of the fund and the constituents of the index.

## Investment Policy

### Portfolio Securities

- The fund will invest at least 70% in Sterling and Euro denominated sub-investment grade corporate bonds.
- The fund may also invest in bonds issued anywhere in the world by governments and corporations, such as sub-sovereigns, investment grade, inflation-linked, convertible, asset backed and mortgage backed bonds.
- The fund may also invest in other funds (including those managed by abrdn), money-market instruments, and cash.

### Management Process

- The management team use their discretion (active management) to identify bonds and derivatives after analysing companies prospects and creditworthiness alongside global economic and market conditions.
- In seeking to achieve the performance target, the ICE BofAML European Currency High Yield Constrained Index (Hedged to GBP) is used as a reference point for portfolio construction and as a basis for setting risk constraints. The expected variation ("tracking error") between the returns of the fund and the index is not ordinarily expected to exceed 4.50%. Due to the active nature of the management process, the fund's performance profile may deviate significantly from that of the ICE BofAML European Currency High Yield Constrained Index (Hedged to GBP).

Please Note: The fund's ability to buy and sell bonds and the associated costs can be affected during periods of market stress which could include periods where interest rates move sharply.

## Derivatives and Techniques

- The fund will routinely use derivatives to reduce risk or reduce cost and/or generate extra income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management").
- Derivatives include instruments used to manage expected changes in interest rates, inflation, currencies or creditworthiness of corporations or governments.

## Performance Review

For the six months ended 31 January 2023, the value of abrdn European High Yield Bond Fund – A Accumulation Shares increased by 1.60% compared to an increase of 3.02% in the performance target, the ICE BofAML European Currency High Yield Constrained Index (Hedged to GBP).

Source: Lipper; Basis: total return, published NAV to NAV, net of annual charges, UK net income reinvested, GBP.

Please remember that past performance is not a guide to future returns. The price of shares and the revenue from them may fall as well as rise. Investors may not get back the amount originally invested.

Companies selected for illustrative purposes only to demonstrate the investment management style described herein and not as an investment recommendation or indication of future performance.

Any data contained herein which is attributed to a third party ("Third Party Data") is the property of (a) third party supplier(s) (the "Owner") and is licensed for use by abrdn\*\*. Third Party Data may not be copied or distributed. Third Party Data is provided "as is" and is not warranted to be accurate, complete or timely. To the extent permitted by applicable law, none of the Owner, abrdn\*\* or any other third party (including any third party involved in providing and/or compiling Third Party Data) shall have any liability for Third Party Data or for any use made of Third Party Data. Neither the Owner nor any other third party sponsors, endorses or promotes the fund or product to which Third Party Data relates.

\*\*abrdn means the relevant member of abrdn group, being abrdn plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

# abrdn European High Yield Bond Fund

## Continued

### Market Review

The European high-yield (HY) market delivered a mixed performance over the period.

The HY market was volatile in August, after US Federal Reserve (Fed) Chair Jerome Powell spoke at the Jackson Hole conference and reinforced the Fed's hawkish stance, ending hopes of an earlier Fed pivot toward looser policy. September was another tough month, as stubborn inflation, rising government bond yields and ongoing policy concerns in the UK weighed on risk appetite. The fourth quarter saw a reversal of fortune for HY investors. The impressive rally into the year-end halted the streak of negative total returning quarters at four. Returns were aided by a coinciding rally in government bond markets that propelled yields lower. Signs that peak inflation had been reached turned investor sentiment positive and credit spreads reacted favourably. Financial markets started the new year with a different tone to most of 2022. Government bonds, corporate bonds and equities recovered aggressively as investor sentiment improved, on hopes that central banks could manufacture a 'soft landing' for the global economy. This view was supported by the reopening of China, decreasing risks over gas supplies and a big decline in inflation expectations. The latter bolstered optimism that central banks will not need to tighten financial conditions as severely as previously thought.

### Portfolio Activity and Review

The fund performed broadly in line with the benchmark (Merrill Lynch Global High Yield Constrained (hedged to GBP 100%)) over the six months after a difficult start to the period. The newly elected Liz Truss in the UK led to the announcement in September of a number of unexpected fiscal measures, the most controversial of which was the plan to scrap the 45% income tax band for the highest earners. The implied cost and lack of funding transparency led to a run on the currency and gilts which in turn hammered UK equities and corporate bonds. The yield to maturity on sterling HY jumped from 9.1% at the start of the month to 11.4%, generating a return of -6.7% in that month alone. Aside from September 2008 when Lehman Brothers declared bankruptcy and March 2020 during the height of Covid-19 uncertainty, this was the biggest monthly draw down on record for the sterling HY market. The fund's overweight exposure to the UK, which has long been a source of alpha for the fund, hurt the fund materially at the beginning of the period, although much of this recovered by the end of the year as Liz Truss was removed and her policies were rolled back. The strong rally in the final quarter of the year also benefitted the fund in relative terms due to the positioning in longer-dated bonds and lower-rated credits, both of which outperformed.

The fund benefitted from our lack of exposure to the deeply troubled real-estate sector. A number of issuers have come under attack from short sellers accusing them of poor governance standards, complicated corporate structures and misstated balance sheets and cash flows. The sector, which represented 4% on the index at the beginning of the period, contributed 0.3% of negative returns to the market over the six months, something which the fund avoided entirely. Other contributors to performance included EnQuest, the North Sea oil and gas production company, and Profine, the PVC window profile producer. EnQuest continued to generate exceptionally strong free cash flow as oil prices remained elevated and has now managed to refinance the majority of the debt profile which is a material positive for the company. Profine's bonds rallied strongly at the start of 2023 after positive comments from management about the prospects for the business. Detractors from performance included retailers HSE and Shop Direct, the latter of which we have now exited. TalkTalk also weighed on returns after acquisition plans seemed to fail on overly aggressive pricing from the owners.

There was very little primary activity in the market, but the fund was very active in the secondary market towards the end of the period as we looked to take advantage of strength to de-risk the fund. We have continued to reduce exposure to the more cyclical sectors and have materially increased the credit quality of the fund as we become increasingly concerned about the potential damage central bank tightening will do to the real economy.

### Portfolio Outlook and Strategy

The fund closed in March 2023.

### Euro HY and Global Leverage Loans Team

February 2023

# abrdn European High Yield Bond Fund

## Continued

### Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the fund. The table below shows the fund's ranking on the Risk and Reward Indicator.

| Typically lower rewards, lower risk |   |   | Typically higher rewards, higher risk |   |   |   |
|-------------------------------------|---|---|---------------------------------------|---|---|---|
| ←                                   |   |   | →                                     |   |   |   |
| 1                                   | 2 | 3 | 4                                     | 5 | 6 | 7 |

Risk and reward indicator table as at 31 January 2023.

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

- The fund invests in securities which are subject to the risk that the issuer may default on interest or capital payments.
- The fund price can go up or down daily for a variety of reasons including changes in interest rates, inflation expectations or the perceived credit quality of individual countries or securities.
- The fund invests in high yielding bonds which carry a greater risk of default than those with lower yields.
- The fund invests in mortgage and asset-backed securities (which may include collateralised loan, debt or mortgage obligations (respectively CLOs, CDOs or CMOs)). These are subject to prepayment and extension risk and additional liquidity and default risk compared to other credit securities.
- Convertible securities are investments that can be changed into another form upon certain triggers. As such, they can exhibit credit, equity and fixed interest risk. Contingent convertible securities (CoCos) are similar to convertible securities but have additional triggers which mean that they are more vulnerable to losses and volatile price movements and hence become less liquid.
- 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.

All investment involves risk. This fund offers no guarantee against loss or that the fund's objective will be attained.

The price of assets and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

Inflation reduces the buying power of your investment and income.

The value of assets held in the fund may rise and fall as a result of exchange rate fluctuations.

The fund could lose money if an entity (counterparty) with which it does business becomes unwilling or unable to honour its obligations to the fund.

In extreme market conditions some securities may become hard to value or sell at a desired price. This could affect the fund's ability to meet redemptions in a timely manner.

The fund could lose money as the result of a failure or delay in operational processes and systems including but not limited to third party providers failing or going into administration.



# Comparative Tables

| <b>A Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 1,347                  | 1,800               | 2,230               | 2,114               |
| Closing number of shares                  | 921,221                | 1,261,654           | 1,415,427           | 1,496,940           |
| Closing net asset value per share (pence) | 146.23                 | 142.70              | 157.53              | 141.21              |
| Change in net asset value per share       | 2.47%                  | (9.41%)             | 11.56%              | 0.22%               |
| Operating charges                         | 1.26%                  | 1.25%               | 1.26%               | 1.26%               |
| <b>A Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 2,131                  | 4,201               | 5,086               | 5,116               |
| Closing number of shares                  | 2,880,193              | 5,654,394           | 5,889,176           | 6,284,076           |
| Closing net asset value per share (pence) | 73.97                  | 74.30               | 86.35               | 81.41               |
| Change in net asset value per share       | (0.44%)                | (13.95%)            | 6.07%               | (4.76%)             |
| Operating charges                         | 1.26%                  | 1.25%               | 1.26%               | 1.26%               |
| <b>I Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 9,503                  | 9,254               | 13,040              | 13,226              |
| Closing number of shares                  | 6,175,285              | 6,175,199           | 7,918,714           | 9,000,236           |
| Closing net asset value per share (pence) | 153.90                 | 149.85              | 164.68              | 146.95              |
| Change in net asset value per share       | 2.70%                  | (9.01%)             | 12.07%              | 0.66%               |
| Operating charges                         | 0.81%                  | 0.80%               | 0.81%               | 0.81%               |
| <b>I Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 16,724                 | 15,253              | 21,121              | 21,263              |
| Closing number of shares                  | 19,093,471             | 17,376,545          | 20,797,996          | 22,308,951          |
| Closing net asset value per share (pence) | 87.59                  | 87.78               | 101.55              | 95.31               |
| Change in net asset value per share       | (0.22%)                | (13.56%)            | 6.55%               | (4.33%)             |
| Operating charges                         | 0.81%                  | 0.80%               | 0.81%               | 0.81%               |
| <b>M Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 9                      | 9                   | 10                  | 9                   |
| Closing number of shares                  | 8,149                  | 8,161               | 8,186               | 8,212               |
| Closing net asset value per share (pence) | 111.21                 | 108.28              | 118.98              | 106.23              |
| Change in net asset value per share       | 2.71%                  | (8.99%)             | 12.00%              | 0.82%               |
| Operating charges                         | 0.86%                  | 0.85%               | 0.86%               | 0.86%               |

# Comparative Tables

## Continued

| <b>M Income<sup>A</sup></b>               | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | -                      | 1                   | 1                   | 1                   |
| Closing number of shares                  | -                      | 975                 | 975                 | 975                 |
| Closing net asset value per share (pence) | -                      | 89.69               | 103.75              | 97.38               |
| Change in net asset value per share       | -                      | (13.55%)            | 6.54%               | (4.36%)             |
| Operating charges                         | -                      | 0.85%               | 0.86%               | 0.86%               |
| <b>Z Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 1                      | 1,140               | 1,714               | 9,905               |
| Closing number of shares                  | 800                    | 897,062             | 1,235,803           | 8,057,919           |
| Closing net asset value per share (pence) | 130.99                 | 127.12              | 138.73              | 122.93              |
| Change in net asset value per share       | 3.04%                  | (8.37%)             | 12.85%              | 1.38%               |
| Operating charges                         | 0.11%                  | 0.10%               | 0.11%               | 0.11%               |

The closing net asset value (£'000) divided by the closing number of shares may not calculate to the closing net asset value per share (pence) due to rounding differences. The published closing net asset value per share (pence) is based on unrounded values and represents the actual price.

The change in the net asset value per share is the change from the beginning of the period to the close of the period.

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

<sup>A</sup> M Income share class was closed on 11 November 2022.

# Portfolio Statement

As at 31 January 2023

| Holding                                | Investment                                    | Market value<br>£'000 | Percentage of<br>total net assets |
|--|---|-----------------------|-----------------------------------|
| <b>Bonds (92.08%)</b>                  |   | <b>28,555</b>         | <b>96.09</b>                      |
| <b>Euro Denominated Bonds (69.14%)</b> |   | <b>21,847</b>         | <b>73.52</b>                      |
| <b>Corporate Bonds (69.14%)</b>        |   | <b>21,847</b>         | <b>73.52</b>                      |
| less than 5 years to maturity          |   |                       |                                   |
| 200,000                                | 888 Acquisitions 7.558% 2027                  | 152                   | 0.51                              |
| 102,000                                | Adevinta 2.625% 2025                          | 85                    | 0.29                              |
| 180,000                                | Adient Global 3.5% 2024                       | 154                   | 0.52                              |
| 413,000                                | Aggreko 5.25% 2026                            | 326                   | 1.10                              |
| 247,000                                | Allwyn International 4.125% 2024              | 216                   | 0.73                              |
| 150,000                                | Altice Financing 2.25% 2025                   | 123                   | 0.42                              |
| 600,000                                | Altice Finco 4.75% 2028                       | 407                   | 1.37                              |
| 877,000                                | Altice France 8% 2027                         | 630                   | 2.12                              |
| 200,000                                | ARD Finance 5% 2027                           | 133                   | 0.45                              |
| 182,000                                | Ardagh Packaging Finance 2.125% 2026          | 138                   | 0.47                              |
| 380,000                                | Banff Merger Sub 8.375% 2026                  | 303                   | 1.02                              |
| 200,000                                | Casino Guichard Perrachon 4.048% 2026         | 104                   | 0.35                              |
| 100,000                                | Cellnex Finance 1% 2027                       | 75                    | 0.25                              |
| 320,000                                | Cheplapharm Arzneimittel 4.375% 2028          | 258                   | 0.87                              |
| 100,000                                | Cirsa Finance International 10.375% 2027      | 93                    | 0.31                              |
| 460,000                                | Cirsa Finance International 6.25% 2023        | 97                    | 0.33                              |
| 139,000                                | CT Investment 5.5% 2026                       | 109                   | 0.37                              |
| 396,000                                | Cullinan Holdco 4.625% 2026                   | 312                   | 1.05                              |
| 100,000                                | Darling Global Finance 3.625% 2026            | 85                    | 0.29                              |
| 300,000                                | DDM Debt 9% 2026                              | 159                   | 0.53                              |
| 350,000                                | eG Global Finance 4.375% 2025                 | 274                   | 0.92                              |
| 150,000                                | Faurecia 2.375% 2027                          | 113                   | 0.38                              |
| 150,000                                | Faurecia 3.125% 2026                          | 122                   | 0.41                              |
| 141,000                                | Faurecia 7.25% 2026                           | 128                   | 0.43                              |
| 505,000                                | Galapagos 5.375% 2021*                        | -                     | -                                 |
| 510,000                                | Grifols 2.25% 2027                            | 391                   | 1.32                              |
| 229,000                                | Gruenenthal 3.625% 2026                       | 185                   | 0.62                              |
| 100,000                                | HSE Finance 5.625% 2026                       | 46                    | 0.16                              |
| 108,000                                | HSE Finance FRN 2026                          | 54                    | 0.18                              |
| 343,000                                | HT Troplast 9.25% 2025                        | 291                   | 0.98                              |
| 150,000                                | IHO Verwaltungs 3.875% 2027                   | 116                   | 0.39                              |
| 207,000                                | Iliad 5.125% 2026                             | 174                   | 0.58                              |
| 177,000                                | IMA Industria Macchine Automatiche 3.75% 2028 | 136                   | 0.46                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                            | Investment   | Market value<br>£'000 | Percentage of<br>total net assets |
|------------------------------------|--|-----------------------|-----------------------------------|
| 151,000                            | IMA Industria Macchine Automatiche FRN 2028          | 128                   | 0.43                              |
| 389,000                            | INEOS Finance 3.375% 2026                            | 312                   | 1.05                              |
| 440,000                            | INEOS Styrolution 2.25% 2027                         | 335                   | 1.13                              |
| 370,000                            | International Game Technology 3.5% 2026              | 308                   | 1.04                              |
| 100,000                            | Intrum 3.5% 2026                                     | 77                    | 0.26                              |
| 284,000                            | Intrum 4.875% 2025                                   | 235                   | 0.79                              |
| 215,000                            | IQVIA 1.75% 2026                                     | 176                   | 0.59                              |
| 13,188                             | LHMC Finco 2 7.25% 2025                              | 11                    | 0.04                              |
| 200,000                            | Lorca Telecom Bondco 4% 2027                         | 161                   | 0.54                              |
| 320,000                            | Lottomatica 6.25% 2025                               | 279                   | 0.94                              |
| 290,000                            | Loxam 3.75% 2026                                     | 239                   | 0.80                              |
| 400,000                            | Matterhorn Telecom 3.125% 2026                       | 322                   | 1.08                              |
| 200,000                            | Monitchem HoldCo 3 FRN 2025                          | 171                   | 0.57                              |
| 378,000                            | Nassa Topco 2.875% 2024                              | 322                   | 1.08                              |
| 120,000                            | OCI 3.625% 2025                                      | 94                    | 0.32                              |
| 290,000                            | PrestigeBidCo FRN 2027                               | 240                   | 0.81                              |
| 144,000                            | Rolls-Royce 4.625% 2026                              | 124                   | 0.42                              |
| 250,000                            | Saleza 9% 2021**                                     | -                     | -                                 |
| 375,000                            | Samvardhana Motherson Automotive Systems 1.8% 2024   | 314                   | 1.06                              |
| 211,000                            | Schaeffler 2.875% 2027                               | 175                   | 0.59                              |
| 226,000                            | SoftBank 5.25% 2027                                  | 186                   | 0.63                              |
| 500,000                            | Summer BC HoldCo 5.75% 2026                          | 396                   | 1.33                              |
| 400,000                            | Summer BidCo 9% 2025 (Issue 2019)                    | 302                   | 1.02                              |
| 100,000                            | Summer BidCo 9% 2025 (Issue 2020)                    | 74                    | 0.25                              |
| 436,000                            | Techem Verwaltungsgesellschaft 674 6% 2026           | 323                   | 1.09                              |
| 361,000                            | Techem Verwaltungsgesellschaft 675 2% 2025           | 294                   | 0.99                              |
| 1,062,000                          | Teva Pharmaceutical Finance Netherlands II 4.5% 2025 | 917                   | 3.09                              |
| 336,000                            | TK Elevator Midco 4.375% 2027                        | 268                   | 0.90                              |
| 400,000                            | Verisure 3.25% 2027                                  | 311                   | 1.05                              |
| 284,000                            | Victoria 3.625% 2026                                 | 203                   | 0.68                              |
| 300,000                            | ZF Europe Finance 2% 2026                            | 239                   | 0.80                              |
| 300,000                            | ZF Europe Finance 2.5% 2027                          | 225                   | 0.76                              |
| 200,000                            | ZF Finance 2% 2027                                   | 151                   | 0.51                              |
| between 5 and 10 years to maturity |  |                       |                                   |
| 170,000                            | Ashland Services 2% 2028                             | 131                   | 0.44                              |
| 160,000                            | Atlantia 1.875% 2028                                 | 122                   | 0.41                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                           | Investment  | Market value<br>£'000 | Percentage of<br>total net assets |
|-----------------------------------|---|-----------------------|-----------------------------------|
| 395,000                           | Autostrade per l'Italia 2% 2028                                     | 300                   | 1.01                              |
| 350,000                           | CAB SELAS 3.375% 2028   | 257                   | 0.86                              |
| 300,000                           | Cellnex Finance 1.5% 2028   | 227                   | 0.76                              |
| 400,000                           | Cellnex Finance 2% 2032   | 277                   | 0.93                              |
| 232,000                           | Chrome Bidco 3.5% 2028  | 170                   | 0.57                              |
| 215,000                           | Chrome Holdco 5% 2029   | 146                   | 0.49                              |
| 239,000                           | Cidron Aida Finco 5% 2028   | 190                   | 0.64                              |
| 100,000                           | Conceria Pasubio FRN 2028   | 69                    | 0.23                              |
| 180,000                           | Faurecia 3.75% 2028   | 140                   | 0.47                              |
| 245,000                           | Goodyear Europe 2.75% 2028  | 174                   | 0.58                              |
| 114,000                           | Graphic Packaging International 2.625% 2029                         | 87                    | 0.29                              |
| 167,000                           | Gruenthal 4.125% 2028   | 134                   | 0.45                              |
| 110,000                           | Jaguar Land Rover Automotive 4.5% 2028                              | 78                    | 0.26                              |
| 170,000                           | Mobilux Finance 4.25% 2028  | 117                   | 0.39                              |
| 270,000                           | Nobel Bidco 3.125% 2028   | 168                   | 0.57                              |
| 123,000                           | Nomad Foods Bondco 2.5% 2028  | 92                    | 0.31                              |
| 130,000                           | Novelis Sheet Ingot 3.375% 2029                                     | 100                   | 0.34                              |
| 494,000                           | Organon 2.875% 2028   | 380                   | 1.28                              |
| 420,000                           | Petroleos Mexicanos 4.75% 2029                                      | 312                   | 1.05                              |
| 400,000                           | Schaeffler 3.375% 2028  | 318                   | 1.07                              |
| 227,000                           | SoftBank 5% 2028  | 182                   | 0.61                              |
| 147,000                           | United 5.25% 2030   | 103                   | 0.35                              |
| 400,000                           | UPCB Finance VII 3.625% 2029  | 318                   | 1.07                              |
| 200,000                           | Verallia 1.875% 2031  | 141                   | 0.47                              |
| 344,000                           | Verisure Midholding 5.25% 2029                                      | 250                   | 0.84                              |
| 474,000                           | VZ Vendor Financing II 2.875% 2029                                  | 328                   | 1.10                              |
| greater than 25 years to maturity |   |                       |                                   |
| 300,000                           | Vodafone 2.625% fixed to floating 2080                              | 239                   | 0.80                              |
| Perpetual                         |   |                       |                                   |
| 400,000                           | Abanca Corp Bancaria 6% fixed to floating Perpetual                 | 323                   | 1.09                              |
| 200,000                           | Abertis Infraestructuras Finance 3.248% fixed to floating Perpetual | 159                   | 0.53                              |
| 400,000                           | Banco Santander 4.375% fixed to floating Perpetual                  | 312                   | 1.05                              |
| 400,000                           | EDF 5% fixed to floating Perpetual                                  | 332                   | 1.12                              |
| 400,000                           | EDF 5.375% fixed to floating Perpetual                              | 342                   | 1.15                              |
| 553,118                           | Stichting 6.5% Perpetual  | 487                   | 1.64                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                    | Investment  | Market value<br>£'000 | Percentage of<br>total net assets |
|--|---|-----------------------|-----------------------------------|
| 100,000                                    | Telefonica Europe 7.125% fixed to floating Perpetual                    | 92                    | 0.31                              |
| 100,000                                    | Telefonica Europe FRN Perpetual   | 87                    | 0.29                              |
| 300,000                                    | UniCredit FRN Perpetual   | 262                   | 0.88                              |
| <b>Sterling Denominated Bonds (22.31%)</b> |   | <b>5,944</b>          | <b>20.00</b>                      |
| <b>Corporate Bonds (22.31%)</b>            |   | <b>5,944</b>          | <b>20.00</b>                      |
| less than 5 years to maturity              |   |                       |                                   |
| 100,000                                    | Ardagh Packaging Finance 4.75% 2027                                     | 78                    | 0.26                              |
| 493,000                                    | Bellis Acquisition 4.5% 2026  | 416                   | 1.40                              |
| 196,000                                    | Credit Suisse 7.75% 2026  | 202                   | 0.68                              |
| 333,000                                    | Encore Capital 5.375% 2026  | 302                   | 1.02                              |
| 450,349                                    | EnQuest 7% 2023   | 448                   | 1.51                              |
| 300,000                                    | Ford Motor Credit 4.535% 2025   | 289                   | 0.97                              |
| 237,000                                    | Garfunkelux Holdco 3 7.75% 2025   | 178                   | 0.60                              |
| 100,000                                    | Jaguar Land Rover Automotive 3.875% 2023                                | 100                   | 0.34                              |
| 136,000                                    | Jerrold Finco 4.875% 2026   | 119                   | 0.40                              |
| 300,000                                    | Jerrold Finco 5.25% 2027  | 254                   | 0.85                              |
| 307,000                                    | Pinewood Finance 3.625% 2027  | 274                   | 0.92                              |
| 294,000                                    | Premier Foods Finance 3.5% 2026   | 262                   | 0.88                              |
| 103,000                                    | Punch Finance 6.125% 2026   | 90                    | 0.30                              |
| 494,000                                    | Rolls-Royce 5.75% 2027  | 470                   | 1.58                              |
| 381,000                                    | Sherwood Financing 6% 2026  | 306                   | 1.03                              |
| 131,000                                    | TalkTalk Telecom 3.875% 2025  | 108                   | 0.36                              |
| 338,000                                    | Thames Water Kemble Finance 4.625% 2026                                 | 294                   | 0.99                              |
| between 5 and 10 years to maturity         |   |                       |                                   |
| 271,000                                    | B&M European Value Retail 4% 2028                                       | 231                   | 0.78                              |
| 313,000                                    | Cidron Aida Finco 6.25% 2028  | 264                   | 0.89                              |
| 100,000                                    | Encore Capital 4.25% 2028   | 78                    | 0.26                              |
| 759,000                                    | Virgin Media Vendor Financing Notes III 4.875% 2028                     | 635                   | 2.14                              |
| Perpetual                                  |   |                       |                                   |
| 200,000                                    | Barclays 6.375% fixed to floating Perpetual                             | 188                   | 0.63                              |
| 110,000                                    | HSBC Bank Capital Funding Sterling 1 5.844% fixed to floating Perpetual | 115                   | 0.39                              |
| 276,000                                    | National Express 4.25% fixed to floating Perpetual                      | 243                   | 0.82                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                 | Investment  | Market value<br>£'000 | Percentage of<br>total net assets |
|---|---|-----------------------|-----------------------------------|
| US Dollar Denominated Bonds (0.63%)     |   | 764                   | 2.57                              |
| Corporate Bonds (0.63%)                 |   | 764                   | 2.57                              |
| less than 5 years to maturity           |   |                       |                                   |
| 252,000                                 | Ithaca Energy North Sea 9% 2026                   | 202                   | 0.68                              |
| between 10 and 15 years to maturity     |   |                       |                                   |
| 420,000                                 | Telecom Italia Capital 6.375% 2033                | 286                   | 0.96                              |
| 400,000                                 | Telecom Italia Capital 7.2% 2036                  | 276                   | 0.93                              |
| Equities (0.00%)                        |   | -                     | -                                 |
| European Equities (0.00%)               |   | -                     | -                                 |
| Luxembourg (0.00%)                      |   | -                     | -                                 |
| 26,196                                  | BrightHouse**                                     | -                     | -                                 |
| Derivatives (0.99%)                     |   | 213                   | 0.72                              |
| Forward Currency Contracts (0.99%)      |   | 213                   | 0.72                              |
|   | Buy EUR 92,351 Sell GBP 81,271 21/02/2023         | -                     | -                                 |
|   | Buy EUR 94,326 Sell GBP 82,988 21/02/2023         | -                     | -                                 |
|   | Buy EUR 183,048 Sell GBP 161,320 21/02/2023       | -                     | -                                 |
|   | Buy EUR 214,643 Sell GBP 190,003 21/02/2023       | (1)                   | -                                 |
|   | Buy EUR 242,456 Sell GBP 215,217 21/02/2023       | (2)                   | (0.01)                            |
|   | Buy EUR 245,582 Sell GBP 218,060 21/02/2023       | (2)                   | (0.01)                            |
|   | Buy GBP 233,808 Sell EUR 263,708 21/02/2023       | 2                     | 0.01                              |
|   | Buy GBP 22,809,719 Sell EUR 25,686,649 21/02/2023 | 206                   | 0.69                              |
|   | Buy GBP 7,435 Sell USD 9,063 21/02/2023           | -                     | -                                 |
|   | Buy GBP 46,096 Sell USD 57,299 21/02/2023         | (1)                   | -                                 |
|   | Buy GBP 94,427 Sell USD 116,432 21/02/2023        | -                     | -                                 |
|   | Buy GBP 640,102 Sell USD 776,002 21/02/2023       | 11                    | 0.04                              |
|   | Buy USD 8,808 Sell GBP 7,213 21/02/2023           | -                     | -                                 |
| Total investment assets and liabilities |   | 28,768                | 96.81                             |
| Net other assets                        |   | 947                   | 3.19                              |
| Total Net Assets                        |   | 29,715                | 100.00                            |

All investments (excluding OTC derivatives) are listed on recognised stock exchanges and are approved securities, or are approved derivatives within the meaning of the FCA rules. The percentage figures in brackets show the comparative holding as at 31 July 2022.

\* Defaulted.

\*\* Delisted.

# Financial Statements

## Statement of Total Return

For the six months ended 31 January 2023

|   | 31 January 2023 |             | 31 January 2022 |                |
|---|-----------------|-------------|-----------------|----------------|
|   | £'000           | £'000       | £'000           | £'000          |
| Income:   |                 |             |                 |                |
| Net capital gains/(losses)  |                 | 31          |                 | (1,131)        |
| Revenue   | 873             |             | 1,094           |                |
| Expenses  | (129)           |             | (179)           |                |
| Interest payable and similar charges  | -               |             | (1)             |                |
| Net revenue before taxation   | 744             |             | 914             |                |
| Taxation  | -               |             | -               |                |
| Net revenue after taxation  |                 | 744         |                 | 914            |
| <b>Total return before distributions</b>  |                 | <b>775</b>  |                 | <b>(217)</b>   |
| Distributions   |                 | (872)       |                 | (1,091)        |
| <b>Change in net assets attributable to shareholders from investment activities</b> |                 | <b>(97)</b> |                 | <b>(1,308)</b> |

## Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 January 2023

|  | 31 January 2023 |               | 31 January 2022 |               |
|--|-----------------|---------------|-----------------|---------------|
|  | £'000           | £'000         | £'000           | £'000         |
| <b>Opening net assets attributable to shareholders</b>                                   |                 | <b>31,658</b> |                 | <b>43,202</b> |
| Amounts receivable on the issue of shares  | 1,053           |               | 934             |               |
| Amounts payable on the cancellation of shares  | (3,245)         |               | (2,864)         |               |
|  |                 | (2,192)       |                 | (1,930)       |
| Dilution adjustment  |                 | 13            |                 | -             |
| Change in net assets attributable to shareholders from investment activities (see above) |                 | (97)          |                 | (1,308)       |
| Retained distribution on accumulation shares   |                 | 333           |                 | 412           |
| <b>Closing net assets attributable to shareholders</b>                                   |                 | <b>29,715</b> |                 | <b>40,376</b> |

Comparative information is provided for the statement of change in net assets attributable to shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.



# Financial Statements

## Continued

### Balance Sheet

As at 31 January 2023

|  | 31 January 2023 |               | 31 July 2022 |               |
|--|-----------------|---------------|--------------|---------------|
|  | £'000           | £'000         | £'000        | £'000         |
| <b>Assets:</b>                                 |                 |               |              |               |
| <b>Fixed assets:</b>                           |                 |               |              |               |
| Investment assets                              |                 | 28,774        |              | 29,463        |
| <b>Current assets:</b>                         |                 |               |              |               |
| Debtors  | 444             |               | 441          |               |
| Cash and bank balances                         | 802             |               | 1,889        |               |
|  |                 | 1,246         |              | 2,330         |
| <b>Total assets</b>                            |                 | <b>30,020</b> |              | <b>31,793</b> |
| <b>Liabilities:</b>                            |                 |               |              |               |
| Investment liabilities                         |                 | (6)           |              | -             |
| Bank overdrafts                                | (2)             |               | -            |               |
| Creditors                                      | (208)           |               | (48)         |               |
| Distribution payable                           | (89)            |               | (87)         |               |
|  |                 | (299)         |              | (135)         |
| <b>Total liabilities</b>                       |                 | <b>(305)</b>  |              | <b>(135)</b>  |
| <b>Net assets attributable to shareholders</b> |                 | <b>29,715</b> |              | <b>31,658</b> |

# Distribution Tables

For the six months ended 31 January 2023 (in pence per share)

## First interim interest distribution

Group 1 – shares purchased prior to 1 August 2022

Group 2 – shares purchased between 1 August 2022 and 31 August 2022

|                       | Revenue | Equalisation | Distribution paid<br>30/09/22 | Distribution paid<br>30/09/21 |
|-----------------------|---------|--------------|-------------------------------|-------------------------------|
| <b>A Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.7086  | –            | 0.7086                        | 0.6527                        |
| Group 2               | 0.4210  | 0.2876       | 0.7086                        | 0.6527                        |
| <b>A Income</b>       |         |              |                               |                               |
| Group 1               | 0.3690  | –            | 0.3690                        | 0.3577                        |
| Group 2               | 0.1505  | 0.2185       | 0.3690                        | 0.3577                        |
| <b>I Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.7442  | –            | 0.7442                        | 0.6824                        |
| Group 2               | 0.3611  | 0.3831       | 0.7442                        | 0.6824                        |
| <b>I Income</b>       |         |              |                               |                               |
| Group 1               | 0.4359  | –            | 0.4359                        | 0.4208                        |
| Group 2               | 0.2123  | 0.2236       | 0.4359                        | 0.4208                        |
| <b>M Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.5378  | –            | 0.5378                        | 0.4930                        |
| Group 2               | 0.5378  | –            | 0.5378                        | 0.4930                        |
| <b>M Income</b>       |         |              |                               |                               |
| Group 1               | 0.4438  | –            | 0.4438                        | 0.4295                        |
| Group 2               | 0.4438  | –            | 0.4438                        | 0.4295                        |
| <b>Z Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.6314  | –            | 0.6314                        | 0.5750                        |
| Group 2               | 0.6314  | –            | 0.6314                        | 0.5750                        |

# Distribution Tables

For the six months ended 31 January 2023 (in pence per share) continued

## Second interim interest distribution

Group 1 – shares purchased prior to 1 September 2022

Group 2 – shares purchased between 1 September 2022 and 30 September 2022

|                       | Revenue | Equalisation | Distribution paid<br>31/10/22 | Distribution paid<br>29/10/21 |
|-----------------------|---------|--------------|-------------------------------|-------------------------------|
| <b>A Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.6556  | –            | 0.6556                        | 0.6881                        |
| Group 2               | 0.2357  | 0.4199       | 0.6556                        | 0.6881                        |
| <b>A Income</b>       |         |              |                               |                               |
| Group 1               | 0.3397  | –            | 0.3397                        | 0.3757                        |
| Group 2               | 0.1602  | 0.1795       | 0.3397                        | 0.3757                        |
| <b>I Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.6888  | –            | 0.6888                        | 0.7196                        |
| Group 2               | 0.3539  | 0.3349       | 0.6888                        | 0.7196                        |
| <b>I Income</b>       |         |              |                               |                               |
| Group 1               | 0.4016  | –            | 0.4016                        | 0.4421                        |
| Group 2               | 0.2206  | 0.1810       | 0.4016                        | 0.4421                        |
| <b>M Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.4982  | –            | 0.4982                        | 0.5200                        |
| Group 2               | 0.4982  | –            | 0.4982                        | 0.5200                        |
| <b>M Income</b>       |         |              |                               |                               |
| Group 1               | 0.4121  | –            | 0.4121                        | 0.4541                        |
| Group 2               | 0.4121  | –            | 0.4121                        | 0.4541                        |
| <b>Z Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.5849  | –            | 0.5849                        | 0.6069                        |
| Group 2               | 0.5849  | –            | 0.5849                        | 0.6069                        |

# Distribution Tables

For the six months ended 31 January 2023 (in pence per share) continued

## Third interim interest distribution

Group 1 – shares purchased prior to 1 October 2022

Group 2 – shares purchased between 1 October 2022 and 31 October 2022

|                       | Revenue | Equalisation | Distribution paid<br>30/11/22 | Distribution paid<br>30/11/21 |
|-----------------------|---------|--------------|-------------------------------|-------------------------------|
| <b>A Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.6374  | –            | 0.6374                        | 0.5955                        |
| Group 2               | 0.3890  | 0.2484       | 0.6374                        | 0.5955                        |
| <b>A Income</b>       |         |              |                               |                               |
| Group 1               | 0.3287  | –            | 0.3287                        | 0.3236                        |
| Group 2               | 0.1820  | 0.1467       | 0.3287                        | 0.3236                        |
| <b>I Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.6700  | –            | 0.6700                        | 0.6230                        |
| Group 2               | 0.3301  | 0.3399       | 0.6700                        | 0.6230                        |
| <b>I Income</b>       |         |              |                               |                               |
| Group 1               | 0.3886  | –            | 0.3886                        | 0.3810                        |
| Group 2               | 0.1648  | 0.2238       | 0.3886                        | 0.3810                        |
| <b>M Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.4844  | –            | 0.4844                        | 0.4509                        |
| Group 2               | 0.4844  | –            | 0.4844                        | 0.4509                        |
| <b>M Income</b>       |         |              |                               |                               |
| Group 1               | 0.3936  | –            | 0.3936                        | 0.3905                        |
| Group 2               | 0.3936  | –            | 0.3936                        | 0.3905                        |
| <b>Z Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.5691  | –            | 0.5691                        | 0.5255                        |
| Group 2               | 0.5691  | –            | 0.5691                        | 0.5255                        |

# Distribution Tables

For the six months ended 31 January 2023 (in pence per share) continued

## Fourth interim interest distribution

Group 1 – shares purchased prior to 1 November 2022

Group 2 – shares purchased between 1 November 2022 and 30 November 2022

|                       | Revenue | Equalisation | Distribution paid<br>30/12/22 | Distribution paid<br>31/12/21 |
|-----------------------|---------|--------------|-------------------------------|-------------------------------|
| <b>A Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.6787  | -            | 0.6787                        | 0.7062                        |
| Group 2               | 0.4392  | 0.2395       | 0.6787                        | 0.7062                        |
| <b>A Income</b>       |         |              |                               |                               |
| Group 1               | 0.3482  | -            | 0.3482                        | 0.3824                        |
| Group 2               | 0.1947  | 0.1535       | 0.3482                        | 0.3824                        |
| <b>I Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.7135  | -            | 0.7135                        | 0.7392                        |
| Group 2               | 0.3112  | 0.4023       | 0.7135                        | 0.7392                        |
| <b>I Income</b>       |         |              |                               |                               |
| Group 1               | 0.4120  | -            | 0.4120                        | 0.4503                        |
| Group 2               | 0.1587  | 0.2533       | 0.4120                        | 0.4503                        |
| <b>M Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.5165  | -            | 0.5165                        | 0.5349                        |
| Group 2               | 0.5165  | -            | 0.5165                        | 0.5349                        |
| <b>M Income</b>       |         |              |                               |                               |
| Group 1               | -       | -            | -                             | 0.4623                        |
| Group 2               | -       | -            | -                             | 0.4623                        |
| <b>Z Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.6065  | -            | 0.6065                        | 0.6240                        |
| Group 2               | 0.6065  | -            | 0.6065                        | 0.6240                        |

# Distribution Tables

For the six months ended 31 January 2023 (in pence per share) continued

## Fifth interim interest distribution

Group 1 – shares purchased prior to 1 December 2022

Group 2 – shares purchased between 1 December 2022 and 31 December 2022

|                       | Revenue | Equalisation | Distribution paid<br>31/01/23 | Distribution paid<br>31/01/22 |
|-----------------------|---------|--------------|-------------------------------|-------------------------------|
| <b>A Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.6839  | -            | 0.6839                        | 0.7267                        |
| Group 2               | 0.4659  | 0.2180       | 0.6839                        | 0.7267                        |
| <b>A Income</b>       |         |              |                               |                               |
| Group 1               | 0.3513  | -            | 0.3513                        | 0.3918                        |
| Group 2               | 0.2371  | 0.1142       | 0.3513                        | 0.3918                        |
| <b>I Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.7177  | -            | 0.7177                        | 0.7609                        |
| Group 2               | 0.5178  | 0.1999       | 0.7177                        | 0.7609                        |
| <b>I Income</b>       |         |              |                               |                               |
| Group 1               | 0.4120  | -            | 0.4120                        | 0.4615                        |
| Group 2               | 0.2123  | 0.1997       | 0.4120                        | 0.4615                        |
| <b>M Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.5193  | -            | 0.5193                        | 0.5500                        |
| Group 2               | 0.5193  | -            | 0.5193                        | 0.5500                        |
| <b>M Income</b>       |         |              |                               |                               |
| Group 1               | -       | -            | -                             | 0.4736                        |
| Group 2               | -       | -            | -                             | 0.4736                        |
| <b>Z Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.6106  | -            | 0.6106                        | 0.6427                        |
| Group 2               | 0.6106  | -            | 0.6106                        | 0.6427                        |

# Distribution Tables

For the six months ended 31 January 2023 (in pence per share) continued

## Sixth interim interest distribution

Group 1 – shares purchased prior to 1 January 2023

Group 2 – shares purchased between 1 January 2023 and 31 January 2023

|                       | Revenue | Equalisation | Distribution paid<br>28/02/23 | Distribution paid<br>28/02/22 |
|-----------------------|---------|--------------|-------------------------------|-------------------------------|
| <b>A Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.6845  | –            | 0.6845                        | 0.7128                        |
| Group 2               | 0.5076  | 0.1769       | 0.6845                        | 0.7128                        |
| <b>A Income</b>       |         |              |                               |                               |
| Group 1               | 0.3482  | –            | 0.3482                        | 0.3825                        |
| Group 2               | 0.1340  | 0.2142       | 0.3482                        | 0.3825                        |
| <b>I Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.7209  | –            | 0.7209                        | 0.7468                        |
| Group 2               | 0.4306  | 0.2903       | 0.7209                        | 0.7468                        |
| <b>I Income</b>       |         |              |                               |                               |
| Group 1               | 0.4122  | –            | 0.4122                        | 0.4507                        |
| Group 2               | 0.1497  | 0.2625       | 0.4122                        | 0.4507                        |
| <b>M Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.5209  | –            | 0.5209                        | 0.5398                        |
| Group 2               | 0.5209  | –            | 0.5209                        | 0.5398                        |
| <b>M Income</b>       |         |              |                               |                               |
| Group 1               | –       | –            | –                             | 0.4613                        |
| Group 2               | –       | –            | –                             | 0.4613                        |
| <b>Z Accumulation</b> |         |              |                               |                               |
| Group 1               | –       | –            | –                             | 0.6311                        |
| Group 2               | –       | –            | –                             | 0.6311                        |

## Equalisation

This applies only to shares purchased during the distribution period (group 2 shares). It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

# abrdn European Real Estate Share Fund

For the period ended 31 January 2023

## Investment Objective

To generate income and some growth over the long term (5 years or more) by investing in European property-related equities (company shares including listed closed ended real estate investment trusts ("REITs")).

Performance Target: To achieve the return of the FTSE EPRA Nareit Europe (UK Restricted) 10% Capped Index plus 3% per annum over rolling three year periods (before charges). The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target.

The ACD believes this is an appropriate target for the fund based on the investment policy of the fund and the constituents of the index.

## Investment Policy

### Portfolio Securities

- The fund invests in equities and equity-related securities of companies that derive a significant proportion of their revenues or profits from European real estate operations or have a significant proportion of their assets in European real estate.
- European countries can include the UK and the emerging markets of Europe.
- The fund may also invest in other funds (including those managed by abrdn), money-market instruments, and cash.

### Management Process

- The management team use their discretion (active management) to maintain a concentrated asset mix at sector, country and stock level.
- Their primary focus is on stock selection using research techniques to select individual holdings that can be held for the long term.
- The FTSE EPRA Nareit Europe (UK Restricted) 10% Capped Index is used as a reference point for portfolio construction and as a basis for setting risk constraints. The expected variation ("tracking error") between the returns of the fund and the index is not ordinarily expected to exceed 9%. Due to the active nature of the management process, the fund's performance profile may deviate significantly from that of the index over the long term.

## Derivatives and Techniques

- The fund may use derivatives to reduce risk, reduce cost and/or generate additional income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management").
- Derivative usage in the fund is expected to be limited. Where derivatives are used, this would mainly be in response to significant inflows into the fund so that in these instances, cash can be invested while maintaining the fund's existing allocations to company shares.

## Performance Review

For the six months ended 31 January 2023, the value of abrdn European Real Estate Share Fund – A Accumulation Shares decreased by 10.59% compared to a decrease of 9.59% in the performance target, the FTSE EPRA Nareit Europe (UK Restricted) 10% Capped Index.

Source: Lipper; Basis: total return, published NAV to NAV, net of annual charges, UK net income reinvested, GBP. Please note that fund performance is quoted net of fees while the index return is quoted gross and contains no adjustment for fees.

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Please remember that past performance is not a guide to future returns. The price of shares and the revenue from them may fall as well as rise. Investors may not get back the amount originally invested.

Companies selected for illustrative purposes only to demonstrate the investment management style described herein and not as an investment recommendation or indication of future performance.

## Market Review

European real estate equities declined steeply in the first half of the period, mirroring falls in both bond and equity markets globally. The falls were concentrated in August and September, as markets digested the dual negative headwinds of rising expectations of recession and higher interest rates needed to tame inflation. The European Central Bank (ECB) raised rates three times through the autumn – a very fast pace of monetary tightening. Other central banks across Europe, including the Bank of England, Swiss National Bank and Swedish Riksbank, similarly tightened interest rates.

Thankfully, later in the period, we saw a gradual improvement in market conditions: expectations are still for a recession in the UK and Eurozone, but not to as sharp a degree as feared, helped by easing global energy



# abrdn European Real Estate Share Fund

## Continued

costs; there was a faster-than-expected reopening of China post Covid-19 restrictions; and lastly, there were broad expectations that the bulk of interest rate rises are behind us.

Within the listed sector, the UK lagged. This was due in large part to the effects of the botched 'mini-budget' in September. The more highly levered Nordic and the large German residential segments of the market also lagged, as did most logistics specialists, with values falling sharply post a very strong run. More positive returns came in particular from retail specialists – previously hard-hit and lowly valued names, such as Unibail-Rodamco-Westfield, Klépierre, Hammerson and Eurocommercial, all performed well in anticipation that retail values would prove relatively resilient versus other segments. Less levered and more defensively positioned specialists, such as Hufvudstaden in Sweden and PSP Swiss Property in Switzerland, benefitted from perceived safe-haven status.

### Portfolio Activity and Review

After a previous very strong run for relative performance, the fund modestly lagged its benchmark over the period. The underweight to retail has been the right call over many years but it detracted over this six-month period. The overweight to the UK also dragged on returns. More positively, the fund's cautious positioning on the Nordic and German residential segments aided performance, as did our overweight to Spanish specialists Merlin Properties and Inmobiliaria Colonial.

The fund also has the flexibility to invest in real estate backed equities in adjacent sectors – most notably in housebuilders. Over the long term, this flexibility has helped diversify the fund and has been additive to performance. However, over the recent six-month period, it had a negative drag on performance, with the good results from names including agency Scout24 and airport owner Flughafen Zuerich more than offset by a negative return from owning UK housebuilder Countryside Partnerships.

In portfolio activity, the key change in the period was exiting the position in Countryside Partnerships, on completion of its merger with Vistry, and introducing Bellway, our preferred UK housebuilder, which trades at a cheaper valuation and offers a robust net-cash balance sheet. Other changes were typically more incremental: we supported an equity raise by Warehouses de Pauw; increased the exposure to Savills on weakness; initially trimmed and then bought back the position in Industrials REIT in response to share price volatility; and, towards the end of the period, trimmed the position in logistics developer CTP NV to manage its large position size in the fund.

In terms of overall positioning, we ended the period as we started. We were underweight the more challenged segments of retail and office, cautious on the highly levered German residential sector, and overweight more promising segments, including logistics, self-storage, student, agency and mobile phone towers.

### Portfolio Outlook and Strategy

We are positive on the outlook for shareholder returns from listed property.

The economic outlook is tough in the near term, with abrdn forecasting high interest rates and the Eurozone and UK in recession through 2023. Furthermore, the effects of higher financing costs are still being felt in terms of falling property values, with the possible exception of the more liquid and faster-to-reprice UK market. Consequently, we would not be surprised to see a number of equity raises, in particular by more highly geared Nordic and German residential specialists, as they seek to undertake balance sheet repair. However, such events could represent attractive entry points.

Looking beyond the next few months, we expect inflation and interest rates to fall sharply by the end of 2023, allowing material reductions in interest rates through 2024. Allied with this, our forecasts for direct property returns are that if you can invest post the ongoing declines, there is the potential for a two-to-three-year period of unusually strong gains due to the combination of an attractive income return and recovering capital values. Given what is priced into listed property valuations and the sector's tendency to move ahead of the direct market (typically by six-to-nine months), we anticipate this will provide a much more supportive backdrop for shareholder returns.

The fund remains both well diversified and liquid and reflects our sub-sector preferences. With the flexibility to modestly invest in real estate backed alternatives, we have confidence in the fund's positioning for the years ahead.

### European Equity Team

February 2023

# abrdn European Real Estate Share Fund

## Continued

### Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the fund. The table below shows the fund's ranking on the Risk and Reward Indicator.

| Typically lower rewards, lower risk |   |   |   | Typically higher rewards, higher risk |   |   |
|-------------------------------------|---|---|---|---------------------------------------|---|---|
| ←                                   |   |   |   | →                                     |   |   |
| 1                                   | 2 | 3 | 4 | 5                                     | 6 | 7 |

Risk and reward indicator table as at 31 January 2023.

The fund is rated as 6 because of the extent to which the following risk factors apply:

- A concentrated portfolio may be more volatile and less liquid than a more broadly diversified one. The fund's investments are concentrated in a particular country or sector.
- Dividend payment policies of the REITs in which the fund invests are not representative of the dividend payment policy of the fund.
- The fund invests in equity 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.
- 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.

All investment involves risk. This fund offers no guarantee against loss or that the fund's objective will be attained.

The price of assets and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

Inflation reduces the buying power of your investment and income.

The value of assets held in the fund may rise and fall as a result of exchange rate fluctuations.

The fund could lose money if an entity (counterparty) with which it does business becomes unwilling or unable to honour its obligations to the fund.

In extreme market conditions some securities may become hard to value or sell at a desired price. This could affect the fund's ability to meet redemptions in a timely manner.

The fund could lose money as the result of a failure or delay in operational processes and systems including but not limited to third party providers failing or going into administration.

# Comparative Tables

| <b>A Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 2,820                  | 3,861               | 5,629               | 5,196               |
| Closing number of shares                  | 1,302,170              | 1,591,771           | 1,919,388           | 2,176,170           |
| Closing net asset value per share (pence) | 216.58                 | 242.54              | 293.26              | 238.78              |
| Change in net asset value per share       | (10.70%)               | (17.30%)            | 22.82%              | 1.14%               |
| Operating charges                         | 1.32%                  | 1.30%               | 1.30%               | 1.30%               |
| <b>A Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 157                    | 249                 | 494                 | 418                 |
| Closing number of shares                  | 135,138                | 189,195             | 302,431             | 306,991             |
| Closing net asset value per share (pence) | 116.44                 | 131.39              | 163.45              | 136.14              |
| Change in net asset value per share       | (11.38%)               | (19.61%)            | 20.06%              | (1.71%)             |
| Operating charges                         | 1.32%                  | 1.30%               | 1.30%               | 1.30%               |
| <b>I Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 35,273                 | 44,271              | 60,868              | 54,992              |
| Closing number of shares                  | 20,225,667             | 22,711,257          | 25,930,326          | 28,893,727          |
| Closing net asset value per share (pence) | 174.40                 | 194.93              | 234.74              | 190.32              |
| Change in net asset value per share       | (10.53%)               | (16.96%)            | 23.34%              | 1.53%               |
| Operating charges                         | 0.87%                  | 0.85%               | 0.85%               | 0.85%               |
| <b>I Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 5,882                  | 9,989               | 11,532              | 9,493               |
| Closing number of shares                  | 5,607,807              | 8,454,830           | 7,873,953           | 7,815,789           |
| Closing net asset value per share (pence) | 104.89                 | 118.14              | 146.46              | 121.46              |
| Change in net asset value per share       | (11.22%)               | (19.34%)            | 20.58%              | (1.32%)             |
| Operating charges                         | 0.87%                  | 0.85%               | 0.85%               | 0.85%               |
| <b>M Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 16                     | 17                  | 21                  | 17                  |
| Closing number of shares                  | 15,001                 | 15,024              | 15,073              | 15,125              |
| Closing net asset value per share (pence) | 104.72                 | 117.05              | 140.99              | 114.39              |
| Change in net asset value per share       | (10.53%)               | (16.98%)            | 23.25%              | 1.63%               |
| Operating charges                         | 0.92%                  | 0.90%               | 0.90%               | 0.90%               |
| <b>M Income<sup>A</sup></b>               | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | -                      | 1                   | 1                   | 1                   |
| Closing number of shares                  | -                      | 888                 | 888                 | 888                 |
| Closing net asset value per share (pence) | -                      | 105.45              | 130.73              | 108.37              |
| Change in net asset value per share       | -                      | (19.34%)            | 20.63%              | (1.24%)             |
| Operating charges                         | -                      | 0.90%               | 0.90%               | 0.90%               |

# Comparative Tables

## Continued

| Z Accumulation                            | 31 January 2023 | 31 July 2022 | 31 July 2021 | 31 July 2020 |
|---|-----------------|--------------|--------------|--------------|
| Closing net asset value (£'000)           | 29,234          | 33,836       | 42,042       | 37,798       |
| Closing number of shares                  | 11,031,283      | 11,458,107   | 11,894,406   | 13,278,212   |
| Closing net asset value per share (pence) | 265.01          | 295.30       | 353.46       | 284.66       |
| Change in net asset value per share       | (10.26%)        | (16.45%)     | 24.17%       | 2.17%        |
| Operating charges                         | 0.12%           | 0.10%        | 0.10%        | 0.10%        |

The closing net asset value (£'000) divided by the closing number of shares may not calculate to the closing net asset value per share (pence) due to rounding differences. The published closing net asset value per share (pence) is based on unrounded values and represents the actual price.

The change in the net asset value per share is the change from the beginning of the period to the close of the period.

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

<sup>A</sup> M Income share class was closed on 17 January 2023.

# Portfolio Statement

As at 31 January 2023

| Holding                           | Investment              | Market value<br>£'000 | Percentage of<br>total net assets |
|-----------------------------------|-------------------------|-----------------------|-----------------------------------|
| <b>Equities (99.52%)</b>          |                         | <b>72,841</b>         | <b>99.26</b>                      |
| <b>European Equities (69.25%)</b> |                         | <b>52,060</b>         | <b>70.94</b>                      |
| <b>Austria (1.72%)</b>            |                         | <b>1,295</b>          | <b>1.76</b>                       |
| 51,600                            | CA Immobilien Anlagen   | 1,295                 | 1.76                              |
| <b>Belgium (13.89%)</b>           |                         | <b>9,938</b>          | <b>13.54</b>                      |
| 30,400                            | Aedifica REIT           | 2,159                 | 2.94                              |
| 116,000                           | Shurgard Self Storage   | 4,523                 | 6.16                              |
| 127,000                           | Warehouses De Pauw REIT | 3,256                 | 4.44                              |
| <b>Finland (3.08%)</b>            |                         | <b>2,098</b>          | <b>2.86</b>                       |
| 169,000                           | Kojamo                  | 2,098                 | 2.86                              |
| <b>France (2.71%)</b>             |                         | <b>2,486</b>          | <b>3.39</b>                       |
| 26,000                            | Gecina REIT             | 2,486                 | 3.39                              |
| <b>Germany (21.11%)</b>           |                         | <b>15,585</b>         | <b>21.24</b>                      |
| 150,000                           | Instone REIT            | 1,227                 | 1.67                              |
| 40,500                            | LEG Immobilien          | 2,554                 | 3.48                              |
| 102,500                           | PATRIZIA                | 1,029                 | 1.40                              |
| 27,000                            | Scout24                 | 1,273                 | 1.75                              |
| 4,238,000                         | Sirius Real Estate      | 3,577                 | 4.87                              |
| 227,700                           | TAG Immobilien          | 1,586                 | 2.16                              |
| 190,000                           | Vonovia                 | 4,339                 | 5.91                              |
| <b>Netherlands (4.59%)</b>        |                         | <b>3,615</b>          | <b>4.93</b>                       |
| 309,000                           | CTP                     | 3,615                 | 4.93                              |
| <b>Spain (8.00%)</b>              |                         | <b>6,037</b>          | <b>8.23</b>                       |
| 76,500                            | Cellnex Telecom         | 2,421                 | 3.30                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                      | Investment   | Market value<br>£'000 | Percentage of<br>total net assets |
|--|--|-----------------------|-----------------------------------|
| 261,000                                      | Inmobiliaria Colonial Socimi REIT                              | 1,537                 | 2.10                              |
| 263,000                                      | Merlin Properties REIT   | 2,079                 | 2.83                              |
| <b>Sweden (9.37%)</b>                        |  | <b>6,923</b>          | <b>9.43</b>                       |
| 152,000                                      | Castellum  | 1,688                 | 2.30                              |
| 112,300                                      | Catena   | 3,788                 | 5.16                              |
| 189,000                                      | Fabege   | 1,447                 | 1.97                              |
| <b>Switzerland (4.78%)</b>                   |  | <b>4,083</b>          | <b>5.56</b>                       |
| 13,200                                       | Flughafen Zurich   | 1,938                 | 2.64                              |
| 21,300                                       | PSP Swiss Property   | 2,145                 | 2.92                              |
| <b>UK Equities (30.27%)</b>                  |  | <b>20,781</b>         | <b>28.32</b>                      |
| <b>Consumer Discretionary (1.76%)</b>        |  | <b>1,270</b>          | <b>1.73</b>                       |
| 60,000                                       | Bellway  | 1,270                 | 1.73                              |
| <b>Real Estate (28.51%)</b>                  |  | <b>19,511</b>         | <b>26.59</b>                      |
| 5,144,000                                    | Assura REIT  | 2,865                 | 3.91                              |
| 2,151,000                                    | Industrials REIT   | 2,710                 | 3.69                              |
| 257,000                                      | Rightmove  | 1,508                 | 2.05                              |
| 294,000                                      | Safestore REIT   | 2,955                 | 4.03                              |
| 152,899                                      | Savills  | 1,491                 | 2.03                              |
| 566,000                                      | Segro REIT   | 4,698                 | 6.40                              |
| 329,600                                      | Unite REIT   | 3,284                 | 4.48                              |
| <b>Collective Investment Schemes (0.38%)</b> |  | <b>338</b>            | <b>0.46</b>                       |
| 338  | Aberdeen Standard Liquidity Fund (Lux) – Sterling Fund Z1 Inc+ | 338                   | 0.46                              |
| Total investment assets                      |  | 73,179                | 99.72                             |
| Net other assets                             |  | 203                   | 0.28                              |
| <b>Total Net Assets</b>                      |  | <b>73,382</b>         | <b>100.00</b>                     |

All investments are listed on recognised stock exchanges and are approved securities, or are regulated collective investment schemes within the meaning of the FCA rules. The percentage figures in brackets show the comparative holding as at 31 July 2022.

+ Managed by subsidiaries of abrdn plc.

# Financial Statements

## Statement of Total Return

For the six months ended 31 January 2023

|   | 31 January 2023 |                 | 31 January 2022 |                |
|---|-----------------|-----------------|-----------------|----------------|
|   | £'000           | £'000           | £'000           | £'000          |
| Income:   |                 |                 |                 |                |
| Net capital losses  |                 | (10,495)        |                 | (7,124)        |
| Revenue   | 699             |                 | 784             |                |
| Expenses  | (215)           |                 | (364)           |                |
| Net revenue before taxation   | 484             |                 | 420             |                |
| Taxation  | (56)            |                 | (41)            |                |
| Net revenue after taxation  |                 | 428             |                 | 379            |
| <b>Total return before distributions</b>  |                 | <b>(10,067)</b> |                 | <b>(6,745)</b> |
| Distributions   |                 | (601)           |                 | (724)          |
| <b>Change in net assets attributable to shareholders from investment activities</b> |                 | <b>(10,668)</b> |                 | <b>(7,469)</b> |

## Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 January 2023

|  | 31 January 2023 |               | 31 January 2022 |                |
|--|-----------------|---------------|-----------------|----------------|
|  | £'000           | £'000         | £'000           | £'000          |
| <b>Opening net assets attributable to shareholders</b>                                   |                 | <b>92,224</b> |                 | <b>120,587</b> |
| Amounts receivable on the issue of shares  | 2,562           |               | 9,956           |                |
| Amounts payable on the cancellation of shares  | (11,261)        |               | (10,130)        |                |
|  |                 | (8,699)       |                 | (174)          |
| Change in net assets attributable to shareholders from investment activities (see above) |                 | (10,668)      |                 | (7,469)        |
| Retained distribution on accumulation shares   |                 | 525           |                 | 636            |
| <b>Closing net assets attributable to shareholders</b>                                   |                 | <b>73,382</b> |                 | <b>113,580</b> |

Comparative information is provided for the statement of change in net assets attributable to shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

# Financial Statements

## Continued

### Balance Sheet

As at 31 January 2023

|  | 31 January 2023 |               | 31 July 2022 |                |
|--|-----------------|---------------|--------------|----------------|
|  | £'000           | £'000         | £'000        | £'000          |
| <b>Assets:</b>                                 |                 |               |              |                |
| <b>Fixed assets:</b>                           |                 |               |              |                |
| Investment assets                              |                 | 73,179        |              | 92,135         |
| <b>Current assets:</b>                         |                 |               |              |                |
| Debtors  | 350             |               | 1,456        |                |
| Cash and bank balances                         | 379             |               | 379          |                |
|  |                 | 729           |              | 1,835          |
| <b>Total assets</b>                            |                 | <b>73,908</b> |              | <b>93,970</b>  |
| <b>Liabilities:</b>                            |                 |               |              |                |
| Bank overdrafts                                | -               |               | (38)         |                |
| Creditors                                      | (479)           |               | (1,478)      |                |
| Distribution payable                           | (47)            |               | (230)        |                |
|  |                 | (526)         |              | (1,746)        |
| <b>Total liabilities</b>                       |                 | <b>(526)</b>  |              | <b>(1,746)</b> |
| <b>Net assets attributable to shareholders</b> |                 | <b>73,382</b> |              | <b>92,224</b>  |



# Distribution Table

For the six months ended 31 January 2023 (in pence per share)

## Interim dividend distribution

Group 1 – shares purchased prior to 1 August 2022

Group 2 – shares purchased between 1 August 2022 and 31 January 2023

|                       | Revenue | Equalisation | Distribution paid<br>28/04/23 | Distribution paid<br>29/04/22 |
|-----------------------|---------|--------------|-------------------------------|-------------------------------|
| <b>A Accumulation</b> |         |              |                               |                               |
| Group 1               | 1.6891  | –            | 1.6891                        | 1.7670                        |
| Group 2               | 1.1536  | 0.5355       | 1.6891                        | 1.7670                        |
| <b>A Income</b>       |         |              |                               |                               |
| Group 1               | 0.9150  | –            | 0.9150                        | 0.9850                        |
| Group 2               | 0.5426  | 0.3724       | 0.9150                        | 0.9850                        |
| <b>I Accumulation</b> |         |              |                               |                               |
| Group 1               | 1.3590  | –            | 1.3590                        | 1.4159                        |
| Group 2               | 0.8203  | 0.5387       | 1.3590                        | 1.4159                        |
| <b>I Income</b>       |         |              |                               |                               |
| Group 1               | 0.8237  | –            | 0.8237                        | 0.8834                        |
| Group 2               | 0.4820  | 0.3417       | 0.8237                        | 0.8834                        |
| <b>M Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.8186  | –            | 0.8186                        | 0.8499                        |
| Group 2               | 0.8186  | –            | 0.8186                        | 0.8499                        |
| <b>M Income</b>       |         |              |                               |                               |
| Group 1               | –       | –            | –                             | 0.7957                        |
| Group 2               | –       | –            | –                             | 0.7957                        |
| <b>Z Accumulation</b> |         |              |                               |                               |
| Group 1               | 2.0626  | –            | 2.0626                        | 2.1359                        |
| Group 2               | 1.3867  | 0.6759       | 2.0626                        | 2.1359                        |

## Equalisation

This applies only to shares purchased during the distribution period (group 2 shares). It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

# abrdn European Smaller Companies Fund

For the period ended 31 January 2023

## Investment Objective

To generate growth over the longer term (5 years or more) by investing in European smaller capitalisation equities (company shares).

Performance Target: To achieve the return of the EMIX Smaller European Companies Index, plus 3% per annum over rolling five year periods (before charges). The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target.

The ACD believes this is an appropriate target for the fund based on the investment policy of the fund and the constituents of the index.

## Investment Policy

### Portfolio Securities

- The fund will invest at least 70% in equities and equity related securities of smaller capitalisation companies listed, incorporated or domiciled in European countries, or companies that derive a significant proportion of their revenues or profits from European operations or have a significant proportion of their assets there.
- European countries include the emerging markets of Europe and the UK.
- Smaller capitalisation companies are defined as any stock included in the EMIX Smaller European Companies Index or, if not included within the index any stock having a market capitalisation smaller than that of the stock with the largest market capitalisation in such index.
- The fund may also invest in mid and larger capitalisation companies listed, incorporated or domiciled in European countries.
- The fund may also invest in other funds (including those managed by abrdn), money-market instruments and cash.

### Management Process

- The management team use their discretion (active management) to maintain a diverse asset mix at country, sector and stock level.
- Their primary focus is on stock selection using the management team's quality, growth and momentum approach. It aims to identify companies that exhibit a range of high quality characteristics, operate in growing markets and display positive business momentum.
- In seeking to achieve the performance target, the EMIX Smaller European Companies Index is used as a reference point for portfolio construction and as a basis for setting risk constraints. The expected variation ("tracking error") between the returns of the fund and

the index is not ordinarily expected to exceed 9%. Due to the active nature of the management process, the fund's performance profile may deviate significantly from that of the index.

- Please note: The fund's ability to buy and sell small and mid-capitalisation shares and the associated costs can be affected during periods of market stress. In certain circumstances investors in the fund may not be able to sell their investment when they want to.

### Derivatives and Techniques

- The fund may use derivatives to reduce risk, reduce cost and/or generate additional income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management").
- Derivative usage in the fund is expected to be very limited. Where derivatives are used, this would mainly be in response to significant inflows into the fund so that in these instances, cash can be invested while maintaining the fund's existing allocations to company shares.

## Performance Review

For the six months ended 31 January 2023, the value of abrdn European Smaller Companies Equity Fund – A Accumulation Shares increased by 2.82% compared to an increase of 3.88% in the performance target, the EMIX Smaller European Companies Index.

Source: Lipper; Basis: total return, published NAV to NAV, net of annual charges, UK net income reinvested, GBP.

Please remember that past performance is not a guide to future returns. The price of shares and the revenue from them may fall as well as rise. Investors may not get back the amount originally invested.

Companies selected for illustrative purposes only to demonstrate the investment management style described herein and not as an investment recommendation or indication of future performance.

Any data contained herein which is attributed to a third party ("Third Party Data") is the property of (a) third party supplier(s) (the "Owner") and is licensed for use by abrdn\*\*. Third Party Data may not be copied or distributed. Third Party Data is provided "as is" and is not warranted to be accurate, complete or timely. To the extent permitted by applicable law, none of the Owner, abrdn\*\* or any other third party (including any third party involved in providing and/or compiling Third Party Data) shall have any liability for Third Party Data or for any use made of Third Party Data. Neither the Owner nor any other third party sponsors, endorses or promotes the fund or product to which Third Party Data relates.

\*\*abrdn means the relevant member of abrdn group, being abrdn plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

# abrdn European Smaller Companies Fund

## Continued

### Market Review

European equities made solid gains over the period as fears of rising inflation started to recede and China's reopening boosted share prices. These gains came despite sharp losses in August and September as fears grew that the tighter monetary policy introduced by central banks around the world to combat rising prices could spark a global recession.

Investor sentiment took heart from signs inflation had peaked in October and November, raising hopes of less aggressive monetary tightening ahead. Volatility returned to markets in December, however, as Covid infections in China surged and the European Central Bank (ECB) warned of further rate hikes in 2023, before prices recovered in the new year.

In the eurozone, annual inflation hit a record high of 10.6% in October before falling back to 10.1% the following month as energy-price increases eased. The ECB raised interest rates three times during the period and European Commission officials predicted that the eurozone economy would contract in the first three months of 2023. However, data published in January suggested that industrial activity and business confidence were starting to pick up following several months of decline. The ongoing conflict in Ukraine continued to affect sentiment in Europe, although falls in energy prices over the winter were welcomed by businesses and households alike.

UK equities also advanced over the period as commodity prices remained strong and inflation concerns started to ease. Inflation in Britain reached 11.1% in October, a 40-year high, before falling back in the months that followed. The Bank of England continued to tighten monetary policy over the period by raising the base rate in August, September, November and December.

### Portfolio Activity and Review

Life sciences businesses AddLife weighed on returns. The company struggled to continue the strong earnings growth of recent years and reported a fall in profit in September. Shares in GTT Group were also weak as a result of legal issues and the potential impact of sanctions on business in Russia. Dechra Pharmaceuticals detracted from returns after it reported disappointing trading performance in its US business. Conversely, Brunello Cucinelli added to positive performance after announcing an improved outlook for trading in 2023, boosted in part by China's reopening. Shares in Interparfums also rose in line with wider gains in the luxury-goods sector, while online broker FincoBank recovered strongly from the losses suffered in the first half of 2022.

In terms of activity, the fund initiated a position in Telecom Plus. The underlying competitive environment and ongoing rises in energy bills remain supportive for the company's trading this year. We also introduced insurer ASR Nederland, and topped up holdings in a number of businesses including Reply, Komax and Vidrala. We exited positions in Synthomer, Fluidra, and Norma Group, and sold out of AVEVA Group following its acceptance of a takeover offer from Schneider Electric.

### Portfolio Outlook and Strategy

While China's reopening is undoubtedly positive, the outlook for the global economy remains weak. The majority of developed economies are set to feel the lagged impact of significant monetary tightening to cool inflation. Therefore, while demand has held up well thus far, we expect activity to fade and margins for the average company to come under pressure. We have started to see evidence of earnings downgrades for the market coming through as the first companies report their fourth-quarter and full-year numbers, combined with generally cautious outlook statements for 2023.

Against this backdrop, we believe that the case for our quality-led approach is stronger than ever. The valuation de-rating witnessed last year, and the main driver of the 2022 equity market decline, is now behind us. With earnings multiples having contracted to discounted levels in historic terms, the focus is shifting to the resilience of those earnings going forward. We have demonstrated that the fund's holdings can deliver much stronger and more consistent earnings growth than the market, or indeed European GDP, over the cycle. This gives us confidence in their ability to deliver long-term outperformance regardless of the external environment.

### Smaller Companies Equity Team

February 2023

# abrdn European Smaller Companies Fund

## Continued

### Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the fund. The table below shows the fund's ranking on the Risk and Reward Indicator.

| Typically lower rewards, lower risk |   |   |   | Typically higher rewards, higher risk |   |   |
|-------------------------------------|---|---|---|---------------------------------------|---|---|
| ←                                   |   |   |   | →                                     |   |   |
| 1                                   | 2 | 3 | 4 | 5                                     | 6 | 7 |

Risk and reward indicator table as at 31 January 2023.

The fund is rated as 6 because of the extent to which the following risk factors apply:

- The fund invests in equity 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.
- The shares of small and mid-cap companies may be less liquid and more volatile than those of larger companies.
- The fund invests in emerging market equities and/or bonds. Investing in emerging markets involves a greater risk of loss than investing in more developed markets due to, among other factors, greater political, tax, economic, foreign exchange, liquidity and regulatory risks.
- 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.

All investment involves risk. This fund offers no guarantee against loss or that the fund's objective will be attained.

The price of assets and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

Inflation reduces the buying power of your investment and income.

The value of assets held in the fund may rise and fall as a result of exchange rate fluctuations.

The fund could lose money if an entity (counterparty) with which it does business becomes unwilling or unable to honour its obligations to the fund.

In extreme market conditions some securities may become hard to value or sell at a desired price. This could affect the fund's ability to meet redemptions in a timely manner.

The fund could lose money as the result of a failure or delay in operational processes and systems including but not limited to third party providers failing or going into administration.

# Comparative Tables

| <b>A Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 32,527                 | 36,364              | 47,358              | 34,716              |
| Closing number of shares                  | 1,478,796              | 1,701,572           | 1,803,528           | 1,845,463           |
| Closing net asset value per share (pence) | 2,199.53               | 2,137.11            | 2,625.85            | 1,881.16            |
| Change in net asset value per share       | 2.92%                  | (18.61%)            | 39.59%              | 3.85%               |
| Operating charges                         | 1.32%                  | 1.30%               | 1.32%               | 1.32%               |
| <b>I Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 48,873                 | 48,207              | 48,597              | 27,056              |
| Closing number of shares                  | 17,720,250             | 18,030,045          | 14,859,827          | 11,600,106          |
| Closing net asset value per share (pence) | 275.80                 | 267.37              | 327.04              | 233.23              |
| Change in net asset value per share       | 3.15%                  | (18.25%)            | 40.22%              | 4.32%               |
| Operating charges                         | 0.87%                  | 0.85%               | 0.87%               | 0.87%               |
| <b>K Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 236                    | 242                 | 362                 | 304                 |
| Closing number of shares                  | 108,498                | 114,331             | 140,161             | 165,473             |
| Closing net asset value per share (pence) | 217.98                 | 211.23              | 258.18              | 183.99              |
| Change in net asset value per share       | 3.20%                  | (18.18%)            | 40.32%              | 4.39%               |
| Operating charges                         | 0.79%                  | 0.78%               | 0.80%               | 0.80%               |
| <b>M Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 196                    | 194                 | 224                 | 162                 |
| Closing number of shares                  | 130,529                | 133,493             | 125,591             | 127,038             |
| Closing net asset value per share (pence) | 150.18                 | 145.62              | 178.21              | 127.16              |
| Change in net asset value per share       | 3.13%                  | (18.29%)            | 40.15%              | 4.43%               |
| Operating charges                         | 0.92%                  | 0.90%               | 0.92%               | 0.92%               |

The closing net asset value (£'000) divided by the closing number of shares may not calculate to the closing net asset value per share (pence) due to rounding differences. The published closing net asset value per share (pence) is based on unrounded values and represents the actual price.

The change in the net asset value per share is the change from the beginning of the period to the close of the period.

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

# Portfolio Statement

As at 31 January 2023

| Holding                           | Investment                | Market value<br>£'000 | Percentage of<br>total net assets |
|-----------------------------------|---------------------------|-----------------------|-----------------------------------|
| <b>Equities (99.54%)</b>          |                           | <b>78,125</b>         | <b>95.47</b>                      |
| <b>European Equities (70.29%)</b> |                           | <b>61,221</b>         | <b>74.81</b>                      |
| <b>Austria (2.35%)</b>            |                           | <b>2,488</b>          | <b>3.04</b>                       |
| 29,200                            | DO & CO                   | 2,488                 | 3.04                              |
| <b>Belgium (0.63%)</b>            |                           | <b>498</b>            | <b>0.61</b>                       |
| 41,678                            | Fagron                    | 498                   | 0.61                              |
| <b>Denmark (0.94%)</b>            |                           | <b>718</b>            | <b>0.88</b>                       |
| 50,943                            | Scandinavian Tobacco 'A'  | 718                   | 0.88                              |
| <b>Finland (1.05%)</b>            |                           | <b>828</b>            | <b>1.01</b>                       |
| 44,000                            | Kesko                     | 828                   | 1.01                              |
| <b>France (10.17%)</b>            |                           | <b>8,641</b>          | <b>10.56</b>                      |
| 26,412                            | Gaztransport Et Technigaz | 2,363                 | 2.89                              |
| 84,455                            | Interparfums              | 4,478                 | 5.47                              |
| 8,001                             | Teleperformance           | 1,800                 | 2.20                              |
| <b>Germany (12.38%)</b>           |                           | <b>9,455</b>          | <b>11.55</b>                      |
| 9,419                             | Amadeus Fire              | 1,060                 | 1.29                              |
| 47,357                            | CTS Eventim               | 2,678                 | 3.27                              |
| 21,458                            | Dermapharm                | 717                   | 0.88                              |
| 27,113                            | Jungheinrich (Preference) | 870                   | 1.06                              |
| 37,650                            | Nemetschek                | 1,616                 | 1.98                              |
| 1,461                             | New Work                  | 215                   | 0.26                              |
| 59,000                            | PATRIZIA                  | 592                   | 0.72                              |
| 3,232                             | Rational                  | 1,707                 | 2.09                              |
| <b>Ireland (0.84%)</b>            |                           | <b>779</b>            | <b>0.95</b>                       |
| 84,842                            | Grafton                   | 779                   | 0.95                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                     | Investment              | Market value<br>£'000 | Percentage of<br>total net assets |
|-----------------------------|-------------------------|-----------------------|-----------------------------------|
| <b>Italy (12.62%)</b>       |                         | <b>13,259</b>         | <b>16.20</b>                      |
| 63,357                      | Amplifon                | 1,412                 | 1.73                              |
| 114,969                     | Azimut                  | 2,318                 | 2.83                              |
| 58,188                      | Brunello Cucinelli      | 3,914                 | 4.78                              |
| 167,168                     | FinecoBank              | 2,425                 | 2.96                              |
| 34,508                      | Interpump               | 1,454                 | 1.78                              |
| 16,561                      | Reply                   | 1,736                 | 2.12                              |
| <b>Netherlands (0.00%)</b>  |                         | <b>398</b>            | <b>0.49</b>                       |
| 10,400                      | ASR Nederland           | 398                   | 0.49                              |
| <b>Norway (1.82%)</b>       |                         | <b>1,310</b>          | <b>1.60</b>                       |
| 105,377                     | Borregaard              | 1,310                 | 1.60                              |
| <b>Spain (3.39%)</b>        |                         | <b>2,356</b>          | <b>2.88</b>                       |
| 82,931                      | CIE Automotive          | 1,993                 | 2.44                              |
| 4,448                       | Vidrala                 | 363                   | 0.44                              |
| <b>Sweden (13.63%)</b>      |                         | <b>9,951</b>          | <b>12.16</b>                      |
| 149,200                     | AddLife 'B'             | 1,265                 | 1.54                              |
| 292,289                     | AddTech 'B'             | 3,762                 | 4.60                              |
| 180,000                     | Coor Service Management | 929                   | 1.14                              |
| 363,000                     | Lagercrantz 'B'         | 3,087                 | 3.77                              |
| 53,439                      | Troax                   | 908                   | 1.11                              |
| <b>Switzerland (10.47%)</b> |                         | <b>10,540</b>         | <b>12.88</b>                      |
| 19,772                      | Bachem                  | 1,405                 | 1.72                              |
| 3,516                       | Burckhardt Compression  | 1,756                 | 2.14                              |
| 453                         | Interroll               | 1,135                 | 1.39                              |
| 6,644                       | Komax                   | 1,765                 | 2.16                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                | Investment               | Market value<br>£'000 | Percentage of<br>total net assets |
|--|--------------------------|-----------------------|-----------------------------------|
| 8,160                                  | Tecan                    | 2,756                 | 3.37                              |
| 9,100                                  | Temenos                  | 523                   | 0.64                              |
| 18,750                                 | VZ                       | 1,200                 | 1.46                              |
| <b>North American Equities (0.00%)</b> |                          | -                     | -                                 |
| <b>United States (0.00%)</b>           |                          | -                     | -                                 |
| 3,184,500                              | Ashurst TechnologyΩ      | -                     | -                                 |
| <b>UK Equities (29.25%)</b>            |                          | <b>16,904</b>         | <b>20.66</b>                      |
| <b>Basic Materials (3.90%)</b>         |                          | <b>2,359</b>          | <b>2.88</b>                       |
| 92,549                                 | Hill & Smith             | 1,164                 | 1.42                              |
| 65,003                                 | Victrex                  | 1,195                 | 1.46                              |
| <b>Consumer Discretionary (2.68%)</b>  |                          | <b>2,448</b>          | <b>2.99</b>                       |
| 16,690                                 | Games Workshop           | 1,565                 | 1.91                              |
| 90,622                                 | YouGov++                 | 883                   | 1.08                              |
| <b>Financials (3.02%)</b>              |                          | <b>2,410</b>          | <b>2.94</b>                       |
| 31,500                                 | Close Brothers           | 305                   | 0.37                              |
| 65,329                                 | Impax Asset Management++ | 506                   | 0.62                              |
| 115,274                                | Intermediate Capital     | 1,599                 | 1.95                              |
| <b>Health Care (5.39%)</b>             |                          | <b>2,782</b>          | <b>3.40</b>                       |
| 71,500                                 | Dechra Pharmaceuticals   | 2,048                 | 2.50                              |
| 25,354                                 | Genus                    | 734                   | 0.90                              |
| <b>Industrials (12.41%)</b>            |                          | <b>6,612</b>          | <b>8.09</b>                       |
| 93,763                                 | Diploma                  | 2,558                 | 3.13                              |
| 206,965                                | Marshalls                | 703                   | 0.86                              |
| 65,188                                 | Morgan Sindall           | 1,069                 | 1.31                              |
| 97,500                                 | Oxford Instruments       | 2,282                 | 2.79                              |



# Portfolio Statement

As at 31 January 2023 continued

| Holding                               | Investment   | Market value<br>£'000 | Percentage of<br>total net assets |
|---------------------------------------|--|-----------------------|-----------------------------------|
| Technology (1.85%)                    |  | -                     | -                                 |
| Telecommunications (0.00%)            |  | 293                   | 0.36                              |
| 14,672                                | Telecom Plus   | 293                   | 0.36                              |
| Collective Investment Schemes (0.00%) |  | 1,013                 | 1.24                              |
| 1,013                                 | Aberdeen Standard Liquidity Fund (Lux) – Sterling Fund Z1 Inc+ | 1,013                 | 1.24                              |
| Total investment assets               |  | 79,138                | 96.71                             |
| Net other assets                      |  | 2,694                 | 3.29                              |
| <b>Total Net Assets</b>               |  | <b>81,832</b>         | <b>100.00</b>                     |

All investments are listed on recognised stock exchanges and are approved securities, or are regulated collective investment schemes within the meaning of the FCA rules.

The percentage figures in brackets show the comparative holding as at 31 July 2022.

+ Managed by subsidiaries of abrdn plc.

++ AIM listed.

Ω Unapproved/unquoted security.

# Financial Statements

## Statement of Total Return

For the six months ended 31 January 2023

|   | 31 January 2023 |              | 31 January 2022 |                 |
|---|-----------------|--------------|-----------------|-----------------|
|   | £'000           | £'000        | £'000           | £'000           |
| Income:   |                 |              |                 |                 |
| Net capital gains/(losses)  |                 | 1,914        |                 | (10,682)        |
| Revenue   | 480             |              | 453             |                 |
| Expenses  | (401)           |              | (585)           |                 |
| Net revenue/(expense) before taxation   | 79              |              | (132)           |                 |
| Taxation  | (4)             |              | 7               |                 |
| Net revenue/(expense) after taxation  |                 | 75           |                 | (125)           |
| <b>Total return before equalisation</b>   |                 | <b>1,989</b> |                 | <b>(10,807)</b> |
| Equalisation on shares  |                 | (2)          |                 | -               |
| <b>Change in net assets attributable to shareholders from investment activities</b> |                 | <b>1,987</b> |                 | <b>(10,807)</b> |

## Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 January 2023

|  | 31 January 2023 |               | 31 January 2022 |                |
|--|-----------------|---------------|-----------------|----------------|
|  | £'000           | £'000         | £'000           | £'000          |
| <b>Opening net assets attributable to shareholders</b>                                   |                 | <b>85,007</b> |                 | <b>96,541</b>  |
| Amounts receivable on the issue of shares  | 1,045           |               | 29,069          |                |
| Amounts payable on the cancellation of shares  | (6,207)         |               | (13,768)        |                |
|  |                 | (5,162)       |                 | 15,301         |
| Dilution adjustment  |                 | -             |                 | 20             |
| Change in net assets attributable to shareholders from investment activities (see above) |                 | 1,987         |                 | (10,807)       |
| <b>Closing net assets attributable to shareholders</b>                                   |                 | <b>81,832</b> |                 | <b>101,055</b> |

Comparative information is provided for the statement of change in net assets attributable to shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

# Financial Statements

## Continued

### Balance Sheet

As at 31 January 2023

|  | 31 January 2023 |               | 31 July 2022 |               |
|--|-----------------|---------------|--------------|---------------|
|  | £'000           | £'000         | £'000        | £'000         |
| <b>Assets:</b>                                 |                 |               |              |               |
| <b>Fixed assets:</b>                           |                 |               |              |               |
| Investment assets                              |                 | 79,138        |              | 84,620        |
| <b>Current assets:</b>                         |                 |               |              |               |
| Debtors  | 275             |               | 327          |               |
| Cash and bank balances                         | 2,626           |               | 289          |               |
|  |                 | 2,901         |              | 616           |
| <b>Total assets</b>                            |                 | <b>82,039</b> |              | <b>85,236</b> |
| <b>Liabilities:</b>                            |                 |               |              |               |
| Creditors                                      | (207)           |               | (229)        |               |
|  |                 | (207)         |              | (229)         |
| <b>Total liabilities</b>                       |                 | <b>(207)</b>  |              | <b>(229)</b>  |
| <b>Net assets attributable to shareholders</b> |                 | <b>81,832</b> |              | <b>85,007</b> |

# abrdn Global Equity Fund

For the period ended 31 January 2023

## Investment Objective

To generate growth over the long term (5 years or more) by investing in equities (company shares) worldwide.

Performance Target: To achieve the return of the MSCI AC World Index plus 3% per annum over rolling three year periods (before charges). The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target.

The ACD believes this is an appropriate target for the fund based on the investment policy of the fund and the constituents of the index.

## Investment Policy

### Portfolio Securities

- The fund will invest at least 80% in equities and equity related securities of companies listed on global stock exchanges.
- The fund may also invest in other funds (including those managed by abrdn), money-market instruments, and cash.

### Management Process

- The management team use their discretion (active management) to maintain a diverse asset mix at country, sector and stock level.
- Their primary focus is on stock selection using research techniques to select individual holdings. The research process is focused on finding high quality companies at attractive valuations that can be held for the long term.
- In seeking to achieve the Performance Target, the MSCI AC World Index is used as a reference point for portfolio construction and as a basis for setting risk constraints. The expected variation ("tracking error") between the returns of the fund and the index is not ordinarily expected to exceed 9%. Due to the active nature of the management process, the fund's performance profile may deviate significantly from that of the index.

### Derivatives and Techniques

- The fund may use derivatives to reduce risk, reduce cost and/or generate additional income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management").
- Derivative usage in the fund is expected to be very limited. Where derivatives are used, this would mainly be in response to significant inflows into the fund so that in these instances, cash can be invested while maintaining the fund's existing allocations to company shares.

## Performance Review

For the six months ended 31 January 2023, the value of abrdn Global Equity Fund – A Income Shares increased by 2.74% compared to an increase of 1.49% in the performance target, the MSCI AC World Index.

Source: Lipper; Basis: total return, published NAV to NAV, net of annual charges, UK net income reinvested, GBP.

Source: MSCI. The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis forecast or prediction. The MSCI information is provided on an 'as is' basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the 'MSCI' Parties) expressly disclaims all warranties (including without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages ([www.msci.com](http://www.msci.com)).

Please remember that past performance is not a guide to future returns. The price of shares and the revenue from them may fall as well as rise. Investors may not get back the amount originally invested.

Companies selected for illustrative purposes only to demonstrate the investment management style described herein and not as an investment recommendation or indication of future performance.

Any data contained herein which is attributed to a third party ("Third Party Data") is the property of (a) third party supplier(s) (the "Owner") and is licensed for use by abrdn\*\*. Third Party Data may not be copied or distributed. Third Party Data is provided "as is" and is not warranted to be accurate, complete or timely. To the extent permitted by applicable law, none of the Owner, abrdn\*\* or any other third party (including any third party involved in providing and/or compiling Third Party Data) shall have any liability for Third Party Data or for any use made of Third Party Data. Neither the Owner nor any other third party sponsors, endorses or promotes the fund or product to which Third Party Data relates.

\*\*abrdn means the relevant member of abrdn group, being abrdn plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

## Market Review

Global stock markets ended flat after a challenging six months. Central banks responded to multi-decade-high inflation levels in Western economies by raising interest rates faster and further than previously anticipated. Stock markets fell sharply over August and September in the face of mounting gloom over the prospects for the global economy. November then saw a significant recovery in stock markets, prompted by better-than-expected

# abrdn Global Equity Fund

## Continued

US inflation data. This raised hopes that US inflation may have peaked and that an end to the current cycle of interest-rate rises might be in sight. A tough calendar year concluded with further stock market weakness in December amid concerns for global economic growth in 2023. However, the new year started on a highly positive note on greater economic optimism and hopes that interest rates have almost peaked.

### Portfolio Activity and Review

In terms of individual stock contributors, Las Vegas Sands outperformed on news that the Chinese government would ease travel restrictions, which should mean a pickup in visitors to Macau. We believe that there is pent-up demand for the Macau casinos and the lifting of restrictions will lead to an improvement in the financials of the casinos. TJX Companies' management held a meeting with investors in December where the company reiterated its strong position in the market, meeting increased demand from consumers seeking value. LVMH outperformed as China's earlier-than-expected reopening should be a positive for luxury goods companies. The fund's lack of exposure to Apple and Tesla was beneficial. These companies' share prices declined over the period against a backdrop of rising interest rates.

In terms of individual stock detractors, while Amazon.com is making progress to rightsize costs to its overall revenues, the fear of AWS growth slowing into 2023 weighed on the shares. Diageo reported solid first-half results. However, the shares were slightly weak due to a slowdown in the company's key US market and the fact that Diageo has lower exposure to an impending China recovery than its peers. UK-based Dechra Pharmaceuticals' shares weakened. The company's strong growth characteristics fell out of favour, plus investors worried about the risks from inflation, consumer pressures and genericization. However, we view such risks as manageable, while the company has confirmed it remains well positioned despite the macroeconomic headwinds. Alphabet shares weakened, along with global IT and communication stocks in general.

In portfolio activity, there were no new holdings or existing positions disposed of. However, we added to various stocks, including Danone, Adyen, Dechra Pharmaceuticals, Amazon, Microsoft, Costco Wholesale and OCBC.

Against these, we trimmed several holdings, including Shin-Etsu Chemical, Linde, Genmab, Emerson Electric, Estee Lauder, LVMH, AIA Group, Tencent, TJX Companies, Nike and ASML.

### Portfolio Outlook and Strategy

Global equity markets will continue to face challenges in 2023. Despite cautious optimism from investors in November, as falling US inflation data signalled a possible deceleration in interest-rate rises, investors are now concerned that entrenched inflation and sustained rate hikes could result in a harsh economic downturn. We believe that many of the market pressures in 2022, such as high energy prices, the cost-of-living crisis and rising interest rates, will continue into this year. In the UK and Europe, we feel that earnings forecasts have not priced in the likely slowdown in GDP growth. In the US, although growth remains positive, it is slowing, and we believe that there may need to be a rise in unemployment in order to tame core inflation. Against such a challenging backdrop, the portfolio will remain diversified, defensive and focused on businesses best positioned to manage financial pressures through to times of greater market stability. Periods of market weakness represent an opportunity for the long-term investor. We reiterate the importance of a diversified portfolio with a 'bottom-up' investment approach focused on quality characteristics.

### Global Equity Team

February 2023

# abrdn Global Equity Fund

## Continued

### Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the fund. The table below shows the fund's ranking on the Risk and Reward Indicator.

| Typically lower rewards, lower risk |   |   |   | Typically higher rewards, higher risk |   |   |
|-------------------------------------|---|---|---|---------------------------------------|---|---|
| ←                                   |   |   |   | →                                     |   |   |
| 1                                   | 2 | 3 | 4 | 5                                     | 6 | 7 |

Risk and reward indicator table as at 31 January 2023.

The fund is rated as 5 because of the extent to which the following risk factors apply:

- The fund invests in equity 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.
- The fund invests in emerging market equities and/or bonds. Investing in emerging markets involves a greater risk of loss than investing in more developed markets due to, among other factors, greater political, tax, economic, foreign exchange, liquidity and regulatory risks.
- The fund may invest in companies with Variable Interest Entity (VIE) structures in order to gain exposure to industries with foreign ownership restrictions. There is a risk that investments in these structures may be adversely affected by changes in the legal and regulatory framework.
- Investing in China A shares involves special considerations and risks, including greater price volatility, a less developed regulatory and legal framework, exchange rate risk/controls, settlement, tax, quota, liquidity and regulatory risks.
- 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.

All investment involves risk. This fund offers no guarantee against loss or that the fund's objective will be attained.

The price of assets and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

Inflation reduces the buying power of your investment and income.

The value of assets held in the fund may rise and fall as a result of exchange rate fluctuations.

The fund could lose money if an entity (counterparty) with which it does business becomes unwilling or unable to honour its obligations to the fund.

In extreme market conditions some securities may become hard to value or sell at a desired price. This could affect the fund's ability to meet redemptions in a timely manner.

The fund could lose money as the result of a failure or delay in operational processes and systems including but not limited to third party providers failing or going into administration.

# Comparative Tables

| <b>A Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 102,070                | 116,694             | 113,835             | 88,178              |
| Closing number of shares                  | 28,605,108             | 33,781,599          | 33,142,002          | 32,742,468          |
| Closing net asset value per share (pence) | 356.82                 | 345.44              | 343.48              | 269.31              |
| Change in net asset value per share       | 3.29%                  | 0.57%               | 27.54%              | (1.91%)             |
| Operating charges                         | 1.29%                  | 1.29%               | 1.53%               | 1.57%               |
| <b>A Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 34,311                 | 34,281              | 34,904              | 28,545              |
| Closing number of shares                  | 11,331,854             | 11,695,365          | 11,975,670          | 12,491,107          |
| Closing net asset value per share (pence) | 302.78                 | 293.12              | 291.46              | 228.52              |
| Change in net asset value per share       | 3.30%                  | 0.57%               | 27.54%              | (1.96%)             |
| Operating charges                         | 1.29%                  | 1.29%               | 1.53%               | 1.57%               |
| <b>I Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 90,080                 | 82,285              | 93,301              | 85,146              |
| Closing number of shares                  | 23,518,281             | 22,241,994          | 25,478,433          | 29,788,534          |
| Closing net asset value per share (pence) | 383.02                 | 369.95              | 366.20              | 285.84              |
| Change in net asset value per share       | 3.53%                  | 1.02%               | 28.11%              | (1.47%)             |
| Operating charges                         | 0.84%                  | 0.84%               | 1.08%               | 1.12%               |
| <b>I Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 8,753                  | 8,021               | 8,518               | 7,979               |
| Closing number of shares                  | 4,087,786              | 3,875,681           | 4,140,091           | 4,968,476           |
| Closing net asset value per share (pence) | 214.12                 | 206.95              | 205.75              | 160.60              |
| Change in net asset value per share       | 3.46%                  | 0.58%               | 28.11%              | (1.94%)             |
| Operating charges                         | 0.84%                  | 0.84%               | 1.08%               | 1.12%               |
| <b>L Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 30                     | 29                  | 29                  | 22                  |
| Closing number of shares                  | 17,318                 | 17,318              | 17,318              | 17,318              |
| Closing net asset value per share (pence) | 174.09                 | 167.94              | 165.83              | 129.11              |
| Change in net asset value per share       | 3.66%                  | 1.27%               | 28.44%              | (1.23%)             |
| Operating charges                         | 0.59%                  | 0.59%               | 0.83%               | 0.87%               |
| <b>L Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 1,541                  | 1,528               | 1,532               | 1,196               |
| Closing number of shares                  | 930,375                | 954,547             | 962,600             | 962,600             |
| Closing net asset value per share (pence) | 165.67                 | 160.11              | 159.19              | 124.22              |
| Change in net asset value per share       | 3.47%                  | 0.58%               | 28.15%              | (1.93%)             |
| Operating charges                         | 0.59%                  | 0.59%               | 0.83%               | 0.87%               |

# Comparative Tables

## Continued

| <b>M Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 328                    | 317                 | 297                 | 225                 |
| Closing number of shares                  | 219,530                | 219,283             | 207,762             | 201,533             |
| Closing net asset value per share (pence) | 149.54                 | 144.48              | 143.09              | 111.74              |
| Change in net asset value per share       | 3.50%                  | 0.97%               | 28.06%              | (1.24%)             |
| Operating charges                         | 0.89%                  | 0.89%               | 1.13%               | 1.17%               |
| <b>M Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 52                     | 51                  | 54                  | 42                  |
| Closing number of shares                  | 36,300                 | 36,262              | 38,663              | 38,581              |
| Closing net asset value per share (pence) | 144.58                 | 139.74              | 138.93              | 108.52              |
| Change in net asset value per share       | 3.46%                  | 0.58%               | 28.02%              | (2.68%)             |
| Operating charges                         | 0.89%                  | 0.89%               | 1.13%               | 1.17%               |

The closing net asset value (£'000) divided by the closing number of shares may not calculate to the closing net asset value per share (pence) due to rounding differences. The published closing net asset value per share (pence) is based on unrounded values and represents the actual price.

The change in the net asset value per share is the change from the beginning of the period to the close of the period.

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.



# Portfolio Statement

As at 31 January 2023

| Holding                                 | Investment                        | Market value<br>£'000 | Percentage of<br>total net assets |
|---|-----------------------------------|-----------------------|-----------------------------------|
| <b>Equities (97.15%)</b>                |                                   | <b>230,558</b>        | <b>97.21</b>                      |
| <b>Emerging Market Equities (0.88%)</b> |                                   | <b>2,562</b>          | <b>1.08</b>                       |
| <b>Brazil (0.88%)</b>                   |                                   | <b>2,562</b>          | <b>1.08</b>                       |
| 646,700                                 | Raia Drogasil                     | 2,562                 | 1.08                              |
| <b>European Equities (27.78%)</b>       |                                   | <b>67,778</b>         | <b>28.58</b>                      |
| <b>Denmark (4.36%)</b>                  |                                   | <b>10,154</b>         | <b>4.28</b>                       |
| 9,711                                   | Genmab                            | 3,070                 | 1.29                              |
| 63,316                                  | Novo Nordisk 'B'                  | 7,084                 | 2.99                              |
| <b>France (6.80%)</b>                   |                                   | <b>18,247</b>         | <b>7.70</b>                       |
| 79,920                                  | Danone                            | 3,544                 | 1.50                              |
| 10,111                                  | LVMH Moet Hennessy Louis Vuitton  | 7,136                 | 3.01                              |
| 57,851                                  | Schneider Electric                | 7,567                 | 3.19                              |
| <b>Ireland (1.78%)</b>                  |                                   | <b>4,103</b>          | <b>1.73</b>                       |
| 21,900                                  | ICON                              | 4,103                 | 1.73                              |
| <b>Netherlands (6.59%)</b>              |                                   | <b>15,558</b>         | <b>6.56</b>                       |
| 4,021                                   | Adyen                             | 4,887                 | 2.06                              |
| 8,654                                   | ASML                              | 4,600                 | 1.94                              |
| 75,181                                  | Heineken                          | 6,071                 | 2.56                              |
| <b>Sweden (1.92%)</b>                   |                                   | <b>4,671</b>          | <b>1.97</b>                       |
| 488,800                                 | Atlas Copco 'A'                   | 4,671                 | 1.97                              |
| <b>Switzerland (6.33%)</b>              |                                   | <b>15,045</b>         | <b>6.34</b>                       |
| 69,200                                  | Nestle                            | 6,820                 | 2.88                              |
| 11,900                                  | Roche (Participating certificate) | 3,001                 | 1.26                              |
| 13,070                                  | Zurich Insurance                  | 5,224                 | 2.20                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                 | Investment                | Market value<br>£'000 | Percentage of<br>total net assets |
|---|---------------------------|-----------------------|-----------------------------------|
| <b>Japanese Equities (3.77%)</b>        |                           | <b>9,621</b>          | <b>4.06</b>                       |
| 18,800                                  | Keyence                   | 6,946                 | 2.93                              |
| 22,470                                  | Shin-Etsu Chemical        | 2,675                 | 1.13                              |
| <b>North American Equities (39.82%)</b> |                           | <b>91,766</b>         | <b>38.69</b>                      |
| <b>United States (39.82%)</b>           |                           | <b>91,766</b>         | <b>38.69</b>                      |
| 36,400                                  | AbbVie                    | 4,368                 | 1.84                              |
| 72,600                                  | Alphabet 'A'              | 5,829                 | 2.46                              |
| 90,600                                  | Amazon.com                | 7,590                 | 3.20                              |
| 183,900                                 | Boston Scientific         | 6,906                 | 2.91                              |
| 39,600                                  | Bristol-Myers Squibb      | 2,337                 | 0.98                              |
| 8,828                                   | Costco Wholesale          | 3,665                 | 1.54                              |
| 43,395                                  | Emerson Electric          | 3,181                 | 1.34                              |
| 23,893                                  | Estee Lauder 'A'          | 5,374                 | 2.27                              |
| 67,000                                  | Intercontinental Exchange | 5,851                 | 2.47                              |
| 105,828                                 | Las Vegas Sands           | 5,072                 | 2.14                              |
| 16,476                                  | Mastercard 'A'            | 4,959                 | 2.09                              |
| 52,158                                  | Microsoft                 | 10,499                | 4.43                              |
| 56,605                                  | NIKE 'B'                  | 5,855                 | 2.47                              |
| 36,200                                  | Procter & Gamble          | 4,187                 | 1.77                              |
| 12,130                                  | S&P Global                | 3,696                 | 1.56                              |
| 39,484                                  | Tetra Tech                | 4,988                 | 2.10                              |
| 111,397                                 | TJX                       | 7,409                 | 3.12                              |
| <b>Pacific Basin Equities (13.01%)</b>  |                           | <b>31,555</b>         | <b>13.30</b>                      |
| <b>Australia (0.92%)</b>                |                           | <b>2,158</b>          | <b>0.91</b>                       |
| 189,500                                 | Goodman REIT              | 2,158                 | 0.91                              |
| <b>China (1.85%)</b>                    |                           | <b>3,645</b>          | <b>1.54</b>                       |
| 10,590                                  | Meituan 'B'               | 191                   | 0.08                              |
| 87,200                                  | Tencent                   | 3,454                 | 1.46                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                         | Investment                         | Market value<br>£'000 | Percentage of<br>total net assets |
|---------------------------------|------------------------------------|-----------------------|-----------------------------------|
| <b>Hong Kong (3.20%)</b>        |                                    | <b>7,197</b>          | <b>3.03</b>                       |
| 784,300                         | AIA                                | 7,197                 | 3.03                              |
| <b>India (2.06%)</b>            |                                    | <b>4,588</b>          | <b>1.93</b>                       |
| 176,282                         | Housing Development Finance        | 4,588                 | 1.93                              |
| <b>Singapore (1.96%)</b>        |                                    | <b>6,289</b>          | <b>2.65</b>                       |
| 787,667                         | Oversea-Chinese Banking            | 6,289                 | 2.65                              |
| <b>Taiwan (3.02%)</b>           |                                    | <b>7,678</b>          | <b>3.24</b>                       |
| 543,705                         | Taiwan Semiconductor Manufacturing | 7,678                 | 3.24                              |
| <b>UK Equities (11.89%)</b>     |                                    | <b>27,276</b>         | <b>11.50</b>                      |
| <b>Basic Materials (4.01%)</b>  |                                    | <b>9,066</b>          | <b>3.82</b>                       |
| 67,056                          | Croda International                | 4,616                 | 1.94                              |
| 16,551                          | Linde                              | 4,450                 | 1.88                              |
| <b>Consumer Staples (2.87%)</b> |                                    | <b>6,339</b>          | <b>2.67</b>                       |
| 180,100                         | Diageo                             | 6,339                 | 2.67                              |
| <b>Health Care (5.01%)</b>      |                                    | <b>11,871</b>         | <b>5.01</b>                       |
| 66,122                          | AstraZeneca                        | 7,001                 | 2.95                              |
| 77,300                          | Dechra Pharmaceuticals             | 2,214                 | 0.94                              |
| 91,760                          | Genus                              | 2,656                 | 1.12                              |
| 1,500                           | Sinclair Research                  | -                     | -                                 |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                               | Investment   | Market value<br>£'000 | Percentage of<br>total net assets |
|---------------------------------------|--|-----------------------|-----------------------------------|
| Collective Investment Schemes (1.49%) |  | 5,611                 | 2.37                              |
| 5,611                                 | Aberdeen Standard Liquidity Fund (Lux) – Sterling Fund Z1 Inc <sup>+</sup> | 5,611                 | 2.37                              |
| Total investment assets               |  | 236,169               | 99.58                             |
| Net other assets                      |  | 996                   | 0.42                              |
| <b>Total Net Assets</b>               |  | <b>237,165</b>        | <b>100.00</b>                     |

All investments are listed on recognised stock exchanges and are approved securities, or are regulated collective investment schemes within the meaning of the FCA rules.  
The percentage figures in brackets show the comparative holding as at 31 July 2022.

<sup>+</sup> Managed by subsidiaries of abrdn plc.

# Financial Statements

## Statement of Total Return

For the six months ended 31 January 2023

|   | 31 January 2023 |              | 31 January 2022 |              |
|---|-----------------|--------------|-----------------|--------------|
|   | £'000           | £'000        | £'000           | £'000        |
| Income:   |                 |              |                 |              |
| Net capital gains   |                 | 8,216        |                 | 3,952        |
| Revenue   | 1,295           |              | 1,252           |              |
| Expenses  | (1,296)         |              | (1,436)         |              |
| Interest payable and similar charges  | (12)            |              | -               |              |
| Net expense before taxation   | (13)            |              | (184)           |              |
| Taxation  | (177)           |              | (109)           |              |
| Net expense after taxation  |                 | (190)        |                 | (293)        |
| <b>Total return before distributions</b>  |                 | <b>8,026</b> |                 | <b>3,659</b> |
| Distributions   |                 | (60)         |                 | (34)         |
| <b>Change in net assets attributable to shareholders from investment activities</b> |                 | <b>7,966</b> |                 | <b>3,625</b> |

## Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 January 2023

|  | 31 January 2023 |                | 31 January 2022 |                |
|--|-----------------|----------------|-----------------|----------------|
|  | £'000           | £'000          | £'000           | £'000          |
| <b>Opening net assets attributable to shareholders</b>                                   |                 | <b>243,206</b> |                 | <b>252,470</b> |
| Amounts receivable on the issue of shares  | 15,560          |                | 10,051          |                |
| Amounts payable on the cancellation of shares  | (29,625)        |                | (17,587)        |                |
|  |                 | (14,065)       |                 | (7,536)        |
| Change in net assets attributable to shareholders from investment activities (see above) |                 | 7,966          |                 | 3,625          |
| Retained distribution on accumulation shares   |                 | 56             |                 | 26             |
| Unclaimed distributions  |                 | 2              |                 | 4              |
| <b>Closing net assets attributable to shareholders</b>                                   |                 | <b>237,165</b> |                 | <b>248,589</b> |

Comparative information is provided for the statement of change in net assets attributable to shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

# Financial Statements

## Continued

### Balance Sheet

As at 31 January 2023

|  | 31 January 2023 |                | 31 July 2022 |                |
|--|-----------------|----------------|--------------|----------------|
|  | £'000           | £'000          | £'000        | £'000          |
| <b>Assets:</b>                                 |                 |                |              |                |
| <b>Fixed assets:</b>                           |                 |                |              |                |
| Investment assets                              |                 | 236,169        |              | 239,897        |
| <b>Current assets:</b>                         |                 |                |              |                |
| Debtors  | 228             |                | 2,621        |                |
| Cash and bank balances                         | 1,224           |                | 1,252        |                |
|  |                 | 1,452          |              | 3,873          |
| <b>Total assets</b>                            |                 | <b>237,621</b> |              | <b>243,770</b> |
| <b>Liabilities:</b>                            |                 |                |              |                |
| Provisions for liabilities                     |                 | (39)           |              | -              |
| Bank overdrafts                                | -               |                | (5)          |                |
| Creditors                                      | (409)           |                | (517)        |                |
| Distribution payable                           | (8)             |                | (42)         |                |
|  |                 | (417)          |              | (564)          |
| <b>Total liabilities</b>                       |                 | <b>(456)</b>   |              | <b>(564)</b>   |
| <b>Net assets attributable to shareholders</b> |                 | <b>237,165</b> |              | <b>243,206</b> |

# Distribution Table

For the six months ended 31 January 2023 (in pence per share)

## Interim dividend distribution

Group 1 – shares purchased prior to 1 August 2022

Group 2 – shares purchased between 1 August 2022 and 31 January 2023

|                       | Revenue | Equalisation | Distribution paid<br>28/04/23 | Distribution paid<br>29/04/22 |
|-----------------------|---------|--------------|-------------------------------|-------------------------------|
| <b>A Accumulation</b> |         |              |                               |                               |
| Group 1               | -       | -            | -                             | -                             |
| Group 2               | -       | -            | -                             | -                             |
| <b>A Income</b>       |         |              |                               |                               |
| Group 1               | -       | -            | -                             | -                             |
| Group 2               | -       | -            | -                             | -                             |
| <b>I Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.2383  | -            | 0.2383                        | 0.1092                        |
| Group 2               | -       | 0.2383       | 0.2383                        | 0.1092                        |
| <b>I Income</b>       |         |              |                               |                               |
| Group 1               | 0.1333  | -            | 0.1333                        | 0.0614                        |
| Group 2               | -       | 0.1333       | 0.1333                        | 0.0614                        |
| <b>L Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.3153  | -            | 0.3153                        | 0.2622                        |
| Group 2               | 0.3153  | -            | 0.3153                        | 0.2622                        |
| <b>L Income</b>       |         |              |                               |                               |
| Group 1               | 0.3030  | -            | 0.3030                        | 0.2555                        |
| Group 2               | 0.3030  | -            | 0.3030                        | 0.2555                        |
| <b>M Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.0571  | -            | 0.0571                        | 0.0056                        |
| Group 2               | -       | 0.0571       | 0.0571                        | 0.0056                        |
| <b>M Income</b>       |         |              |                               |                               |
| Group 1               | 0.0553  | -            | 0.0553                        | 0.0055                        |
| Group 2               | -       | 0.0553       | 0.0553                        | 0.0055                        |

## Equalisation

This applies only to shares purchased during the distribution period (group 2 shares). It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

# abrdn Global Sustainable and Responsible Investment Equity Fund

For the period ended 31 January 2023

## Investment Objective

To generate growth over the long term (5 years or more) by investing in global equities (company shares) which adhere to the abrdn Sustainable and Responsible Investment Equity Approach.

**Performance Target:** To achieve the return of the MSCI AC World Index plus 3% per annum over rolling three year periods (before charges).

The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target.

The ACD believes this is an appropriate target for the fund based on the investment policy of the fund and the constituents of the index.

## Investment Policy

### Portfolio Securities

- The fund will invest at least 70% in equities and equity related securities of companies listed on global stock exchanges.
- The fund may also invest in other funds (including those managed by abrdn), money-market instruments and cash.
- All equity and equity related securities will adhere to the abrdn Sustainable and Responsible Investment Equity Approach available on [www.abrdn.com](http://www.abrdn.com) under "Sustainable Investing".
- The abrdn Sustainable and Responsible Investment Equity Approach applies the investment manager's equity investment process, where companies invested in are given an overall quality rating, a component of which is the ESG Quality Rating which enables management teams to identify sustainable leaders and improvers. Leaders are viewed as companies with the best in class ESG credentials or products and services which address global environmental and societal challenges, whilst improvers are typically companies with average governance, ESG management practices and disclosure with potential for improvement.
- An abrdn ESG House Score is also used to identify and exclude companies exposed to the highest ESG risks within high and medium risk sectors.
- In addition a set of company exclusions are applied relating to the principles of the UN Global Compact, tobacco manufacturing, thermal coal, gambling, oil & gas and weapons.

### Management Process

- The management team use their discretion (active management) to maintain a diverse asset mix at country, sector and stock level.

- Engagement with external company management teams is part of the investment process and ongoing stewardship programme which evaluates ownership structures, governance and management quality of those companies.
- Through the application of our abrdn Sustainable and Responsible Investment Equity Approach, the fund is expected to have a lower carbon footprint compared to the MSCI AC World Index.
- In seeking to achieve the performance target, the MSCI AC World Index is used as a reference point for portfolio construction and as a basis for setting risk constraints. The expected variation ("tracking error") between the returns of the fund and the index is not ordinarily expected to exceed 12%. Due to the active and sustainable and responsible nature of the management process, the fund will not invest in a material number of stocks and sectors in the MSCI AC World Index. This means the fund's performance profile may deviate significantly from that of the MSCI AC World Index.

### Derivatives and Techniques

- The fund may use derivatives to reduce risk, reduce cost and/or generate additional income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management").
- Derivative usage in the fund is expected to be very limited. Where derivatives are used, this would mainly be in response to significant inflows into the fund so that in these instances, cash can be invested while maintaining the fund's existing allocations to company shares.
- Derivatives are exempt from the abrdn Sustainable and Responsible Investment Equity Approach.

## Performance Review

For the six months ended 31 January 2023, the value of abrdn Global Sustainable and Responsible Investment Equity Fund- A Income Shares decreased by 1.06% compared to an increase of 1.49% in the performance target, the MSCI AC World Index.

Source: Lipper; Basis: total return, published NAV to NAV, net of annual charges, UK net income reinvested, GBP.

Source: MSCI. The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis forecast or prediction. The MSCI information is provided on an 'as is' basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the 'MSCI' Parties) expressly disclaims all warranties (including without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages ([www.msci.com](http://www.msci.com)).



# abrdn Global Sustainable and Responsible Investment Equity Fund

## Continued

Please remember that past performance is not a guide to future returns. The price of shares and the revenue from them may fall as well as rise. Investors may not get back the amount originally invested.

Companies selected for illustrative purposes only to demonstrate the investment management style described herein and not as an investment recommendation or indication of future performance.

Any data contained herein which is attributed to a third party ("Third Party Data") is the property of (a) third party supplier(s) (the "Owner") and is licensed for use by abrdn\*\*. Third Party Data may not be copied or distributed. Third Party Data is provided "as is" and is not warranted to be accurate, complete or timely. To the extent permitted by applicable law, none of the Owner, abrdn\*\* or any other third party (including any third party involved in providing and/or compiling Third Party Data) shall have any liability for Third Party Data or for any use made of Third Party Data. Neither the Owner nor any other third party sponsors, endorses or promotes the fund or product to which Third Party Data relates.

\*\*abrdn means the relevant member of abrdn group, being abrdn plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

## Market Review

Global stock markets ended flat after a challenging six months. Central banks responded to multi-decade-high inflation levels in Western economies by raising interest rates faster and further than anticipated. Stock markets fell sharply over August and September in the face of mounting gloom over the prospects for the global economy. November then saw a significant recovery in stock markets, prompted by better-than-expected US inflation data, which raised hopes that an end to the cycle of interest-rate rises might be in sight. There was further stock market weakness in December on concerns about global economic growth. However, 2023 started on a positive note on greater economic optimism and hopes that interest rates have almost peaked.

## Portfolio Activity and Review

UK-based Dechra Pharmaceuticals' shares weakened. The company's strong growth characteristics fell out of favour, plus investors worried about the risks from inflation, consumer pressures and genericization. The issues affecting Baxter International, namely hospital staffing in the US and supply-chain issues affecting component availability, continued to plague the company. Darling Ingredients had an unusually messy set of results that showed a number of different factors affecting fundamental performance. UnitedHealth Group shares

sold off as investors focused on an upcoming ruling from the regulatory body in charge of Medicaid in the US that could affect the longer-term growth rates for this business.

DBS shares were resilient, as investors expect the bank to deliver sequential net interest margin expansion in a rising rate environment. UK technology company Aveva Group was the subject of a £31/share takeover by majority shareholder Schneider Electric for the remaining 40% minorities. TJX Companies' management held a meeting with investors where the firm reiterated its strong market position, meeting increased demand from consumers seeking value. Brazilian drugstore Raia Drogasil performed well given strong omnichannel growth.

We introduced the following holdings, which are a sample that reflect our thinking: Amdocs, a telecommunications IT services provider. It is now focused on structural growth areas such as cloud migration and 5G integration. We would describe Amdocs as a 'Sustainable Leader' given its strong scores in this area. Merck, the US pharmaceutical company. The valuation seems attractive, with Keytruda growth still coming through, bottlenecks in other areas fading and confidence in management's ability to manage patent cliffs. We would describe Merck as a 'Solutions Provider' given the developments in healthcare it offers and the progress it is making. LVMH, as we believe China's reopening should benefit a firm that has attractive brand exposure and growth opportunities. LVMH is a leader when it comes to integrating ESG operational practices, after improving its sustainable procurement practices and traceability measures. Recent ESG engagement confirms this strong position. Bank Rakyat Indonesia, which we believe to be well positioned for growth in the highly profitable and growing microfinancing sector. We see upside as loan growth increases, costs reduce and returns expand. It scores well from a social and financial access perspective, with room for ESG rating upside on increased disclosure via engagement.

Against these, we sold the following, which are a sample that reflect our thinking: Baxter International, after news of its plan to split up the business. Aptiv, given recessionary concerns and a potential slowing of automotive-related spending. Despite market-leading positions and structural growth drivers within electric vehicles, Aptiv's cyclicality and sensitivity to global car production are expected to weigh on it over the near-term and are partially reflected in the company's guidance reduction. Aveva Group, as the company was bid for by Schneider Electric for a fair price, particularly given Aveva's recent management issues. Thule Group, due to fears around the strength of consumer spending and concerns surrounding the demand for high-end equipment for sports and adjacent areas.

# abrdn Global Sustainable and Responsible Investment Equity Fund

## Continued

### Portfolio Outlook and Strategy

Global equity markets will continue to face challenges in 2023. Despite cautious optimism from investors in November, as falling US inflation data signalled a possible deceleration in interest-rate rises, investors are now concerned that entrenched inflation and sustained rate hikes could result in a harsh economic downturn. We believe that many of the market pressures in 2022, such as high energy prices, the cost-of-living crisis and rising interest rates, will continue into this year. In the UK and Europe, we feel that earnings forecasts have not priced in the likely slowdown in GDP growth. In the US, although growth remains positive, it is slowing, and we believe that there may need to be a rise in unemployment in order to tame core inflation. The portfolio will remain diversified, defensive and focused on businesses best positioned to manage financial pressures through to times of greater market stability. Periods of market weakness represent an opportunity for the long-term investor. We reiterate the importance of a diversified portfolio with a 'bottom-up' investment approach focused on quality characteristics.

### Global Equity Team

February 2023

# abrdn Global Sustainable and Responsible Investment Equity Fund

## Continued

### Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the fund. The table below shows the fund's ranking on the Risk and Reward Indicator. The risk and reward indicator changed from 5 to 6 on 12 December 2022.

| Typically lower rewards, lower risk |   |   |   | Typically higher rewards, higher risk |   |   |
|-------------------------------------|---|---|---|---------------------------------------|---|---|
| ←                                   |   |   |   | →                                     |   |   |
| 1                                   | 2 | 3 | 4 | 5                                     | 6 | 7 |

Risk and reward indicator table as at 31 January 2023.

The fund is rated as 6 because of the extent to which the following risk factors apply:

- The fund invests in equity 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.
- Applying ESG and sustainability criteria in the investment process may result in the exclusion of securities within the fund's benchmark or universe of potential investments. The interpretation of ESG and sustainability criteria is subjective meaning that the fund may invest in companies which similar funds do not (and thus perform differently) and which do not align with the personal views of any individual investor.
- The fund invests in emerging market equities and/or bonds. Investing in emerging markets involves a greater risk of loss than investing in more developed markets due to, among other factors, greater political, tax, economic, foreign exchange, liquidity and regulatory risks.
- The fund may invest in companies with Variable Interest Entity (VIE) structures in order to gain exposure to industries with foreign ownership restrictions. There is a risk that investments in these structures may be adversely affected by changes in the legal and regulatory framework.
- Investing in China A shares involves special considerations and risks, including greater price volatility, a less developed regulatory and legal framework, exchange rate risk/controls, settlement, tax, quota, liquidity and regulatory risks.

- 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.

All investment involves risk. This fund offers no guarantee against loss or that the fund's objective will be attained.

The price of assets and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

Inflation reduces the buying power of your investment and income.

The value of assets held in the fund may rise and fall as a result of exchange rate fluctuations.

The fund could lose money if an entity (counterparty) with which it does business becomes unwilling or unable to honour its obligations to the fund.

In extreme market conditions some securities may become hard to value or sell at a desired price. This could affect the fund's ability to meet redemptions in a timely manner.

The fund could lose money as the result of a failure or delay in operational processes and systems including but not limited to third party providers failing or going into administration.

# Comparative Tables

| <b>A Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 36,480                 | 39,607              | 40,275              | 33,627              |
| Closing number of shares                  | 11,371,755             | 12,304,975          | 11,439,607          | 12,366,156          |
| Closing net asset value per share (pence) | 320.80                 | 321.88              | 352.07              | 271.93              |
| Change in net asset value per share       | (0.34%)                | (8.57%)             | 29.47%              | (0.34%)             |
| Operating charges                         | 1.30%                  | 1.29%               | 1.53%               | 1.57%               |
| <b>A Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 5,137                  | 5,932               | 9,250               | 8,633               |
| Closing number of shares                  | 2,151,660              | 2,476,176           | 3,530,048           | 4,265,232           |
| Closing net asset value per share (pence) | 238.74                 | 239.56              | 262.03              | 202.41              |
| Change in net asset value per share       | (0.34%)                | (8.58%)             | 29.46%              | (0.35%)             |
| Operating charges                         | 1.30%                  | 1.29%               | 1.53%               | 1.57%               |
| <b>I Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 74,360                 | 85,560              | 92,220              | 67,359              |
| Closing number of shares                  | 19,797,520             | 22,754,608          | 22,525,034          | 21,397,763          |
| Closing net asset value per share (pence) | 375.60                 | 376.01              | 409.41              | 314.80              |
| Change in net asset value per share       | (0.11%)                | (8.16%)             | 30.05%              | 0.11%               |
| Operating charges                         | 0.85%                  | 0.84%               | 1.08%               | 1.12%               |
| <b>I Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 30,036                 | 31,490              | 34,980              | 31,522              |
| Closing number of shares                  | 11,523,729             | 12,040,652          | 12,232,612          | 14,333,807          |
| Closing net asset value per share (pence) | 260.65                 | 261.53              | 285.96              | 219.91              |
| Change in net asset value per share       | (0.34%)                | (8.54%)             | 30.04%              | (0.34%)             |
| Operating charges                         | 0.85%                  | 0.84%               | 1.08%               | 1.12%               |
| <b>M Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 1,035                  | 1,109               | 1,352               | 1,208               |
| Closing number of shares                  | 747,688                | 800,116             | 895,243             | 1,040,123           |
| Closing net asset value per share (pence) | 138.44                 | 138.62              | 151.02              | 116.18              |
| Change in net asset value per share       | (0.13%)                | (8.21%)             | 29.99%              | 0.22%               |
| Operating charges                         | 0.90%                  | 0.89%               | 1.13%               | 1.17%               |
| <b>M Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 22                     | 21                  | 24                  | 18                  |
| Closing number of shares                  | 15,804                 | 15,792              | 15,843              | 15,870              |
| Closing net asset value per share (pence) | 135.94                 | 136.41              | 149.13              | 114.74              |
| Change in net asset value per share       | (0.34%)                | (8.53%)             | 29.97%              | (0.07%)             |
| Operating charges                         | 0.90%                  | 0.89%               | 1.13%               | 1.17%               |

The closing net asset value (£'000) divided by the closing number of shares may not calculate to the closing net asset value per share (pence) due to rounding differences. The published closing net asset value per share (pence) is based on unrounded values and represents the actual price.

The change in the net asset value per share is the change from the beginning of the period to the close of the period.

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

# Portfolio Statement

As at 31 January 2023

| Holding                                 | Investment                       | Market value<br>£'000 | Percentage of<br>total net assets |
|---|----------------------------------|-----------------------|-----------------------------------|
| <b>Equities (96.43%)</b>                |                                  | <b>144,846</b>        | <b>98.49</b>                      |
| <b>Africa Equities (0.00%)</b>          |                                  | <b>2,392</b>          | <b>1.63</b>                       |
| <b>South Africa (0.00%)</b>             |                                  | <b>2,392</b>          | <b>1.63</b>                       |
| 193,675                                 | Clicks                           | 2,392                 | 1.63                              |
| <b>Emerging Market Equities (1.86%)</b> |                                  | <b>-</b>              | <b>-</b>                          |
| <b>Brazil (1.86%)</b>                   |                                  | <b>-</b>              | <b>-</b>                          |
| <b>European Equities (23.66%)</b>       |                                  | <b>33,327</b>         | <b>22.66</b>                      |
| <b>Denmark (3.34%)</b>                  |                                  | <b>4,500</b>          | <b>3.06</b>                       |
| 22,888                                  | Ørsted                           | 1,639                 | 1.11                              |
| 154,476                                 | Tryg                             | 2,861                 | 1.95                              |
| <b>France (6.05%)</b>                   |                                  | <b>11,551</b>         | <b>7.86</b>                       |
| 17,492                                  | L'Oreal                          | 5,833                 | 3.97                              |
| 3,558                                   | LVMH Moët Hennessy Louis Vuitton | 2,511                 | 1.71                              |
| 24,514                                  | Schneider Electric               | 3,207                 | 2.18                              |
| <b>Ireland (3.77%)</b>                  |                                  | <b>2,823</b>          | <b>1.92</b>                       |
| 12,458                                  | Accenture 'A'                    | 2,823                 | 1.92                              |
| <b>Netherlands (4.56%)</b>              |                                  | <b>5,609</b>          | <b>3.81</b>                       |
| 6,100                                   | ASML                             | 3,243                 | 2.20                              |
| 22,795                                  | Koninklijke DSM                  | 2,366                 | 1.61                              |
| <b>Poland (0.00%)</b>                   |                                  | <b>2,610</b>          | <b>1.77</b>                       |
| 35,700                                  | Dino Polska                      | 2,610                 | 1.77                              |
| <b>Sweden (3.55%)</b>                   |                                  | <b>2,658</b>          | <b>1.81</b>                       |
| 278,227                                 | Atlas Copco 'A'                  | 2,658                 | 1.81                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                 | Investment                     | Market value<br>£'000 | Percentage of<br>total net assets |
|---|--------------------------------|-----------------------|-----------------------------------|
| <b>Switzerland (2.39%)</b>              |                                | <b>3,576</b>          | <b>2.43</b>                       |
| 36,285                                  | Nestle                         | 3,576                 | 2.43                              |
| <b>Japanese Equities (3.42%)</b>        |                                | <b>6,282</b>          | <b>4.27</b>                       |
| 97,000                                  | Chugai Pharmaceutical          | 2,029                 | 1.38                              |
| 36,900                                  | SHO-BOND                       | 1,268                 | 0.86                              |
| 41,300                                  | Sony                           | 2,985                 | 2.03                              |
| <b>North American Equities (39.83%)</b> |                                | <b>64,785</b>         | <b>44.05</b>                      |
| <b>Canada (4.10%)</b>                   |                                | <b>5,126</b>          | <b>3.48</b>                       |
| 213,995                                 | CI Financial                   | 2,062                 | 1.40                              |
| 12,297                                  | Lululemon Athletica            | 3,064                 | 2.08                              |
| <b>United States (35.73%)</b>           |                                | <b>59,659</b>         | <b>40.57</b>                      |
| 29,600                                  | Amdocs                         | 2,210                 | 1.50                              |
| 30,982                                  | Bristol-Myers Squibb           | 1,828                 | 1.24                              |
| 56,413                                  | Charles Schwab                 | 3,549                 | 2.41                              |
| 37,796                                  | Crown                          | 2,707                 | 1.84                              |
| 33,700                                  | Darling Ingredients            | 1,815                 | 1.23                              |
| 65,783                                  | Johnson Controls International | 3,716                 | 2.53                              |
| 14,442                                  | Mastercard 'A'                 | 4,347                 | 2.96                              |
| 24,200                                  | Merck                          | 2,112                 | 1.44                              |
| 29,680                                  | Microsoft                      | 5,975                 | 4.06                              |
| 35,541                                  | NextEra Energy                 | 2,155                 | 1.47                              |
| 21,632                                  | Norfolk Southern               | 4,322                 | 2.94                              |
| 25,162                                  | NVIDIA                         | 3,993                 | 2.72                              |
| 33,568                                  | Procter & Gamble               | 3,882                 | 2.64                              |
| 29,537                                  | Prologis REIT                  | 3,102                 | 2.11                              |
| 11,900                                  | ResMed                         | 2,208                 | 1.50                              |
| 29,493                                  | Tetra Tech                     | 3,726                 | 2.53                              |
| 57,511                                  | TJX                            | 3,825                 | 2.60                              |
| 10,322                                  | UnitedHealth                   | 4,187                 | 2.85                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                | Investment                             | Market value<br>£'000 | Percentage of<br>total net assets |
|--|--|-----------------------|-----------------------------------|
| <b>Pacific Basin Equities (18.77%)</b> |  | <b>26,907</b>         | <b>18.30</b>                      |
| <b>Australia (6.37%)</b>               |  | <b>5,536</b>          | <b>3.76</b>                       |
| 26,064                                 | Cochlear                               | 3,151                 | 2.14                              |
| 798,356                                | Steadfast                              | 2,385                 | 1.62                              |
| <b>China (1.01%)</b>                   |  | <b>1,339</b>          | <b>0.91</b>                       |
| 198,000                                | Wuxi Biologics (Cayman)                | 1,339                 | 0.91                              |
| <b>Hong Kong (2.77%)</b>               |  | <b>4,687</b>          | <b>3.19</b>                       |
| 510,800                                | AIA                                    | 4,687                 | 3.19                              |
| <b>India (2.51%)</b>                   |  | <b>4,022</b>          | <b>2.74</b>                       |
| 154,536                                | Housing Development Finance            | 4,022                 | 2.74                              |
| <b>Indonesia (0.00%)</b>               |  | <b>2,934</b>          | <b>1.99</b>                       |
| 11,820,600                             | Bank Rakyat Indonesia Persero          | 2,934                 | 1.99                              |
| <b>Singapore (3.43%)</b>               |  | <b>5,866</b>          | <b>3.99</b>                       |
| 265,300                                | DBS                                    | 5,866                 | 3.99                              |
| <b>Taiwan (3.43%)</b>                  |  | <b>2,523</b>          | <b>1.72</b>                       |
| 33,500                                 | Taiwan Semiconductor Manufacturing ADR | 2,523                 | 1.72                              |
| <b>UK Equities (9.64%)</b>             |  | <b>11,153</b>         | <b>7.58</b>                       |
| <b>Basic Materials (4.05%)</b>         |  | <b>6,010</b>          | <b>4.09</b>                       |
| 53,683                                 | Croda International                    | 3,696                 | 2.51                              |
| 8,653                                  | Linde                                  | 2,314                 | 1.58                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                    | Investment               | Market value<br>£'000 | Percentage of<br>total net assets |
|----------------------------|--------------------------|-----------------------|-----------------------------------|
| <b>Health Care (2.02%)</b> |                          | <b>2,387</b>          | <b>1.62</b>                       |
| 83,362                     | Dechra Pharmaceuticals   | 2,387                 | 1.62                              |
| <b>Industrials (1.87%)</b> |                          | <b>2,756</b>          | <b>1.87</b>                       |
| 23,911                     | Spirax-Sarco Engineering | 2,756                 | 1.87                              |
| <b>Technology (1.70%)</b>  |                          | <b>-</b>              | <b>-</b>                          |
| Total investment assets    |                          | 144,846               | 98.49                             |
| Net other assets           |                          | 2,224                 | 1.51                              |
| <b>Total Net Assets</b>    |                          | <b>147,070</b>        | <b>100.00</b>                     |

All investments are listed on recognised stock exchanges and are approved securities within the meaning of the FCA rules.  
The percentage figures in brackets show the comparative holding as at 31 July 2022.



# Financial Statements

## Statement of Total Return

For the six months ended 31 January 2023

|   | 31 January 2023 |              | 31 January 2022 |                |
|---|-----------------|--------------|-----------------|----------------|
|   | £'000           | £'000        | £'000           | £'000          |
| Income:   |                 |              |                 |                |
| Net capital losses  |                 | (434)        |                 | (7,943)        |
| Revenue   | 1,082           |              | 763             |                |
| Expenses  | (724)           |              | (922)           |                |
| Interest payable and similar charges  | (1)             |              | -               |                |
| Net revenue/(expense) before taxation   | 357             |              | (159)           |                |
| Taxation  | (159)           |              | (60)            |                |
| Net revenue/(expense) after taxation  |                 | 198          |                 | (219)          |
| <b>Total return before distributions</b>  |                 | <b>(236)</b> |                 | <b>(8,162)</b> |
| Distributions   |                 | (249)        |                 | -              |
| <b>Change in net assets attributable to shareholders from investment activities</b> |                 | <b>(485)</b> |                 | <b>(8,162)</b> |

## Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 January 2023

|  | 31 January 2023 |                | 31 January 2022 |                |
|--|-----------------|----------------|-----------------|----------------|
|  | £'000           | £'000          | £'000           | £'000          |
| <b>Opening net assets attributable to shareholders</b>                                   |                 | <b>163,719</b> |                 | <b>178,101</b> |
| Amounts receivable on the issue of shares  | 2,683           |                | 23,077          |                |
| Amounts payable on the cancellation of shares  | (19,037)        |                | (10,192)        |                |
|  |                 | (16,354)       |                 | 12,885         |
| Dilution adjustment  |                 | 15             |                 | -              |
| Change in net assets attributable to shareholders from investment activities (see above) |                 | (485)          |                 | (8,162)        |
| Retained distribution on accumulation shares   |                 | 175            |                 |                |
| <b>Closing net assets attributable to shareholders</b>                                   |                 | <b>147,070</b> |                 | <b>182,824</b> |

Comparative information is provided for the statement of change in net assets attributable to shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

# Financial Statements

## Continued

### Balance Sheet

As at 31 January 2023

|  | 31 January 2023 |                | 31 July 2022 |                |
|--|-----------------|----------------|--------------|----------------|
|  | £'000           | £'000          | £'000        | £'000          |
| <b>Assets:</b>                                 |                 |                |              |                |
| <b>Fixed assets:</b>                           |                 |                |              |                |
| Investment assets                              |                 | 144,846        |              | 157,869        |
| <b>Current assets:</b>                         |                 |                |              |                |
| Debtors  | 342             |                | 4,425        |                |
| Cash and bank balances                         | 4,237           |                | 2,595        |                |
|  |                 | 4,579          |              | 7,020          |
| <b>Total assets</b>                            |                 | <b>149,425</b> |              | <b>164,889</b> |
| <b>Liabilities:</b>                            |                 |                |              |                |
| Provisions for liabilities                     |                 | (122)          |              | (71)           |
| Creditors                                      | (2,164)         |                | (969)        |                |
| Distribution payable                           | (69)            |                | (130)        |                |
|  |                 | (2,233)        |              | (1,099)        |
| <b>Total liabilities</b>                       |                 | <b>(2,355)</b> |              | <b>(1,170)</b> |
| <b>Net assets attributable to shareholders</b> |                 | <b>147,070</b> |              | <b>163,719</b> |

# Distribution Table

For the six months ended 31 January 2023 (in pence per share)

## Interim dividend distribution

Group 1 – shares purchased prior to 1 August 2022

Group 2 – shares purchased between 1 August 2022 and 31 January 2023

|                       | Revenue | Equalisation | Distribution paid<br>28/04/23 | Distribution paid<br>29/04/22 |
|-----------------------|---------|--------------|-------------------------------|-------------------------------|
| <b>A Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.0215  | -            | 0.0215                        | -                             |
| Group 2               | -       | 0.0215       | 0.0215                        | -                             |
| <b>A Income</b>       |         |              |                               |                               |
| Group 1               | 0.0143  | -            | 0.0143                        | -                             |
| Group 2               | 0.0047  | 0.0096       | 0.0143                        | -                             |
| <b>I Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.8625  | -            | 0.8625                        | -                             |
| Group 2               | 0.4906  | 0.3719       | 0.8625                        | -                             |
| <b>I Income</b>       |         |              |                               |                               |
| Group 1               | 0.5999  | -            | 0.5999                        | -                             |
| Group 2               | 0.3036  | 0.2963       | 0.5999                        | -                             |
| <b>M Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.2837  | -            | 0.2837                        | -                             |
| Group 2               | 0.2837  | -            | 0.2837                        | -                             |
| <b>M Income</b>       |         |              |                               |                               |
| Group 1               | 0.2803  | -            | 0.2803                        | -                             |
| Group 2               | 0.0573  | 0.2230       | 0.2803                        | -                             |

## Equalisation

This applies only to shares purchased during the distribution period (group 2 shares). It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

# abrdn Japanese Equity Fund

For the period ended 31 January 2023

## Investment Objective

To generate growth over the long term (5 years or more) by investing in Japanese equities (company shares).

Performance Target: To achieve the return of the MSCI Japan Index, plus 3% per annum over rolling three year periods (before charges). The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target.

The ACD believes this is an appropriate target for the fund based on the investment policy of the fund and the constituents of the index.

## Investment Policy

### Portfolio Securities

- The fund will invest at least 70% in equities and equity related securities of companies listed, incorporated or domiciled in Japan or companies that derive a significant proportion of their revenues or profits from Japanese operations or have a significant proportion of their assets there.
- The fund may also invest in other funds (including those managed by abrdn), money-market instruments and cash.

### Management Process

- The management team use their discretion (active management) to maintain a diverse asset mix at sector and stock level.
- Their primary focus is on stock selection using research techniques to select individual holdings. The research process is focused on finding high quality companies at attractive valuations that can be held for the long term.
- In seeking to achieve the Performance Target, the MSCI Japan Index is used as a reference point for portfolio construction and as a basis for setting risk constraints. The expected variation ("tracking error") between the returns of the fund and the index is not ordinarily expected to exceed 10%. Due to the active nature of the management process, the fund's performance profile may deviate significantly from that of the index.

### Derivatives and Techniques

- The fund may use derivatives to reduce risk, to reduce cost and/or generate additional income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management").

- Derivative usage in the fund is expected to be very limited. Where derivatives are used, this would mainly be in response to significant inflows into the fund so that in these instances, cash can be invested while maintaining the fund's existing allocations to company shares.

## Performance Review

For the six months ended 31 January 2023, the value of abrdn Japanese Equity Fund – A Accumulation Shares decreased by 1.68% compared to an increase of 4.05% in the performance target, the MSCI Japan Index.

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\*\*abrdn means the relevant member of abrdn group, being abrdn plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

# abrdn Japanese Equity Fund

## Continued

### Market review

Japanese shares rose over the period, rebounding from falls earlier in the period as investors were optimistic over the potential for global growth. Late in the period, the Bank of Japan relaxed its market yield controls, causing share prices to fall, bond yields rise and the yen to strengthen.

While interest rates were held throughout the period, in a surprise to the markets, the Bank of Japan (BoJ) widened the trading band for 10-year Japanese government bonds in December. This led to a jump in government bond yields and the strengthening of the Japanese yen, which had weakened substantially through the period. The BoJ's announcement to expand the trading band for 10-year Japanese government bonds, which came just months before BoJ Haruhiko Kuroda leaves his post, was a surprise to the markets. Economists had widely expected Japan's monetary policy to remain unchanged, at least until the change in governor, but the bank decided to raise the range to 0.50% from 0.25%. Despite the BoJ governor's comments that the change is not a shift in its easing stance, the change was interpreted by the markets as a tightening of Japan's monetary policy and a precursor to policy normalisation after years of looser conditions. The BoJ held interest rates in January but introduced a new tool to keep yields within target bands.

In economic news, consumer inflation rose to 4.0% year-on-year, its highest level since the early 1980s, mainly driven by energy prices. BoJ officials emphasized again the need to keep rates low, with any change unlikely before governor Kuroda leaves office in April. In December, reports suggested the BoJ's inflation reduction would show price growth close to the bank's 2% target in 2023 and 2024. Real gross domestic product data showed Japan's economy shrunk by 1.2% in the September-end quarter. Much of this was due to the weakening yen over the summer months and a resurgence of COVID-19 infections. The Reuters Tankan survey showed manufacturing confidence falling negative, to the lowest level since December 2020. Car makers were particularly downbeat, noting persistent problems in materials and supply chains. Flash composite purchasing manager index data showed some improvement in January, although manufacturing still remains in contractionary territory.

In revisions to policy guidelines, Prime Minister Fumio Kishida's administration called for a 1.6x rise in defence spending, which the government could fund through raising corporate taxes. Kishida did not make it clear when tax hikes would come into force, only adding that it would be effective 2024 or later. While the likely rise in tax rate suggests a fiscal tightening regime, the effective rise in tax rate is expected to be about 1%, suggesting the effects on corporate profits could be minimal. Approval ratings for the administration have fallen.

### Portfolio Activity and Review

In terms of individual holdings, Olympus fell on near-term concerns that cost inflation will impact on margins. Property companies Mitsui Fudosan and Tokyu Fudosan fell as investors sold, fearful that higher interest rates could weigh on profits.

On the upside, our holding of Ajinomoto was beneficial. The seasonings manufacturer which has risen after publishing consistent good results by maintaining sales volume growth in spite of price hikes. Nippon Paint rose as investors see stabilisation in China's real estate sector. The shares of communication services provider KDDI advanced on good results and an expansion of its buyback programme.

Over the period, we sold semiconductor maker Renesas Electronics, internet technology firm Z Holdings and specialty apparel retailer Workman. We also exited industrial gas provider Nippon Sanso and material handling system supplier Daifuku.

With the proceeds, we bought Suntory Beverage & Food, which owns and manufactures many leading soft drinks brands across the globe. The company offers attractive exposure to resilient consumption trends in the soft drinks market, where its focus on the low sugar, energy and health conscious segments allows the company to grow at a faster pace than the overall industry.

We also bought Mitsubishi UFJ Financial Group, the largest of Japan's three mega-banks in Japan, with significant overseas operations. The company has become committed to a more disciplined and shareholder friendly approach on capital management. To improve capital efficiency, the company sold US-based Union Bank last year and has a process to stringently evaluate further acquisitions. We believe the stock price discount could narrow as management uses excess capital to maintain attractive shareholder returns or to fund growth initiatives.

Elsewhere, we bought Japan's leading heavy electrical equipment and industry machinery maker Hitachi, which has been restructured, leading to an expansion in margins and a resilient business portfolio. We expect further improvement in profitability and growth outlook led by the power grid business, which stands to benefit from greater adoption of renewable energy sources, as well as Internet of Things platform Lumada and digital product engineering company GlobalLogic that will capture rising digitisation demand for factories and infrastructure.

# abrdn Japanese Equity Fund

## Continued

### Portfolio Outlook and Strategy

Looking ahead, there is cause for optimism.

The macroeconomic conditions that have hurt some of our holdings in the recent past appear to be reversing: the yen has strengthened, inflationary pressures are easing, and interest-rate rises are moderating. While there are still concerns that the market may be underestimating the persistency of inflation, and that geopolitics could still lead to sudden changes in the economic outlook, we believe that the prospects of better run businesses should, over time, outperform. And thus we have stayed true to our principles: we believe that investing in a group of well-run companies, alongside active engagement, will lead to better outcomes for our clients.

#### Asia Pacific Equity Team

February 2023

# abrdn Japanese Equity Fund

## Continued

### Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the fund. The table below shows the fund's ranking on the Risk and Reward Indicator.

| Typically lower rewards, lower risk |   |   |   | Typically higher rewards, higher risk |   |   |
|-------------------------------------|---|---|---|---------------------------------------|---|---|
| ←                                   |   |   |   | →                                     |   |   |
| 1                                   | 2 | 3 | 4 | 5                                     | 6 | 7 |

Risk and reward indicator table as at 31 January 2023.

The fund is rated as 6 because of the extent to which the following risk factors apply:

- The fund invests in equity 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.
- A concentrated portfolio may be more volatile and less liquid than a more broadly diversified one. The fund's investments are concentrated in a particular country or sector.
- 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.

All investment involves risk. This fund offers no guarantee against loss or that the fund's objective will be attained.

The price of assets and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

Inflation reduces the buying power of your investment and income.

The value of assets held in the fund may rise and fall as a result of exchange rate fluctuations.

The fund could lose money if an entity (counterparty) with which it does business becomes unwilling or unable to honour its obligations to the fund.

In extreme market conditions some securities may become hard to value or sell at a desired price. This could affect the fund's ability to meet redemptions in a timely manner.

The fund could lose money as the result of a failure or delay in operational processes and systems including but not limited to third party providers failing or going into administration.

# Comparative Tables

| <b>A Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 7,323                  | 9,464               | 12,178              | 9,855               |
| Closing number of shares                  | 3,060,773              | 3,906,248           | 4,496,647           | 4,098,326           |
| Closing net asset value per share (pence) | 239.26                 | 242.27              | 270.83              | 240.45              |
| Change in net asset value per share       | (1.24%)                | (10.55%)            | 12.63%              | 3.45%               |
| Operating charges                         | 1.33%                  | 1.31%               | 1.32%               | 1.32%               |
| <b>I Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 35,003                 | 39,698              | 50,372              | 44,982              |
| Closing number of shares                  | 13,225,355             | 14,847,105          | 16,928,044          | 17,101,036          |
| Closing net asset value per share (pence) | 264.66                 | 267.38              | 297.56              | 263.04              |
| Change in net asset value per share       | (1.02%)                | (10.14%)            | 13.12%              | 3.92%               |
| Operating charges                         | 0.88%                  | 0.86%               | 0.87%               | 0.87%               |
| <b>M Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 59                     | 61                  | 68                  | 72                  |
| Closing number of shares                  | 52,126                 | 53,497              | 53,680              | 64,362              |
| Closing net asset value per share (pence) | 112.47                 | 113.65              | 126.54              | 111.90              |
| Change in net asset value per share       | (1.04%)                | (10.19%)            | 13.08%              | 4.09%               |
| Operating charges                         | 0.93%                  | 0.91%               | 0.92%               | 0.92%               |
| <b>Z Accumulation<sup>A</sup></b>         | <b>31 January 2023</b> | <b>31 July 2022</b> |                     |                     |
| Closing net asset value (£'000)           | 13,047                 | 13,885              |                     |                     |
| Closing number of shares                  | 15,363,928             | 16,245,681          |                     |                     |
| Closing net asset value per share (pence) | 84.92                  | 85.47               |                     |                     |
| Change in net asset value per share       | (0.64%)                | (14.53%)            |                     |                     |
| Operating charges                         | 0.13%                  | 0.11%               |                     |                     |

The closing net asset value (£'000) divided by the closing number of shares may not calculate to the closing net asset value per share (pence) due to rounding differences. The published closing net asset value per share (pence) is based on unrounded values and represents the actual price.

The change in the net asset value per share is the change from the beginning of the period to the close of the period.

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

<sup>A</sup> Z Accumulation share class was launched on 7 October 2021.



# Portfolio Statement

As at 31 January 2023

| Holding                                | Investment               | Market value<br>£'000 | Percentage of<br>total net assets |
|--|--------------------------|-----------------------|-----------------------------------|
| <b>Equities (98.79%)</b>               |                          | <b>55,416</b>         | <b>99.97</b>                      |
| <b>Japanese Equities (98.79%)</b>      |                          | <b>55,416</b>         | <b>99.97</b>                      |
| <b>Communication Services (5.58%)</b>  |                          | <b>1,516</b>          | <b>2.74</b>                       |
| 59,800                                 | KDDI                     | 1,516                 | 2.74                              |
| <b>Consumer Discretionary (15.13%)</b> |                          | <b>8,477</b>          | <b>15.29</b>                      |
| 28,900                                 | Denso                    | 1,258                 | 2.27                              |
| 25,900                                 | Koito Manufacturing      | 352                   | 0.63                              |
| 7,800                                  | Nitori                   | 833                   | 1.50                              |
| 18,800                                 | Open House               | 574                   | 1.04                              |
| 41,900                                 | Sony                     | 3,028                 | 5.46                              |
| 183,400                                | Toyota Motor             | 2,172                 | 3.92                              |
| 8,300                                  | Yamaha                   | 260                   | 0.47                              |
| <b>Consumer Staples (11.15%)</b>       |                          | <b>7,446</b>          | <b>13.43</b>                      |
| 58,800                                 | Ajinomoto                | 1,567                 | 2.83                              |
| 60,100                                 | Asahi                    | 1,604                 | 2.89                              |
| 23,400                                 | Seven & i                | 895                   | 1.61                              |
| 17,500                                 | Shiseido                 | 732                   | 1.32                              |
| 41,700                                 | Suntory Beverage & Food  | 1,141                 | 2.06                              |
| 83,300                                 | Welcia                   | 1,507                 | 2.72                              |
| <b>Financials (9.81%)</b>              |                          | <b>7,033</b>          | <b>12.69</b>                      |
| 47,100                                 | Japan Exchange           | 582                   | 1.05                              |
| 280,100                                | Mitsubishi UFJ Financial | 1,665                 | 3.00                              |
| 183,100                                | Tokio Marine             | 3,103                 | 5.60                              |
| 34,300                                 | Tokyo Century            | 973                   | 1.76                              |
| 22,600                                 | Zenkoku Hosho            | 710                   | 1.28                              |
| <b>Health Care (17.70%)</b>            |                          | <b>8,384</b>          | <b>15.12</b>                      |
| 16,700                                 | As One                   | 603                   | 1.09                              |
| 48,500                                 | Asahi Intecc             | 685                   | 1.24                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                | Investment                | Market value<br>£'000 | Percentage of<br>total net assets |
|--|---------------------------|-----------------------|-----------------------------------|
| 95,900                                 | Astellas Pharma           | 1,145                 | 2.06                              |
| 59,600                                 | Chugai Pharmaceutical     | 1,247                 | 2.25                              |
| 58,500                                 | Daiichi Sankyo            | 1,482                 | 2.67                              |
| 18,500                                 | Hoya                      | 1,631                 | 2.94                              |
| 104,900                                | Olympus                   | 1,591                 | 2.87                              |
| <b>Industrials (13.78%)</b>            |                           | <b>7,537</b>          | <b>13.60</b>                      |
| 14,400                                 | AGC                       | 428                   | 0.77                              |
| 46,000                                 | Amada                     | 334                   | 0.60                              |
| 11,320                                 | Daikin Industries         | 1,585                 | 2.86                              |
| 2,300                                  | FANUC                     | 329                   | 0.59                              |
| 23,800                                 | Hitachi                   | 1,008                 | 1.82                              |
| 24,200                                 | Makita                    | 518                   | 0.94                              |
| 63,700                                 | MISUMI                    | 1,285                 | 2.32                              |
| 37,300                                 | MonotaRO                  | 455                   | 0.82                              |
| 34,700                                 | Nabtesco                  | 817                   | 1.48                              |
| 46,000                                 | Nihon M&A Center          | 377                   | 0.68                              |
| 15,500                                 | Recruit                   | 401                   | 0.72                              |
| <b>Information Technology (12.97%)</b> |                           | <b>8,089</b>          | <b>14.59</b>                      |
| 22,600                                 | Advantest                 | 1,299                 | 2.34                              |
| 29,000                                 | Ibiden                    | 906                   | 1.63                              |
| 6,728                                  | Keyence                   | 2,486                 | 4.49                              |
| 18,900                                 | NEC                       | 550                   | 0.99                              |
| 55,300                                 | Nomura Research Institute | 1,069                 | 1.93                              |
| 25,600                                 | Otsuka                    | 680                   | 1.23                              |
| 3,900                                  | Tokyo Electron            | 1,099                 | 1.98                              |
| <b>Materials (6.61%)</b>               |                           | <b>3,968</b>          | <b>7.16</b>                       |
| 41,600                                 | Kansai Paint              | 472                   | 0.85                              |
| 239,300                                | Nippon Paint              | 1,758                 | 3.17                              |
| 14,600                                 | Shin-Etsu Chemical        | 1,738                 | 3.14                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                 | Investment     | Market value<br>£'000 | Percentage of<br>total net assets |
|-------------------------|----------------|-----------------------|-----------------------------------|
| Real Estate (6.06%)     |                | 2,966                 | 5.35                              |
| 99,200                  | Mitsui Fudosan | 1,505                 | 2.71                              |
| 356,600                 | Tokyu Fudosan  | 1,461                 | 2.64                              |
| Total investment assets |                | 55,416                | 99.97                             |
| Net other assets        |                | 16                    | 0.03                              |
| <b>Total Net Assets</b> |                | <b>55,432</b>         | <b>100.00</b>                     |

All investments are listed on recognised stock exchanges and are approved securities within the meaning of the FCA rules.  
The percentage figures in brackets show the comparative holding as at 31 July 2022.

# Financial Statements

## Statement of Total Return

For the six months ended 31 January 2023

|   | 31 January 2023 |              | 31 January 2022 |                |
|---|-----------------|--------------|-----------------|----------------|
|   | £'000           | £'000        | £'000           | £'000          |
| Income:   |                 |              |                 |                |
| Net capital losses  |                 | (778)        |                 | (3,665)        |
| Revenue   | 528             |              | 523             |                |
| Expenses  | (211)           |              | (304)           |                |
| Net revenue before taxation   | 317             |              | 219             |                |
| Taxation  | (54)            |              | (52)            |                |
| Net revenue after taxation  |                 | 263          |                 | 167            |
| <b>Total return before equalisation</b>   |                 | <b>(515)</b> |                 | <b>(3,498)</b> |
| Equalisation on shares  |                 | (22)         |                 | 2              |
| <b>Change in net assets attributable to shareholders from investment activities</b> |                 | <b>(537)</b> |                 | <b>(3,496)</b> |

## Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 January 2023

|  | 31 January 2023 |               | 31 January 2022 |               |
|--|-----------------|---------------|-----------------|---------------|
|  | £'000           | £'000         | £'000           | £'000         |
| <b>Opening net assets attributable to shareholders</b>                                   |                 | <b>63,108</b> |                 | <b>62,618</b> |
| Amounts receivable on the issue of shares  | 8,253           |               | 31,702          |               |
| Amounts payable on the cancellation of shares  | (15,392)        |               | (14,558)        |               |
|  |                 | (7,139)       |                 | 17,144        |
| Change in net assets attributable to shareholders from investment activities (see above) |                 | (537)         |                 | (3,496)       |
| <b>Closing net assets attributable to shareholders</b>                                   |                 | <b>55,432</b> |                 | <b>76,266</b> |

Comparative information is provided for the statement of change in net assets attributable to shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

# Financial Statements

## Continued

### Balance Sheet

As at 31 January 2023

|  | 31 January 2023 |               | 31 July 2022 |               |
|--|-----------------|---------------|--------------|---------------|
|  | £'000           | £'000         | £'000        | £'000         |
| <b>Assets:</b>                                 |                 |               |              |               |
| <b>Fixed assets:</b>                           |                 |               |              |               |
| Investment assets                              |                 | 55,416        |              | 62,348        |
| <b>Current assets:</b>                         |                 |               |              |               |
| Debtors  | 184             |               | 161          |               |
| Cash and bank balances                         | 63              |               | 717          |               |
|  |                 | 247           |              | 878           |
| <b>Total assets</b>                            |                 | <b>55,663</b> |              | <b>63,226</b> |
| <b>Liabilities:</b>                            |                 |               |              |               |
| Creditors                                      | (231)           |               | (118)        |               |
|  |                 | (231)         |              | (118)         |
| <b>Total liabilities</b>                       |                 | <b>(231)</b>  |              | <b>(118)</b>  |
| <b>Net assets attributable to shareholders</b> |                 | <b>55,432</b> |              | <b>63,108</b> |

# abrdn Latin American Equity Fund

For the period ended 31 January 2023

## Investment Objective

To generate growth over the long term (5 years or more) by investing in Latin American equities (company shares).

Performance Target: To achieve the return of the MSCI EM Latin America 10/40 Net Total Return Index plus 3% per annum over rolling three year periods (before charges). The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target.

The ACD believes this is an appropriate target for the fund based on the investment policy of the fund and the constituents of the index.

## Investment Policy

### Portfolio Securities

- The fund will invest at least 70% in equities and equity related securities of companies listed, incorporated or domiciled in Latin American countries or companies that derive a significant proportion of their revenues or profits from Latin American operations or have a significant proportion of their assets there.
- The fund may also invest in other funds (including those managed by abrdn), money-market instruments and cash.

### Management Process

- The management team use their discretion (active management) to maintain a diverse asset mix at country, sector and stock level.
- Their primary focus is on stock selection using research techniques to select individual holdings. The research process is focused on finding high quality companies at attractive valuations that can be held for the long term.
- In seeking to achieve the Performance Target, the MSCI EM Latin America 10/40 Net Total Return Index is used as a reference point for portfolio construction and as a basis for setting risk constraints. The expected variation ("tracking error") between the returns of the fund and the index is not ordinarily expected to exceed 12.5%. Due to the active nature of the management process, the fund's performance profile may deviate significantly from that of the index.

### Derivatives and Techniques

- The fund may use derivatives to reduce risk, to reduce cost and/or generate additional income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management").

- Derivative usage in the fund is expected to be very limited. Where derivatives are used, this would mainly be in response to significant inflows into the fund so that in these instances, cash can be invested while maintaining the fund's existing allocations to company shares.

## Performance Review

For the six months ended 31 January 2023, the value of abrdn Latin American Equity Fund – A Accumulation Shares increased by 14.06% compared to an increase of 14.05% in the performance target, the MSCI EM Latin America 10/40 Net Total Return Index.

Source: Lipper; Basis: total return, published NAV to NAV, net of annual charges, UK net income reinvested, GBP.

Source: MSCI. The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis, should not be taken as an indication or guarantee of any future performance analysis forecast or prediction. The MSCI information is provided on an 'as is' basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the 'MSCI Parties') expressly disclaims all warranties (including without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages ([www.msci.com](http://www.msci.com)).

Please remember that past performance is not a guide to future returns. The price of shares and the revenue from them may fall as well as rise. Investors may not get back the amount originally invested.

Companies selected for illustrative purposes only to demonstrate the investment management style described herein and not as an investment recommendation or indication of future performance.

Any data contained herein which is attributed to a third party ("Third Party Data") is the property of (a) third party supplier(s) (the "Owner") and is licensed for use by abrdn\*\*. Third Party Data may not be copied or distributed. Third Party Data is provided "as is" and is not warranted to be accurate, complete or timely. To the extent permitted by applicable law, none of the Owner, abrdn\*\* or any other third party (including any third party involved in providing and/or compiling Third Party Data) shall have any liability for Third Party Data or for any use made of Third Party Data. Neither the Owner nor any other third party sponsors, endorses or promotes the fund or product to which Third Party Data relates.

\*\*abrdn means the relevant member of abrdn group, being abrdn plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

# abrdn Latin American Equity Fund

## Continued

### Market Review

Latin American equities recorded a solid performance over the six-month period.

Despite a challenging external environment, Latin American stocks outperformed the broader emerging and developed market asset classes early in the six-month period. However, the region had a volatile fourth quarter, performing well at the start before giving back some gains later on. Healthy third-quarter GDP figures in the US, a key trading partner of the region, along with solid economic data and a continued favourable climate for energy and commodities buoyed Latin American equities early in the fourth quarter. Brazil weighed on the region as the quarter progressed, largely driven by the incoming government's attempt to have nearly US\$37 billion exempt from the constitutional budget cap. The region gave back gains in December. This was mostly in line with the broader emerging and developed market asset classes, with global equity markets falling over recessionary fears.

Stepping in to 2023, Latin American stocks rose in January, outperforming the broader emerging and developed market asset classes. Mexico and Chile were strong contributors to the region's performance.

### Portfolio Activity and Review

At a country level, the exposure to Mexico and Peru were most beneficial for the fund, while on the flip side, the exposure to Brazil dragged the most. In Mexico, our holding in airport operator OMA added to performance as its shares rose on the back of solid traffic data. Mexican bank Banorte also contributed to performance on the back of earnings upgrades. In Peru, mining company Southern Copper that we initiated over the period, contributed to the fund's relative returns supported by higher copper prices.

Conversely, the fund's Brazilian exposures weighed on performance. Our underweight position in iron ore producer Vale detracted as its shares rose alongside the recovery in oil prices, although this was somewhat offset by our exposure to its holding company Bradespar. Insurer Hapvida's shares came under pressure due to concerns around operational performance and investors' reaction to the earlier-than-expected departure of its Co-CEO. Our holding in Brazilian stock exchange B3 was also unfavourable as rising interest rate cycle and concerns around monetary and fiscal policies under the new government led to a negative sentiment towards the organisation. Elsewhere, Telefonica Brasil was weak as the company lagged the market recovery due to the more defensive nature of its business. Interest-rate sensitive

business Localiza Rent A Car detracted from performance as concerns around fiscal management under the new government in Brazil led to a sharp reversal in rate-cycle expectations.

In portfolio activity, we initiated a position in Southern Copper to get direct mining exposure through a high-quality copper asset. We also added electricity distribution company Equatorial Energia which has an attractive pipeline of investments and the potential to expand its exposure towards sanitation. Conversely, we exited Hapvida given our weakening conviction in the business. We sold our position in Chilean retail chain Falabella due to the challenging economic outlook and concerns around execution and strategic direction of the business. Elsewhere, we exited the energy group Raizen due to our weakened conviction. Lastly, we offloaded XP Investimentos to fund better opportunities elsewhere.

### Portfolio Outlook and Strategy

Latin American equities have shown relative resilience and benefited from a conducive external backdrop, with rising commodities and healthy flows into the region. This supportive backdrop has weakened in recent months, with inflation pressures and restrictive policy rates pointing to a lacklustre growth for 2023.

While politics and fiscal concerns have dominated the region, leading to elevated risk-premia across asset classes, we expect potential scope for normalisation. In Brazil, investors were negatively surprised by the new government's initial proposals around fiscal expenditure which could undermine the trajectory of public debt consolidation and create unfavourable conditions for the start of an easing cycle in 2023. Even so, the election of a balanced congress was positive as broad representation normally provides an appropriate backstop to the party in power. However, we are yet to see if this dynamic will be enough to enforce pragmatism in the Lula administration. Such an outcome would be positive for investments.

We continue to believe that Latin America offers several opportunities in underpenetrated sectors in the long term. The region could also be a sweet spot to benefit from the energy transition push, given its leading position as a renewable energy and green commodity resource base. Furthermore, the region could benefit from the restructuring of global supply chains. Mexico stacks-up as an attractive destination for manufacturing companies to set-up facilities closer to the US, reducing their reliance on Asian manufacturing hubs.

# abrdn Latin American Equity Fund

## Continued

Our holdings in Latin America are experienced in dealing with inflationary pressures, have solid balance-sheets and have strengthened their positions through efficiency, digitalisation and market-share gains, which bodes well for earnings power. The region trades at record low valuation levels and a significant discount to other emerging markets. This suggests the risks are largely discounted, and that the region offers a favourable risk-reward proposition.

**Global Emerging Markets Equity Team**

February 2023



# abrdn Latin American Equity Fund

## Continued

### Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the fund. The table below shows the fund's ranking on the Risk and Reward Indicator.

| Typically lower rewards, lower risk |   |   |   | Typically higher rewards, higher risk |   |   |
|-------------------------------------|---|---|---|---------------------------------------|---|---|
| ←                                   |   |   |   | →                                     |   |   |
| 1                                   | 2 | 3 | 4 | 5                                     | 6 | 7 |

Risk and reward indicator table as at 31 January 2023.

The fund is rated as 7 because of the extent to which the following risk factors apply:

- The fund invests in equity 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.
- The fund invests in emerging market equities and/or bonds. Investing in emerging markets involves a greater risk of loss than investing in more developed markets due to, among other factors, greater political, tax, economic, foreign exchange, liquidity and regulatory risks.
- 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.

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# Comparative Tables

| <b>A Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 1,966                  | 16,467              | 19,685              | 20,433              |
| Closing number of shares                  | 1,878,684              | 18,076,353          | 20,106,920          | 23,957,959          |
| Closing net asset value per share (pence) | 104.64                 | 91.10               | 97.90               | 85.29               |
| Change in net asset value per share       | 14.86%                 | (6.95%)             | 14.78%              | (30.96%)            |
| Operating charges                         | 1.59%                  | 1.59%               | 1.64%               | 1.64%               |
| <b>I Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 86,477                 | 65,870              | 80,979              | 71,720              |
| Closing number of shares                  | 75,945,740             | 66,609,994          | 76,554,693          | 78,179,826          |
| Closing net asset value per share (pence) | 113.87                 | 98.89               | 105.78              | 91.74               |
| Change in net asset value per share       | 15.15%                 | (6.51%)             | 15.30%              | (30.66%)            |
| Operating charges                         | 1.14%                  | 1.14%               | 1.19%               | 1.19%               |
| <b>M Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 5                      | 5                   | 5                   | 5                   |
| Closing number of shares                  | 4,971                  | 4,978               | 4,992               | 5,005               |
| Closing net asset value per share (pence) | 109.50                 | 95.12               | 101.80              | 88.33               |
| Change in net asset value per share       | 15.12%                 | (6.56%)             | 15.25%              | (30.56%)            |
| Operating charges                         | 1.19%                  | 1.19%               | 1.24%               | 1.24%               |

The closing net asset value (£'000) divided by the closing number of shares may not calculate to the closing net asset value per share (pence) due to rounding differences. The published closing net asset value per share (pence) is based on unrounded values and represents the actual price.

The change in the net asset value per share is the change from the beginning of the period to the close of the period.

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

# Portfolio Statement

As at 31 January 2023

| Holding                                  | Investment                             | Market value<br>£'000 | Percentage of<br>total net assets |
|--|--|-----------------------|-----------------------------------|
| <b>Equities (99.13%)</b>                 |  | <b>87,604</b>         | <b>99.05</b>                      |
| <b>Emerging Market Equities (70.19%)</b> |  | <b>59,106</b>         | <b>66.83</b>                      |
| <b>Argentina (1.72%)</b>                 |  | <b>2,130</b>          | <b>2.41</b>                       |
| 5,307                                    | Globant                                | 699                   | 0.79                              |
| 1,492                                    | MercadoLibre                           | 1,431                 | 1.62                              |
| <b>Brazil (61.09%)</b>                   |  | <b>52,266</b>         | <b>59.09</b>                      |
| 235,956                                  | 3R Petroleum Oleo E Gas                | 1,688                 | 1.91                              |
| 206,595                                  | Arezzo Industria e Comercio            | 2,885                 | 3.26                              |
| 1,913,161                                | B3 SA – Brasil Bolsa Balcao            | 3,956                 | 4.47                              |
| 858,916                                  | Banco Bradesco                         | 1,729                 | 1.96                              |
| 293,487                                  | Bradespar (Preference)                 | 1,494                 | 1.69                              |
| 718,218                                  | Equatorial Energia                     | 3,208                 | 3.63                              |
| 314,941                                  | Itaú Unibanco                          | 1,083                 | 1.22                              |
| 1,364,367                                | Itaúsa (Preference)                    | 1,855                 | 2.10                              |
| 690,970                                  | Klabin                                 | 2,132                 | 2.41                              |
| 193,034                                  | Localiza                               | 1,821                 | 2.06                              |
| 1,645                                    | Localiza Rent a Car (Rights)           | 5                     | 0.01                              |
| 1,701                                    | Lojas Renner                           | 6                     | 0.01                              |
| 681,309                                  | Multiplan Empreendimentos Imobiliarios | 2,586                 | 2.92                              |
| 714,922                                  | Petroleo (Preference)                  | 2,973                 | 3.36                              |
| 1,028,880                                | Raia Drogasil                          | 4,076                 | 4.61                              |
| 767,474                                  | Rumo                                   | 2,250                 | 2.54                              |
| 1,097,837                                | Sendas Distribuidora                   | 3,442                 | 3.89                              |
| 490,861                                  | Telefonica Brasil                      | 3,253                 | 3.68                              |
| 558,238                                  | TOTVS                                  | 2,677                 | 3.03                              |
| 389,723                                  | Vale                                   | 5,876                 | 6.64                              |
| 129,111                                  | Vale ADR                               | 1,959                 | 2.21                              |
| 798,692                                  | Wilson Sons                            | 1,312                 | 1.48                              |
| <b>Chile (6.07%)</b>                     |  | <b>1,844</b>          | <b>2.09</b>                       |
| 134,230                                  | Banco Santander Chile ADR              | 1,844                 | 2.09                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                 | Investment                               | Market value<br>£'000 | Percentage of<br>total net assets |
|---|--|-----------------------|-----------------------------------|
| <b>Colombia (0.00%)</b>                 |  | <b>1,679</b>          | <b>1.90</b>                       |
| 136,025                                 | Geopark                                  | 1,679                 | 1.90                              |
| <b>Peru (1.31%)</b>                     |  | <b>1,187</b>          | <b>1.34</b>                       |
| 10,876                                  | Credicorp                                | 1,186                 | 1.34                              |
| 6,074                                   | Fossal                                   | 1                     | -                                 |
| <b>North American Equities (28.94%)</b> |  | <b>28,498</b>         | <b>32.22</b>                      |
| <b>Mexico (28.94%)</b>                  |  | <b>28,498</b>         | <b>32.22</b>                      |
| 374,583                                 | Arca Continental                         | 2,683                 | 3.03                              |
| 1,029,724                               | Corp Inmobiliaria Vesta                  | 2,281                 | 2.58                              |
| 63,357                                  | Fomento Economico Mexicano ADR           | 4,516                 | 5.11                              |
| 45,252                                  | Grupo Aeroportuario del Centro Norte ADR | 2,682                 | 3.03                              |
| 772,998                                 | Grupo Financiero Banorte 'O'             | 5,210                 | 5.89                              |
| 284,808                                 | Grupo México                             | 1,028                 | 1.16                              |
| 195,302                                 | Regional                                 | 1,371                 | 1.55                              |
| 69,110                                  | Southern Copper                          | 4,220                 | 4.77                              |
| 1,418,951                               | Wal-Mart de Mexico                       | 4,507                 | 5.10                              |
| Total investment assets                 |  | 87,604                | 99.05                             |
| Net other assets                        |  | 844                   | 0.95                              |
| <b>Total Net Assets</b>                 |  | <b>88,448</b>         | <b>100.00</b>                     |

All investments are listed on recognised stock exchanges and are approved securities within the meaning of the FCA rules.  
The percentage figures in brackets show the comparative holding as at 31 July 2022.

# Financial Statements

## Statement of Total Return

For the six months ended 31 January 2023

|   | 31 January 2023 |               | 31 January 2022 |                |
|---|-----------------|---------------|-----------------|----------------|
|   | £'000           | £'000         | £'000           | £'000          |
| Income:   |                 |               |                 |                |
| Net capital gains/(losses)  |                 | 9,742         |                 | (9,511)        |
| Revenue   | 3,389           |               | 2,172           |                |
| Expenses  | (526)           |               | (526)           |                |
| Interest payable and similar charges  | (1)             |               | (3)             |                |
| Net revenue before taxation   | 2,862           |               | 1,643           |                |
| Taxation  | (124)           |               | (48)            |                |
| Net revenue after taxation  |                 | 2,738         |                 | 1,595          |
| <b>Total return before equalisation</b>   |                 | <b>12,480</b> |                 | <b>(7,916)</b> |
| Equalisation on shares  |                 | (117)         |                 | (84)           |
| <b>Change in net assets attributable to shareholders from investment activities</b> |                 | <b>12,363</b> |                 | <b>(8,000)</b> |

## Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 January 2023

|  | 31 January 2023 |               | 31 January 2022 |                |
|--|-----------------|---------------|-----------------|----------------|
|  | £'000           | £'000         | £'000           | £'000          |
| <b>Opening net assets attributable to shareholders</b>                                   |                 | <b>82,342</b> |                 | <b>100,669</b> |
| Amounts receivable on the issue of shares  | 10,972          |               | 12,379          |                |
| Amounts payable on the cancellation of shares  | (17,229)        |               | (21,409)        |                |
|  |                 | (6,257)       |                 | (9,030)        |
| Dilution adjustment  |                 | -             |                 | 7              |
| Change in net assets attributable to shareholders from investment activities (see above) |                 | 12,363        |                 | (8,000)        |
| <b>Closing net assets attributable to shareholders</b>                                   |                 | <b>88,448</b> |                 | <b>83,646</b>  |

Comparative information is provided for the statement of change in net assets attributable to shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

# Financial Statements

## Continued

### Balance Sheet

As at 31 January 2023

|  | 31 January 2023 |               | 31 July 2022 |                |
|--|-----------------|---------------|--------------|----------------|
|  | £'000           | £'000         | £'000        | £'000          |
| <b>Assets:</b>                                 |                 |               |              |                |
| <b>Fixed assets:</b>                           |                 |               |              |                |
| Investment assets                              |                 | 87,604        |              | 81,625         |
| <b>Current assets:</b>                         |                 |               |              |                |
| Debtors  | 364             |               | 1,532        |                |
| Cash and bank balances                         | 1,166           |               | 185          |                |
|  |                 | 1,530         |              | 1,717          |
| <b>Total assets</b>                            |                 | <b>89,134</b> |              | <b>83,342</b>  |
| <b>Liabilities:</b>                            |                 |               |              |                |
| Creditors                                      | (686)           |               | (1,000)      |                |
|  |                 | (686)         |              | (1,000)        |
| <b>Total liabilities</b>                       |                 | <b>(686)</b>  |              | <b>(1,000)</b> |
| <b>Net assets attributable to shareholders</b> |                 | <b>88,448</b> |              | <b>82,342</b>  |

# abrdn Multi-Asset Fund

For the period ended 31 January 2023

## Investment Objective

To generate income and some growth over the long term (5 years or more) by investing in a globally diversified portfolio of assets.

Performance Target: To exceed the return of the following composite index: 40% FTSE All-Share Index, 25% MSCI World ex UK Index, 15% FTSE Actuaries UK Conventional Gilts All Stocks Index, 5% FTSE Small Cap UK Index, 7.5% SONIA, 5% HFRI FOF Conservative Index, 2.5% FTSE All-Share Index-Equity Investment Instruments. The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target.

Performance Comparator: The Investment Association's Mixed Investment 40-85% Shares Sector Average Returns.

The ACD believes this is an appropriate target for the fund based on the investment policy of the fund and the constituents of each index.

## Investment Policy

### Portfolio Securities

- The fund will invest in equities (company shares and investment companies) and bonds (loans to companies and governments) issued anywhere and in any currency.
- The fund may also invest in other funds (including those managed by abrdn), money-market instruments, and cash.

### Management Process

- The management team use their discretion (active management) to identify the investments they believe are most appropriate for the fund's objective.
- Their primary focus is on asset allocation and stock selection using research techniques to select individual holdings. The research process is focused on identifying companies where the management team have a different view of a company's prospects to that of the market, and which align with their views regarding future economic and business conditions.
- The composite index is used as a reference point for portfolio construction and as a basis for setting risk constraints. Due to the active nature of the management process, the fund's performance profile may deviate significantly from that of the composite Index. The fund will also be subject to constraints such that the fund's allocation to equities will be limited to the equity parameters of the Investment Association's Mixed Investment 40-85% Shares Sector Average Returns Index.

## Derivatives and Techniques

- The fund may use derivatives to reduce risk, to reduce cost and/or generate additional income or consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management").
- Derivatives include instruments used to express short term and long term views reflecting expected changes in interest rates, company share prices, inflation, currencies or creditworthiness of corporations or governments.
- The fund may also invest in other funds which may use derivatives extensively although these investments shall be in line with fund's overall risk profile.

## Performance Review

For the six months ended 31 January 2023, the value of abrdn Multi-Asset Fund – A Accumulation Shares decreased by 2.80% compared to an increase of 0.96% in the performance target 40% FTSE All-Share Index, 25% MSCI World ex UK Index, 15% FTSE Actuaries UK Conventional Gilts All Stocks Index, 5% FTSE Small Cap UK Index, 7.5% 7 DAY GBP LIBOR, 5% HFRI FOF Conservative Index, 2.5% FTSE All-Share Index-Equity Investment Instruments.

Source: Lipper; Basis: total return, published NAV to NAV, net of annual charges, gross income reinvested, USD.

Source: MSCI. The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis, should not be taken as an indication or guarantee of any future performance analysis forecast or prediction. The MSCI information is provided on an 'as is' basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the 'MSCI Parties') expressly disclaims all warranties (including without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages ([www.msci.com](http://www.msci.com)).

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Please remember that past performance is not a guide to future returns. The price of shares and the revenue from them may fall as well as rise. Investors may not get back the amount originally invested.

Companies selected for illustrative purposes only to demonstrate the investment management style described herein and not as an investment recommendation or indication of future performance.

# abrdn Multi-Asset Fund

## Continued

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### Market Review

The review period was a volatile one for global markets. Central banks responded to multi-decade-high inflation levels in Western economies by raising interest rates faster and further than previously anticipated.

Global equities came under pressure over the period. The UK performed well, but most other markets declined, with China, emerging markets and Asia Pacific (excluding Japan) among the weakest. The recovery from Covid-19-induced lockdown restrictions and the collapse of economic activity slowed as supply-chain disruptions, higher inflation and tightening global monetary policy weighed on markets. Declines in global stocks were steep between August and mid-October. November then saw a significant recovery in stock markets, prompted by better-than-expected US inflation data, raising hopes that an end to the current cycle of interest-rate rises might be in sight. A tough calendar year concluded with further stock market weakness in December amid concerns about global economic growth in 2023.

However, the new year started on a highly positive note, with greater economic optimism and growing hopes around easing inflation and resilient growth. Further upside was sustained as European natural gas prices declined and China began a rapid reopening as they moved away from their zero-Covid policy. The UK stock market and continental Europe equities finished the period with modest annual gains. US share prices were flat. Japanese stock market rose slightly higher while Asia Pacific (excluding Japan) equities ended higher amid greater optimism after the reopening of the Chinese economy.

In fixed income, most government bond prices fell over the period. As a result of rising interest rates, investors sold government bonds, pushing yields higher. Corporate bond prices also fell. In the UK, September's mini-budget

prompted a wave of selling in bond markets, driving Gilt yields higher and prompting intervention by the Bank of England (BoE). While this move calmed the market, the UK's 10-year Gilt yields rose significantly, going over 4.9% in late September. UK markets were calmer in October, especially after Rishi Sunak replace Liz Truss as Prime Minister. In November, corporate and sovereign bonds ended higher, while investors saw slowing US inflation data as positive for the global economy. Yet, in December, US corporate bonds, Treasuries, Gilts and European sovereign and corporate bonds all fell. However, bonds performed well in January, as lower inflation data suggested a moderation in central bank policy. Corporate bonds outperformed sovereign issues.

### Portfolio Activity and Review

The fund underperformed its comparator benchmark over the review period. The exposure to equities weighed on performance, mainly driven by negative stock selection, particularly in UK equities. Our alternative growth assets exposure was negative overall, driven by the absolute return and private equity positioning. However, the UK government bonds position contributed positively on a relative basis despite falling in absolute terms.

UK equities performed well over the six-month period, but the fund's performance of -0.60% lagged that of the benchmark, which returned 5.29%. An underweight exposure to the energy sector continued to act as a drag on performance over the period. Within individual names, Moonpig Group's shares fell at the end of 2022 after releasing results which indicated that, while its core greetings-card business remained solid, the more discretionary gifting element had weakened. 888 Holdings also underperformed over the period, given near-term risk from the publication of the UK Government's long-delayed gambling review, temporarily elevated leverage to fund the acquisition of William Hill, and the understandable cooling of trading from exceptional levels during the pandemic. More positively, shares in Prudential advanced after the Chinese government announced the reopening of the border between the mainland and Hong Kong, an important market for the firm. Meanwhile, Rio Tinto's shares made solid gains on the back of buoyant commodities prices.

Overseas equities were negative across the quarter, notably due to European and US equities. We have had an underweight to equities (the implementation of our recessionary view), which was a factor in the negative performance. However, we have used equities to fund our overweight to government bonds which has provided a positive contribution (as alluded to below).



# abrdn Multi-Asset Fund

## Continued

Alternative assets endured a more difficult six months under review. Special opportunity names underperformed, particularly Round Hill Music, which fell despite publishing a positive net publisher's share at the end of the third quarter and showing robust streaming growth. This was somewhat reflective of US dollar weakness against the pound. Meanwhile, infrastructure also lagged, particularly Greencoat Renewables and Gresham House Storage Fund.

Within fixed income, UK government bonds endured a volatile six months, with unprecedented volatility and weakness for UK government bonds at the beginning of the period. This was driven by inflation fears, less-supportive monetary policy and the reaction to Chancellor Kwasi Kwarteng's mini-budget, which led to sterling and Gilts falling sharply. However, UK government bonds recovered some lost ground in October and November as Rishi Sunak became the new prime minister. Meanwhile, the Bank of England (BoE) remained hawkish, lifting rates by 75 basis points (bps) in November and a further 50bps in December, taking the cash rate to 3.5%. At the start of the new year, investors welcomed news that inflationary pressures were easing, with UK annual consumer price inflation falling to 10.5% in December, continuing its decline from a 41-year high of 11.1% in October. Despite the turmoil, the fund's UK bonds performance outperformed the benchmark ( 11.24% versus -11.42%).

## Portfolio Outlook and Strategy

From an economic perspective, we reaffirm our view that a global recession is coming – indeed recessions appear to have already begun in some major economies. In the UK, GDP contracted in the third quarter, albeit in part due to a technical quirk, but the weakness of leading indicators, and the sharp rise in interest rates mean a more fundamental recession is or will be soon setting in. The US economy is clearly slowing, but growth remains positive for now. More broadly, our framework remains that taming core inflation requires a substantial rise in unemployment, consistent with a US recession – and that ultimately the US Federal Reserve will tighten monetary policy to deliver that. In China, our forecasts are below consensus, despite excitement about the move away from zero-Covid-19 and more supportive property sector policies.

Although global headline inflation pressures either already have, or are very close to, passing their peak, our view is that core inflation will prove much stickier, predominantly driven by tight labour markets. We envisage that there will be more interest-rate hikes in the near term. As a result, demand destruction and higher unemployment will weigh on wage growth and inflation expectations. Central banks will be in rate-cutting mode again by late-2023. Indeed, we think that the speed and extent of these eventual rate cuts are underestimated. Our baseline forecasts envisage multiple overlapping headwinds driving global recession, moderation in inflation and interest rates moving back to the lower bound. Our global GDP forecasts are well below consensus.

### Asset Allocation Solutions Team

February 2023

# abrdn Multi-Asset Fund

## Continued

### Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the fund. The table below shows the fund's ranking on the Risk and Reward Indicator.

| Typically lower rewards, lower risk |   |   |   | Typically higher rewards, higher risk |   |   |
|-------------------------------------|---|---|---|---------------------------------------|---|---|
| ←                                   |   |   |   | →                                     |   |   |
| 1                                   | 2 | 3 | 4 | 5                                     | 6 | 7 |

Risk and reward indicator table as at 31 January 2023.

The fund is rated as 5 because of the extent to which the following risk factors apply:

- The fund's price can go up or down daily for a variety of reasons including changes in interest rates, inflation expectations or the perceived credit quality of individual countries or securities.
- The fund invests in securities which are subject to the risk that the issuer may default on interest or capital payments.
- 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 invests in emerging market equities and/or bonds. Investing in emerging markets involves a greater risk of loss than investing in more developed markets due to, among other factors, greater political, tax, economic, foreign exchange, liquidity and regulatory risks.
- The fund invests in equity 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.
- The fund invests in high yielding bonds which carry a greater risk of default than those with lower yields.

All investment involves risk. This fund offers no guarantee against loss or that the fund's objective will be attained.

# Comparative Tables

| <b>A Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 73,458                 | 78,720              | 88,822              | 77,896              |
| Closing number of shares                  | 23,594,072             | 24,532,408          | 26,047,011          | 26,777,736          |
| Closing net asset value per share (pence) | 311.34                 | 320.88              | 341.00              | 290.90              |
| Change in net asset value per share       | (2.97%)                | (5.90%)             | 17.22%              | (2.12%)             |
| Operating charges                         | 1.57%                  | 1.59%               | 1.35%               | 1.41%               |
| <b>A Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 2,916                  | 3,306               | 3,709               | 3,547               |
| Closing number of shares                  | 1,149,610              | 1,259,312           | 1,322,413           | 1,478,378           |
| Closing net asset value per share (pence) | 253.60                 | 262.52              | 280.44              | 239.90              |
| Change in net asset value per share       | (3.40%)                | (6.39%)             | 16.90%              | (2.88%)             |
| Operating charges                         | 1.57%                  | 1.59%               | 1.35%               | 1.41%               |
| <b>I Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 46,960                 | 48,646              | 54,957              | 49,789              |
| Closing number of shares                  | 13,592,027             | 13,692,426          | 14,621,685          | 15,598,089          |
| Closing net asset value per share (pence) | 345.50                 | 355.28              | 375.86              | 319.20              |
| Change in net asset value per share       | (2.75%)                | (5.48%)             | 17.75%              | (1.68%)             |
| Operating charges                         | 1.12%                  | 1.14%               | 0.90%               | 0.96%               |
| <b>I Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 8,853                  | 9,485               | 11,090              | 9,997               |
| Closing number of shares                  | 5,908,005              | 6,115,439           | 6,692,710           | 7,053,478           |
| Closing net asset value per share (pence) | 149.84                 | 155.10              | 165.70              | 141.73              |
| Change in net asset value per share       | (3.39%)                | (6.40%)             | 16.91%              | (2.87%)             |
| Operating charges                         | 1.12%                  | 1.14%               | 0.90%               | 0.96%               |
| <b>M Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 252                    | 303                 | 323                 | 276                 |
| Closing number of shares                  | 208,496                | 243,042             | 245,438             | 246,316             |
| Closing net asset value per share (pence) | 120.99                 | 124.45              | 131.72              | 111.92              |
| Change in net asset value per share       | (2.78%)                | (5.52%)             | 17.69%              | (1.61%)             |
| Operating charges                         | 1.17%                  | 1.19%               | 0.95%               | 1.01%               |

# Comparative Tables

## Continued

| M Income <sup>A</sup>                     | 31 January 2023 | 31 July 2022 | 31 July 2021 | 31 July 2020 |
|---|-----------------|--------------|--------------|--------------|
| Closing net asset value (£'000)           | -               | 1            | 1            | 1            |
| Closing number of shares                  | -               | 915          | 915          | 915          |
| Closing net asset value per share (pence) | -               | 119.87       | 128.05       | 109.54       |
| Change in net asset value per share       | -               | (6.39%)      | 16.90%       | (2.67%)      |
| Operating charges                         | -               | 1.19%        | 0.95%        | 1.01%        |

The closing net asset value (£'000) divided by the closing number of shares may not calculate to the closing net asset value per share (pence) due to rounding differences. The published closing net asset value per share (pence) is based on unrounded values and represents the actual price.

The change in the net asset value per share is the change from the beginning of the period to the close of the period.

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

Due to new guidance that came into force from 30 June 2022, the charges for underlying Closed Ended Funds held on the fund have now been included in the Operating Charges.

<sup>A</sup> M Income share class was closed on 17 January 2023.

# Portfolio Statement

As at 31 January 2023

| Holding                               | Investment             | Market value<br>£'000 | Percentage of<br>total net assets |
|---------------------------------------|------------------------|-----------------------|-----------------------------------|
| <b>Equities (53.94%)</b>              |                        | <b>60,009</b>         | <b>45.31</b>                      |
| <b>European Equities (2.37%)</b>      |                        | <b>3,417</b>          | <b>2.58</b>                       |
| <b>Ireland (1.52%)</b>                |                        | <b>1,458</b>          | <b>1.10</b>                       |
| 14,050                                | Grafton                | 129                   | 0.10                              |
| 1,357,572                             | Greencoat Renewables++ | 1,329                 | 1.00                              |
| <b>Switzerland (0.85%)</b>            |                        | <b>1,959</b>          | <b>1.48</b>                       |
| 19,090                                | Coca-Cola HBC          | 374                   | 0.28                              |
| 292,981                               | Glencore               | 1,585                 | 1.20                              |
| <b>North America Equities (0.78%)</b> |                        | <b>320</b>            | <b>0.24</b>                       |
| <b>Bermuda (0.78%)</b>                |                        | <b>320</b>            | <b>0.24</b>                       |
| 28,428                                | Hiscox                 | 320                   | 0.24                              |
| <b>UK Equities (50.79%)</b>           |                        | <b>56,272</b>         | <b>42.49</b>                      |
| <b>Basic Materials (1.48%)</b>        |                        | <b>2,101</b>          | <b>1.58</b>                       |
| 26,832                                | Anglo American         | 930                   | 0.70                              |
| 30,884                                | Bodycote               | 201                   | 0.15                              |
| 12,846                                | Rio Tinto              | 812                   | 0.61                              |
| 8,619                                 | Victrex                | 158                   | 0.12                              |
| <b>Consumer Discretionary (5.64%)</b> |                        | <b>3,082</b>          | <b>2.33</b>                       |
| 58,817                                | 888                    | 42                    | 0.03                              |
| 9,240                                 | Bellway                | 196                   | 0.15                              |
| 49,751                                | Crest Nicholson        | 121                   | 0.09                              |
| 28,093                                | Entain                 | 418                   | 0.32                              |
| 28,902                                | Howden Joinery         | 199                   | 0.15                              |
| 161,548                               | JD Sports Fashion      | 263                   | 0.20                              |
| 8,011                                 | Jet2++                 | 97                    | 0.07                              |
| 34,327                                | Mitchells & Butlers    | 56                    | 0.04                              |
| 53,351                                | Moonpig                | 64                    | 0.05                              |
| 109,724                               | National Express       | 146                   | 0.11                              |
| 40,976                                | RELX                   | 984                   | 0.74                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                         | Investment                                    | Market value<br>£'000 | Percentage of<br>total net assets |
|---------------------------------|---|-----------------------|-----------------------------------|
| 150,781                         | Taylor Wimpey                                 | 177                   | 0.14                              |
| 15,370                          | Watches of Switzerland                        | 146                   | 0.11                              |
| 10,850                          | WH Smith                                      | 173                   | 0.13                              |
| <b>Consumer Staples (3.76%)</b> |   | <b>4,594</b>          | <b>3.47</b>                       |
| 2,479                           | British American Tobacco                      | 77                    | 0.06                              |
| 51,350                          | Diageo  | 1,807                 | 1.36                              |
| 17,634                          | Imperial Brands                               | 358                   | 0.27                              |
| 3,196                           | Reckitt Benckiser                             | 184                   | 0.14                              |
| 52,769                          | Unilever                                      | 2,168                 | 1.64                              |
| <b>Energy (0.00%)</b>           |   | <b>5,412</b>          | <b>4.09</b>                       |
| 356,265                         | BP  | 1,741                 | 1.31                              |
| 19,287                          | Capricorn Energy                              | 47                    | 0.04                              |
| 34,068                          | Energean                                      | 397                   | 0.30                              |
| 40,884                          | Harbour Energy                                | 128                   | 0.10                              |
| 329,521                         | Savannah Energy++                             | 87                    | 0.07                              |
| 124,973                         | Shell   | 2,966                 | 2.24                              |
| 32,756                          | Wood  | 46                    | 0.03                              |
| <b>Financials (19.10%)</b>      |   | <b>27,664</b>         | <b>20.89</b>                      |
| 614,179                         | 3i Infrastructure                             | 2,051                 | 1.55                              |
| 198,374                         | Aberdeen Diversified Income and Growth Trust+ | 176                   | 0.13                              |
| 139,339                         | Aberdeen Private Equity Fund+                 | 3                     | -                                 |
| 469,695                         | abrdn Private Equity Opportunities Trust+     | 2,198                 | 1.66                              |
| 59,959                          | Ashmore                                       | 160                   | 0.12                              |
| 399,443                         | Barclays                                      | 742                   | 0.56                              |
| 1,691,486                       | BioPharma Credit                              | 1,314                 | 0.99                              |
| 31,800                          | Close Brothers                                | 308                   | 0.23                              |
| 880,872                         | Foresight Solar Fund                          | 1,043                 | 0.79                              |
| 1,189,449                       | GCP Asset Backed Income Fund                  | 959                   | 0.72                              |
| 1,315,883                       | Greencoat UK Wind                             | 2,095                 | 1.58                              |
| 580,635                         | Gresham House Energy Storage Fund             | 926                   | 0.70                              |
| 34,974                          | Hargreaves Lansdown                           | 311                   | 0.24                              |
| 1,350,839                       | HICL Infrastructure                           | 2,240                 | 1.69                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                    | Investment                                  | Market value<br>£'000 | Percentage of<br>total net assets |
|----------------------------|---|-----------------------|-----------------------------------|
| 769                        | HIE Ventures <sup>a</sup>                   | -                     | -                                 |
| 363,346                    | HSBC  | 2,167                 | 1.64                              |
| 12,642                     | Intermediate Capital                        | 175                   | 0.13                              |
| 142,205                    | Just  | 117                   | 0.09                              |
| 146,068                    | Legal & General                             | 371                   | 0.28                              |
| 9,164                      | London Stock Exchange                       | 679                   | 0.51                              |
| 162,605                    | NatWest                                     | 501                   | 0.38                              |
| 34,734                     | OSB   | 189                   | 0.14                              |
| 652,680                    | Pantheon Infrastructure                     | 621                   | 0.47                              |
| 1,021,777                  | Pantheon International                      | 2,698                 | 2.04                              |
| 85,507                     | Prudential                                  | 1,145                 | 0.87                              |
| 1,240,886                  | Renewables Infrastructure                   | 1,613                 | 1.22                              |
| 1,031,713                  | Round Hill Music Royalty Fund               | 637                   | 0.48                              |
| 1,082,451                  | Sequoia Economic Infrastructure Income Fund | 923                   | 0.70                              |
| 93,865                     | Standard Chartered                          | 637                   | 0.48                              |
| 717,970                    | Tufts Oceanic Assets                        | 665                   | 0.50                              |
| <b>Health Care (5.41%)</b> |   | <b>5,908</b>          | <b>4.46</b>                       |
| 30,214                     | AstraZeneca                                 | 3,199                 | 2.42                              |
| 244,964                    | ConvaTec                                    | 573                   | 0.43                              |
| 7,167                      | Dechra Pharmaceuticals                      | 205                   | 0.15                              |
| 3,042                      | Genus                                       | 88                    | 0.07                              |
| 55,131                     | GSK   | 785                   | 0.59                              |
| 90,352                     | Haleon                                      | 293                   | 0.22                              |
| 21,047                     | Indivior                                    | 409                   | 0.31                              |
| 31,995                     | Smith & Nephew                              | 356                   | 0.27                              |
| <b>Industrials (8.59%)</b> |   | <b>3,433</b>          | <b>2.59</b>                       |
| 12,190                     | Ashtead                                     | 648                   | 0.49                              |
| 72,313                     | BAE Systems                                 | 619                   | 0.47                              |
| 60,095                     | Balfour Beatty                              | 220                   | 0.17                              |
| 38,293                     | DS Smith                                    | 135                   | 0.10                              |
| 57,011                     | Genuit                                      | 186                   | 0.14                              |
| 51,443                     | Inchcape                                    | 469                   | 0.35                              |
| 75,378                     | Kier  | 52                    | 0.04                              |
| 37,913                     | Marshalls                                   | 129                   | 0.10                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                       | Investment   | Market value<br>£'000 | Percentage of<br>total net assets |
|---|--|-----------------------|-----------------------------------|
| 19,042  | Mondi  | 290                   | 0.22                              |
| 63,296  | Rentokil Initial   | 311                   | 0.23                              |
| 27,576  | RS   | 259                   | 0.19                              |
| 28,038  | Vesuvius   | 115                   | 0.09                              |
| <b>Real Estate (1.71%)</b>                    |  | <b>1,226</b>          | <b>0.93</b>                       |
| 36,280  | Segro REIT   | 301                   | 0.23                              |
| 594,089                                       | Tritax Big Box REIT  | 925                   | 0.70                              |
| <b>Technology (3.38%)</b>                     |  | <b>502</b>            | <b>0.38</b>                       |
| 15,888  | Auto Trader  | 100                   | 0.07                              |
| 26,843  | Sage   | 208                   | 0.16                              |
| 16,098  | Softcat  | 194                   | 0.15                              |
| <b>Telecommunications (1.72%)</b>             |  | <b>1,052</b>          | <b>0.79</b>                       |
| 242,575                                       | BT   | 302                   | 0.23                              |
| 65,061  | Helios Towers  | 70                    | 0.05                              |
| 5,662   | Telecom Plus   | 113                   | 0.08                              |
| 608,604                                       | Vodafone   | 567                   | 0.43                              |
| <b>Utilities (0.00%)</b>                      |  | <b>1,298</b>          | <b>0.98</b>                       |
| 32,586  | Drax   | 210                   | 0.16                              |
| 58,599  | National Grid  | 600                   | 0.45                              |
| 28,337  | SSE  | 488                   | 0.37                              |
| <b>Collective Investment Schemes (44.24%)</b> |  | <b>71,950</b>         | <b>54.33</b>                      |
| 2,431   | Aberdeen Standard Liquidity Fund (Lux) – Sterling Fund Z1 Inc+ | 2,431                 | 1.84                              |
| 23,932,584                                    | abrdn (AAM) Sterling Government Bond Fund Z Acc+               | 21,944                | 16.57                             |
| 5,659,811                                     | abrdn American Equity Enhanced Index Fund X Acc+               | 15,138                | 11.43                             |
| 5,256,918                                     | abrdn American Equity Tracker Fund X Acc+                      | 8,402                 | 6.34                              |
| 281,618                                       | abrdn Asia Pacific Equity Fund Z Acc+                          | 1,226                 | 0.93                              |
| 372,752                                       | abrdn Europe ex UK Equity Fund Z Acc+                          | 1,200                 | 0.91                              |
| 1,332,063                                     | abrdn European Equity Enhanced Index Fund X Acc+               | 2,245                 | 1.70                              |



# Portfolio Statement

As at 31 January 2023 continued

| Holding                                   | Investment  | Market value<br>£'000 | Percentage of<br>total net assets |
|---|---|-----------------------|-----------------------------------|
| 198,711                                   | abrdn Global Corporate Bond Fund SICAV Z Acc USD+ | 2,455                 | 1.85                              |
| 3,983,697                                 | abrdn UK Equity Fund I Acc+                       | 9,991                 | 7.54                              |
| 2,505,430                                 | abrdn UK High Income Equity Fund ZC Acc+          | 4,825                 | 3.64                              |
| 229,881                                   | ASI Japanese Sustainable Equity Fund SICAV Z Acc+ | 2,093                 | 1.58                              |
| <b>Derivatives (0.01%)</b>                |   | <b>1</b>              | <b>-</b>                          |
| <b>Forward Currency Contracts (0.00%)</b> |   | <b>(34)</b>           | <b>(0.03)</b>                     |
| Buy 1,698,620 Sell 1,411,008 08/03/2023   |   | (34)                  | (0.03)                            |
| <b>Futures (0.01%)</b>                    |   | <b>35</b>             | <b>0.03</b>                       |
| 27  | Long US 10 Year Note (CBT) Future 22/03/2023      | 35                    | 0.03                              |
| Total investment assets and liabilities   |   | 131,960               | 99.64                             |
| Net other assets                          |   | 479                   | 0.36                              |
| <b>Total Net Assets</b>                   |   | <b>132,439</b>        | <b>100.00</b>                     |

All investments (excluding OTC derivatives) are listed on recognised stock exchanges and are approved securities, or are regulated collective investment schemes or are approved derivatives within the meaning of the FCA rules.

The percentage figures in brackets show the comparative holding as at 31 July 2022.

\* Managed by subsidiaries of abrdn plc.

++ AIM listed.

<sup>a</sup> Unapproved/unquoted security.

# Financial Statements

## Statement of Total Return

For the six months ended 31 January 2023

|   | 31 January 2023 |                | 31 January 2022 |                |
|---|-----------------|----------------|-----------------|----------------|
|   | £'000           | £'000          | £'000           | £'000          |
| Income:   |                 |                |                 |                |
| Net capital losses  |                 | (4,795)        |                 | (3,429)        |
| Revenue   | 1,445           |                | 1,161           |                |
| Expenses  | (735)           |                | (884)           |                |
| Interest payable and similar charges  | (1)             |                | -               |                |
| Net revenue before taxation   | 709             |                | 277             |                |
| Taxation  | 7               |                | 14              |                |
| Net revenue after taxation  |                 | 716            |                 | 291            |
| <b>Total return before distributions</b>  |                 | <b>(4,079)</b> |                 | <b>(3,138)</b> |
| Distributions   |                 | (716)          |                 | (291)          |
| <b>Change in net assets attributable to shareholders from investment activities</b> |                 | <b>(4,795)</b> |                 | <b>(3,429)</b> |

## Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 January 2023

|  | 31 January 2023 |                | 31 January 2022 |                |
|--|-----------------|----------------|-----------------|----------------|
|  | £'000           | £'000          | £'000           | £'000          |
| <b>Opening net assets attributable to shareholders</b>                                   |                 | <b>140,461</b> |                 | <b>158,902</b> |
| Amounts receivable on the issue of shares  | 796             |                | 2,068           |                |
| Amounts payable on the cancellation of shares  | (4,656)         |                | (6,284)         |                |
|  |                 | (3,860)        |                 | (4,216)        |
| Change in net assets attributable to shareholders from investment activities (see above) |                 | (4,795)        |                 | (3,429)        |
| Retained distribution on accumulation shares   |                 | 633            |                 | 250            |
| <b>Closing net assets attributable to shareholders</b>                                   |                 | <b>132,439</b> |                 | <b>151,507</b> |

Comparative information is provided for the statement of change in net assets attributable to shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

# Financial Statements

## Continued

### Balance Sheet

As at 31 January 2023

|  | 31 January 2023 |                | 31 July 2022 |                |
|--|-----------------|----------------|--------------|----------------|
|  | £'000           | £'000          | £'000        | £'000          |
| <b>Assets:</b>                                 |                 |                |              |                |
| <b>Fixed assets:</b>                           |                 |                |              |                |
| Investment assets                              |                 | 131,994        |              | 137,918        |
| <b>Current assets:</b>                         |                 |                |              |                |
| Debtors  | 248             |                | 237          |                |
| Cash and bank balances                         | 524             |                | 3,274        |                |
|  |                 | 772            |              | 3,511          |
| <b>Total assets</b>                            |                 | <b>132,766</b> |              | <b>141,429</b> |
| <b>Liabilities:</b>                            |                 |                |              |                |
| Investment liabilities                         |                 | (34)           |              | -              |
| Creditors                                      | (221)           |                | (892)        |                |
| Distribution payable                           | (72)            |                | (76)         |                |
|  |                 | (293)          |              | (968)          |
| <b>Total liabilities</b>                       |                 | <b>(327)</b>   |              | <b>(968)</b>   |
| <b>Net assets attributable to shareholders</b> |                 | <b>132,439</b> |              | <b>140,461</b> |

# Distribution Table

For the six months ended 31 January 2023 (in pence per share)

## Interim dividend distribution

Group 1 – shares purchased prior to 1 August 2022

Group 2 – shares purchased between 1 August 2022 and 31 January 2023

|                       | Revenue | Equalisation | Distribution paid<br>28/04/23 | Distribution paid<br>29/04/22 |
|-----------------------|---------|--------------|-------------------------------|-------------------------------|
| <b>A Accumulation</b> |         |              |                               |                               |
| Group 1               | 1.3603  | –            | 1.3603                        | 0.3007                        |
| Group 2               | 0.4829  | 0.8774       | 1.3603                        | 0.3007                        |
| <b>A Income</b>       |         |              |                               |                               |
| Group 1               | 1.1128  | –            | 1.1128                        | 0.2473                        |
| Group 2               | 0.4226  | 0.6902       | 1.1128                        | 0.2473                        |
| <b>I Accumulation</b> |         |              |                               |                               |
| Group 1               | 2.2813  | –            | 2.2813                        | 1.2007                        |
| Group 2               | 0.9651  | 1.3162       | 2.2813                        | 1.2007                        |
| <b>I Income</b>       |         |              |                               |                               |
| Group 1               | 0.9959  | –            | 0.9959                        | 0.5293                        |
| Group 2               | 0.4112  | 0.5847       | 0.9959                        | 0.5293                        |
| <b>M Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.7691  | –            | 0.7691                        | 0.3872                        |
| Group 2               | 0.7691  | –            | 0.7691                        | 0.3872                        |
| <b>M Income</b>       |         |              |                               |                               |
| Group 1               | –       | –            | –                             | 0.4097                        |
| Group 2               | –       | –            | –                             | 0.4097                        |

## Equalisation

This applies only to shares purchased during the distribution period (group 2 shares). It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

# abrdn Sterling Bond Fund

For the period ended 31 January 2023

## Investment Objective

To generate income and some growth over the long term (5 years or more) by investing in Sterling-denominated bonds.

Performance Target: To achieve the return of the iBoxx Sterling Overall Index plus 1% per annum (before charges). The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target.

The ACD believes this is an appropriate target for the fund based on the investment policy of the fund and the constituents of the index.

## Investment Policy

### Portfolio Securities

- The fund will invest at least 80% in Sterling denominated government, sub-sovereign and investment grade corporate bonds.
- The fund may also invest in bonds issued anywhere in the world by governments and corporations, such as sub-sovereigns, sub-investment grade, inflation-linked, convertible, asset backed and mortgage-backed bonds. The fund has some flexibility to seek returns from currencies.
- The fund may also invest in other funds (including those managed by abrdn), money-market instruments and cash.

### Management Process

- The management team use their discretion (active management) to identify bonds and derivatives after analysing companies prospects and creditworthiness alongside global economic and market conditions. They make flexible allocations using bonds and derivatives.
- In seeking to achieve the performance target, the iBoxx Sterling Overall Index is used as a reference point for portfolio construction and as a basis for setting risk constraints. The expected variation ("tracking error") between the returns of the fund and the index is not ordinarily expected to exceed 3.50%. Due to the fund's risk constraints the intention is that the fund's performance will not deviate significantly from that of the index over the long term.
- Please Note: The fund's ability to buy and sell bonds and the associated costs can be affected during periods of market stress which could include periods where interest rates move sharply.

## Derivatives and Techniques

- The fund will make routine use of derivatives to reduce risk, to reduce cost and/or generate extra income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management").
- Derivatives can be used to generate growth, consistent with the fund's risk profile, if market prices are expected to rise ("long positions") or fall ("short positions"). These positions can be used in overseas markets.
- Derivatives include instruments used to manage expected changes in interest rates, inflation, currencies or creditworthiness of corporations or governments.

## Performance Review

For the six months ended 31 January 2023, the value of abrdn Sterling Bond Fund – A Accumulation Shares decreased by 8.76% compared to a decrease of 10.26% in the performance target, the iBoxx Sterling Overall Index.

Source: Lipper; Basis: total return, published NAV to NAV, net of annual charges, UK net income reinvested, GBP.

Any data contained herein which is attributed to a third party ("Third Party Data") is the property of (a) third party supplier(s) (the "Owner") and is licensed for use by abrdn\*\*. Third Party Data may not be copied or distributed. Third Party Data is provided "as is" and is not warranted to be accurate, complete or timely. To the extent permitted by applicable law, none of the Owner, abrdn\*\* or any other third party (including any third party involved in providing and/or compiling Third Party Data) shall have any liability for Third Party Data or for any use made of Third Party Data. Neither the Owner nor any other third party sponsors, endorses or promotes the fund or product to which Third Party Data relates.

\*\*abrdn means the relevant member of abrdn group, being abrdn plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

Please remember that past performance is not a guide to future returns. The price of shares and the revenue from them may fall as well as rise. Investors may not get back the amount originally invested.

Companies selected for illustrative purposes only to demonstrate the investment management style described herein and not as an investment recommendation or indication of future performance.

# abrdn Sterling Bond Fund

## Continued

### Market Review

The review period was a difficult one for government bonds. There have been significant swings in the market. Bond prices came under pressure as global central banks, including the Bank of England (BoE), became increasingly hawkish.

Especially, the third quarter of 2022 witnessed unprecedented volatility and weakness for UK government bonds (Gilts). Between the start of August and the end of September, the 10-year Gilt yield rose by over 2.2 percentage points. This was driven by inflation fears, hawkish central banks and – latterly – the reaction to Chancellor Kwasi Kwarteng's mini-budget and the ensuing forced sales of assets to fund collateral within the UK pension sector. In late September, Mr Kwarteng heralded the biggest programme of tax cuts in 50 years – to be funded by new borrowing. Investors in UK assets were shocked, and the market reaction was extreme. Sterling fell sharply while Gilt yields soared. The yield on the 10-year Gilt went to over 4.5%. UK pension funds were forced, because of higher yields leading to margin calls, to liquidate bond holdings. The BoE was obliged to step in to limit the damage, saying it would support the market by buying Gilts. This move calmed the market somewhat before month-end. Nevertheless, it was the worst quarter ever for Gilts. The UK investment-grade (IG) market delivered its worst return in a quarter of a century, falling by over 12.5% in the quarter to 30 September.

In late October, Rishi Sunak became the new Prime Minister. UK government bonds recovered some lost ground in October and November, outperforming other core government bond market peers, before weakening again in December in tandem with other global fixed income markets. Amid the political chaos, the BoE continued to tighten policy rates aggressively. It lifted rates by 75bps in November and a further 50bps in December, taking the cash rate to 3.5%. With a tight labour market and elevated inflation, the BoE continued to tighten monetary policy with a mix of policy rate increases and quantitative tightening. The fall in yields and sterling strengthening against the US dollar since the crisis were seen as evidence that the new government had regained some of the UK's lost credibility. The stabilisation in bond markets in the fourth quarter attracted strong inflows to the asset class from investors enticed by the highest yields in a decade. Nevertheless, this left total returns for the calendar year down 23.83% – a humbling and unforgettable year for UK government bonds. Similarly, corporate bond markets also bounced back in the final three months of 2022, providing some relief. A combination of spread tightening and (initially at least) falling government bond yields led to IG markets posting strongly

positive returns. While the recovery was global, the new government in the UK resulted in its domestic market turning in one of the stronger performances.

Moving into 2023, the year started strongly for fixed income. The trends we saw at the back end of 2022 continued into January. Government bond yields and credit spreads fell as markets sought to price in falling inflation and a slowing of the pace of central bank rate hikes. The yield on the UK's 10-year Gilt fell below 3.2% towards the end of the period as doubts were raised about the BoE's policy path after weaker-than-expected purchasing managers' index data underscored the risk of the UK slipping into recession.

### Portfolio Activity and Review

Given the volatility over the period the fund adopted a flexible approach to duration management, although predominantly positioned with a short bias relative to benchmark seeking higher yields.

Early in the period, the fund took profits on a cross market strategy whereby it was underweight UK government bonds relative to Germany. Following a period of sharp underperformance and widening spread between the two markets we closed this strategy, fearing that the BoE intervention and the appointment of the new Chancellor Jeremy Hunt would lead to a retracement. During October and November, we increased our curve steepening strategies, which had come under pressure following the intervention by the BoE in late September. After a sharp steepening in the yield curve, we closed this strategy in mid to later December. In early December, we also reinstated an underweight cross market strategies in UK government bonds, on this occasion versus Australia, in the medium-dated part of the yield curve. We view this a structural medium-term strategy for the fund. Throughout the period, the fund took profits on several Gilt relative value strategies, which had initially underperformed during late September as a result of the BoE intervention, but latterly outperformed providing a net positive contribution to the fund.

Meanwhile, as an asset class, corporate bonds struggled over the summer months, with yields moving higher and spreads widening. Our credit exposure was predominantly in IG corporate bonds, where value was seen as attractive following the year-to-date weakness. IG bonds issued by cyclical businesses underperformed, and financials also struggled. That said, we adopted a defensive position in response to the market turmoil, and the fund's relatively low duration exposure helped to limit the downside. Market conditions improved and yields fell sharply in October and November, before moving higher in December. Usually in

# abrdn Sterling Bond Fund

## Continued

such rallies, lower-quality areas perform well. For IG bonds, this was the case. BBB-rated credit delivered a strong return, with insurance, banks, telecommunications and automotives among the best performers. These sectors all boosted fund performance. Noteworthy stocks included Hammerson, the UK real estate investment trust, which recovered strongly. Adjustments during December were focused on reducing duration and credit risk, taking profits in both instances, and reducing the fund's overall risk profile.

## Portfolio Outlook and Strategy

Markets are contending with the most aggressive tightening in policy rates in living memory. Inflation is extremely high and picking the peak in yields feels like a fool's errand when faced with the current volatility. However, from a longer-term perspective, valuations are more appealing. Company balance sheets remain relatively robust. Government bond yields are at their most attractive levels for years. It would be remiss to ignore significant economic fragilities that have built up since the global financial crisis as central bank balance sheets have ballooned. This has forced investors into ever-riskier asset classes, while supporting anaemic recoveries in many G10 economies. We believe this fragility will resurface in dramatic fashion in the coming quarters. The pace of tightening has been far more severe this time around. Taking the US as an example, the Federal Reserve (Fed) began tightening in March 2022 from 0.25%. It lifted the target rate a full 4 percentage points to 4.25% by December. During the last hiking cycle, it took three years for the federal funds rate to be increased by 2.25%. The current pace of monetary tightening, into a global financial system conditioned on easier policy, is unprecedented. Given this backdrop, the portfolio is actively managed with an emphasis on short-term developments and long-term opportunities as well as risks.

## Sterling IG and Aggregate Team

February 2023

# abrdn Sterling Bond Fund

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### Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the fund. The table below shows the fund's ranking on the Risk and Reward Indicator.

| Typically lower rewards, lower risk |   |   | Typically higher rewards, higher risk |   |   |   |
|-------------------------------------|---|---|---------------------------------------|---|---|---|
| ←                                   |   |   | →                                     |   |   |   |
| 1                                   | 2 | 3 | 4                                     | 5 | 6 | 7 |

Risk and reward indicator table as at 31 January 2023.

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

- The fund invests in securities which are subject to the risk that the issuer may default on interest or capital payments.
- The fund price can go up or down daily for a variety of reasons including changes in interest rates, inflation expectations or the perceived credit quality of individual countries or securities.
- The fund invests in high yielding bonds which carry a greater risk of default than those with lower yields.
- The fund invests in mortgage and asset-backed securities (which may include collateralised loan, debt or mortgage obligations (respectively CLOs, CDOs or CMOs)). These are subject to prepayment and extension risk and additional liquidity and default risk compared to other credit securities.
- Convertible securities are investments that can be changed into another form upon certain triggers. As such, they can exhibit credit, equity and fixed interest risk. Contingent convertible securities (CoCos) are similar to convertible securities but have additional triggers which mean that they are more vulnerable to losses and volatile price movements and hence become less liquid.
- 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.

All investment involves risk. This fund offers no guarantee against loss or that the fund's objective will be attained.

The price of assets and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

Inflation reduces the buying power of your investment and income.

The value of assets held in the fund may rise and fall as a result of exchange rate fluctuations.

The fund could lose money if an entity (counterparty) with which it does business becomes unwilling or unable to honour its obligations to the fund.

In extreme market conditions some securities may become hard to value or sell at a desired price. This could affect the fund's ability to meet redemptions in a timely manner.

The fund could lose money as the result of a failure or delay in operational processes and systems including but not limited to third party providers failing or going into administration.



# Comparative Tables

| <b>A Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 3,355                  | 4,363               | 5,610               | 5,639               |
| Closing number of shares                  | 2,490,903              | 2,933,623           | 3,202,500           | 3,113,815           |
| Closing net asset value per share (pence) | 134.71                 | 148.73              | 175.18              | 181.08              |
| Change in net asset value per share       | (9.43%)                | (15.10%)            | (3.26%)             | 8.24%               |
| Operating charges                         | 1.04%                  | 1.04%               | 1.06%               | 1.06%               |
| <b>A Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 1,244                  | 1,403               | 1,792               | 1,946               |
| Closing number of shares                  | 1,238,641              | 1,256,220           | 1,357,154           | 1,422,523           |
| Closing net asset value per share (pence) | 100.44                 | 111.66              | 132.07              | 136.76              |
| Change in net asset value per share       | (10.05%)               | (15.45%)            | (3.43%)             | 7.74%               |
| Operating charges                         | 1.04%                  | 1.04%               | 1.06%               | 1.06%               |
| <b>I Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 1,198                  | 1,739               | 6,820               | 21,308              |
| Closing number of shares                  | 1,106,220              | 1,458,233           | 4,876,465           | 14,805,852          |
| Closing net asset value per share (pence) | 108.27                 | 119.27              | 139.85              | 143.92              |
| Change in net asset value per share       | (9.22%)                | (14.72%)            | (2.83%)             | 8.73%               |
| Operating charges                         | 0.59%                  | 0.59%               | 0.61%               | 0.61%               |
| <b>I Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 46                     | 46                  | 68                  | 90                  |
| Closing number of shares                  | 47,586                 | 43,239              | 53,592              | 68,674              |
| Closing net asset value per share (pence) | 96.23                  | 106.97              | 126.55              | 131.04              |
| Change in net asset value per share       | (10.04%)               | (15.47%)            | (3.43%)             | 7.75%               |
| Operating charges                         | 0.59%                  | 0.59%               | 0.61%               | 0.61%               |
| <b>L Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 16                     | 18                  | 21                  | 776                 |
| Closing number of shares                  | 18,937                 | 18,937              | 18,937              | 675,057             |
| Closing net asset value per share (pence) | 86.67                  | 95.42               | 111.77              | 114.90              |
| Change in net asset value per share       | (9.17%)                | (14.63%)            | (2.72%)             | 8.84%               |
| Operating charges                         | 0.49%                  | 0.49%               | 0.51%               | 0.51%               |
| <b>L Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 9                      | 10                  | 20                  | 20                  |
| Closing number of shares                  | 10,832                 | 10,832              | 18,495              | 18,495              |
| Closing net asset value per share (pence) | 80.11                  | 89.05               | 105.35              | 109.09              |
| Change in net asset value per share       | (10.04%)               | (15.47%)            | (3.43%)             | 7.75%               |
| Operating charges                         | 0.49%                  | 0.49%               | 0.51%               | 0.51%               |

# Comparative Tables

## Continued

| <b>M Accumulation<sup>A</sup></b>         | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | -                      | 1                   | 1                   | 1                   |
| Closing number of shares                  | -                      | 902                 | 902                 | 902                 |
| Closing net asset value per share (pence) | -                      | 100.00              | 117.21              | 120.40              |
| Change in net asset value per share       | -                      | (14.68%)            | (2.65%)             | 9.19%               |
| Operating charges                         | -                      | 0.64%               | 0.66%               | 0.66%               |
| <b>M Income<sup>B</sup></b>               | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | -                      | 1                   | 1                   | 1                   |
| Closing number of shares                  | -                      | 915                 | 915                 | 915                 |
| Closing net asset value per share (pence) | -                      | 95.70               | 113.24              | 117.24              |
| Change in net asset value per share       | -                      | (15.49%)            | (3.41%)             | 8.14%               |
| Operating charges                         | -                      | 0.64%               | 0.66%               | 0.66%               |
| <b>Z Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 123,909                | 143,443             | 135,776             | 137,109             |
| Closing number of shares                  | 78,260,826             | 82,451,273          | 66,893,797          | 65,972,451          |
| Closing net asset value per share (pence) | 158.33                 | 173.97              | 202.97              | 207.83              |
| Change in net asset value per share       | (8.99%)                | (14.29%)            | (2.34%)             | 9.27%               |
| Operating charges                         | 0.09%                  | 0.09%               | 0.11%               | 0.11%               |

The closing net asset value (£'000) divided by the closing number of shares may not calculate to the closing net asset value per share (pence) due to rounding differences. The published closing net asset value per share (pence) is based on unrounded values and represents the actual price.

The change in the net asset value per share is the change from the beginning of the period to the close of the period.

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

<sup>A</sup> M Accumulation share class was closed on 17 January 2023.

<sup>B</sup> M Income share class was closed on 17 January 2023.

# Portfolio Statement

As at 31 January 2023

| Holding                                    | Investment  | Market value<br>£'000 | Percentage of<br>total net assets |
|--|---|-----------------------|-----------------------------------|
| <b>Bonds (92.10%)</b>                      |   | <b>122,915</b>        | <b>94.71</b>                      |
| <b>Euro Denominated Bonds (1.81%)</b>      |   | <b>1,003</b>          | <b>0.77</b>                       |
| <b>Corporate Bonds (0.65%)</b>             |   | <b>1,003</b>          | <b>0.77</b>                       |
| less than 5 years to maturity              |   |                       |                                   |
| 500,000                                    | Cromwell EREIT 2.125% 2025  | 375                   | 0.29                              |
| greater than 25 years to maturity          |   |                       |                                   |
| 270,000                                    | Channel Link Enterprises Finance 2.706% fixed to floating 2050    | 215                   | 0.16                              |
| Perpetual                                  |   |                       |                                   |
| 200,000                                    | Telefonica Europe 3.875% fixed to floating Perpetual              | 164                   | 0.13                              |
| 300,000                                    | Volkswagen International Finance 3.5% fixed to floating Perpetual | 249                   | 0.19                              |
| <b>Government Bonds (1.16%)</b>            |   | <b>-</b>              | <b>-</b>                          |
| <b>Sterling Denominated Bonds (89.80%)</b> |   | <b>121,208</b>        | <b>93.40</b>                      |
| <b>Corporate Bonds (23.27%)</b>            |   | <b>34,336</b>         | <b>26.46</b>                      |
| less than 5 years to maturity              |   |                       |                                   |
| 200,000                                    | ABN AMRO Bank 1.375% 2025   | 188                   | 0.15                              |
| 200,000                                    | America Movil 5% 2026   | 202                   | 0.16                              |
| 235,000                                    | Asian Infrastructure Investment Bank 4.375% 2026                  | 237                   | 0.18                              |
| 200,000                                    | Banco Santander 1.5% 2026   | 179                   | 0.14                              |
| 100,000                                    | Banco Santander 3.125% fixed to floating 2026                     | 94                    | 0.07                              |
| 300,000                                    | Bank of America 2.3% 2025   | 286                   | 0.22                              |
| 300,000                                    | Barclays 1.7% fixed to floating 2026                              | 274                   | 0.21                              |
| 276,000                                    | Barclays 3% 2026  | 259                   | 0.20                              |
| 350,000                                    | Barclays 3.25% 2027   | 325                   | 0.25                              |
| 418,000                                    | BAT International Finance 4% 2026                                 | 398                   | 0.31                              |
| 127,000                                    | Bellis Acquisition 3.25% 2026                                     | 105                   | 0.08                              |
| 903,000                                    | BNG Bank 1.625% 2025  | 849                   | 0.65                              |
| 100,000                                    | BUPA Finance 5% 2026  | 97                    | 0.08                              |
| 100,000                                    | CaixaBank 1.5% fixed to floating 2026                             | 90                    | 0.07                              |
| 452,000                                    | Citigroup 1.75% 2026  | 408                   | 0.31                              |
| 268,000                                    | Danske Bank 2.25% fixed to floating 2028                          | 236                   | 0.18                              |
| 200,000                                    | Dexia Credit Local 0.5% 2023                                      | 197                   | 0.15                              |
| 200,000                                    | DNB Bank 2.625% fixed to floating 2026                            | 191                   | 0.15                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                            | Investment  | Market value<br>£'000 | Percentage of<br>total net assets |
|------------------------------------|---|-----------------------|-----------------------------------|
| 350,000                            | Enel Finance International 5.625% 2024                        | 355                   | 0.27                              |
| 209,000                            | FirstGroup 6.875% 2024  | 210                   | 0.16                              |
| 400,000                            | Ford Motor Credit 4.535% 2025                                 | 386                   | 0.30                              |
| 200,000                            | General Motors Financial 2.25% 2024                           | 192                   | 0.15                              |
| 69,000                             | Hammerson REIT 6% 2026  | 65                    | 0.05                              |
| 400,000                            | Heathrow Funding 6.75% 2026                                   | 419                   | 0.32                              |
| 135,000                            | HSBC 2.256% fixed to floating 2026                            | 125                   | 0.10                              |
| 500,000                            | KFW 0.75% 2027  | 434                   | 0.33                              |
| 417,000                            | KFW 1.125% 2025   | 391                   | 0.30                              |
| 475,000                            | KFW 3.77% 2027  | 474                   | 0.37                              |
| 173,000                            | Lloyds Banking 1.875% fixed to floating 2026                  | 162                   | 0.12                              |
| 100,000                            | Metrocentre Finance REIT 8.75% 2023                           | 49                    | 0.04                              |
| 100,000                            | National Grid Electricity Distribution South West 5.875% 2027 | 104                   | 0.08                              |
| 200,000                            | National Grid Electricity Transmission 1.375% 2026            | 180                   | 0.14                              |
| 500,000                            | National Grid Electricity Transmission 4% 2027                | 485                   | 0.37                              |
| 400,000                            | New York Life Global Funding 1.25% 2026                       | 356                   | 0.27                              |
| 450,000                            | Northumbrian Water Finance 1.625% 2026                        | 404                   | 0.31                              |
| 306,000                            | Oesterreichische Kontrollbank 1.25% 2023                      | 298                   | 0.23                              |
| 100,000                            | Phoenix 6.625% 2025   | 102                   | 0.08                              |
| 100,000                            | Realty Income REIT 1.875% 2027                                | 90                    | 0.07                              |
| 100,000                            | Scottish Widows 5.5% 2023                                     | 100                   | 0.08                              |
| 200,000                            | Southern Gas Networks 2.5% 2025                               | 192                   | 0.15                              |
| 160,000                            | Stagecoach 4% 2025  | 152                   | 0.12                              |
| 200,000                            | Thames Water Utilities Finance 2.875% 2027                    | 175                   | 0.13                              |
| 201,000                            | Toronto-Dominion Bank 5.288% 2028                             | 206                   | 0.16                              |
| 170,000                            | TotalEnergies Capital International 1.25% 2024                | 161                   | 0.12                              |
| 240,000                            | Toyota Finance Australia 3.92% 2027                           | 235                   | 0.18                              |
| 200,000                            | Virgin Media Secured Finance 5% 2027                          | 183                   | 0.14                              |
| 200,000                            | Virgin Money UK 3.375% fixed to floating 2026                 | 190                   | 0.15                              |
| 200,000                            | Vodafone 5.625% 2025  | 208                   | 0.16                              |
| 200,000                            | Volkswagen Financial Services 2.125% 2028                     | 171                   | 0.13                              |
| 157,000                            | Westfield Stratford City Finance No 2 1.642% 2026             | 138                   | 0.11                              |
| between 5 and 10 years to maturity |   |                       |                                   |
| 60,000                             | America Movil 5.75% 2030                                      | 63                    | 0.05                              |
| 100,000                            | Anglian Water Osprey Financing 2% 2028                        | 81                    | 0.06                              |
| 160,000                            | Annington Funding 2.308% 2032                                 | 121                   | 0.09                              |
| 134,000                            | APA Infrastructure 3.125% 2031                                | 112                   | 0.09                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding | Investment  | Market value<br>£'000 | Percentage of<br>total net assets |
|---------|---|-----------------------|-----------------------------------|
| 100,000 | Assura Financing REIT 1.5% 2030                       | 78                    | 0.06                              |
| 188,000 | AT&T 4.375% 2029                                      | 182                   | 0.14                              |
| 279,000 | Athene Global Funding 1.875% 2028                     | 229                   | 0.18                              |
| 300,000 | Banco Santander 2.25% fixed to floating 2032          | 251                   | 0.19                              |
| 203,000 | Bank of America 3.584% fixed to floating 2031         | 186                   | 0.14                              |
| 100,000 | Barclays 3.25% 2033                                   | 83                    | 0.06                              |
| 109,000 | Berkeley 2.5% 2031                                    | 79                    | 0.06                              |
| 200,000 | BNP Paribas 1.25% 2031                                | 149                   | 0.11                              |
| 300,000 | BNP Paribas 2% fixed to floating 2031                 | 263                   | 0.20                              |
| 300,000 | BNP Paribas 2.875% 2029                               | 265                   | 0.20                              |
| 100,000 | Cie de Saint-Gobain 4.625% 2029                       | 99                    | 0.08                              |
| 71,000  | Comcast 5.5% 2029                                     | 76                    | 0.06                              |
| 240,000 | Cooperatieve Rabobank 4.625% 2029                     | 229                   | 0.18                              |
| 170,000 | CPUK Finance 3.69% 2028                               | 151                   | 0.12                              |
| 134,000 | Credit Suisse 2.125% fixed to floating 2029           | 101                   | 0.08                              |
| 335,000 | Credit Suisse 2.25% fixed to floating 2028            | 271                   | 0.21                              |
| 100,000 | CRH Finance UK 4.125% 2029                            | 95                    | 0.07                              |
| 200,000 | Deutsche Bank 1.875% fixed to floating 2028           | 167                   | 0.13                              |
| 318,000 | Digital Stout REIT 3.75% 2030                         | 280                   | 0.22                              |
| 200,000 | Fidelity National Information Services 2.25% 2029     | 172                   | 0.13                              |
| 124,000 | Fiserv 3% 2031  | 108                   | 0.08                              |
| 200,000 | Goldman Sachs 3.625% fixed to floating 2029           | 184                   | 0.14                              |
| 150,000 | Grainger 3% 2030                                      | 118                   | 0.09                              |
| 300,000 | Great Rolling Stock 6.5% 2031                         | 239                   | 0.18                              |
| 304,000 | Hammerson REIT 7.25% 2028                             | 293                   | 0.23                              |
| 100,000 | Heathrow Funding 2.625% 2028                          | 84                    | 0.06                              |
| 200,000 | HSBC 6.75% 2028                                       | 210                   | 0.16                              |
| 285,000 | London & Quadrant Housing Trust 2.625% 2028           | 258                   | 0.20                              |
| 100,000 | Metropolitan Life Global Funding I 5% 2030            | 102                   | 0.08                              |
| 263,000 | MPT Operating Partnership REIT 3.375% 2030            | 172                   | 0.13                              |
| 103,000 | MPT Operating Partnership REIT 3.692% 2028            | 74                    | 0.06                              |
| 203,000 | National Australia Bank 1.699% fixed to floating 2031 | 172                   | 0.13                              |
| 118,000 | National Express 2.375% 2028                          | 101                   | 0.08                              |
| 224,000 | National Grid Electricity Transmission 1.125% 2028    | 186                   | 0.14                              |
| 183,000 | NatWest 2.057% fixed to floating 2028                 | 159                   | 0.12                              |
| 100,000 | NatWest 2.105% fixed to floating 2031                 | 86                    | 0.07                              |
| 325,000 | NatWest 3.622% fixed to floating 2030                 | 305                   | 0.24                              |
| 400,000 | Next 3.625% 2028                                      | 374                   | 0.29                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                             | Investment   | Market value<br>£'000 | Percentage of<br>total net assets |
|-------------------------------------|--|-----------------------|-----------------------------------|
| 250,000                             | Northern Powergrid Yorkshire 4.375% 2032                 | 243                   | 0.19                              |
| 100,000                             | Orange 3.25% 2032  | 89                    | 0.07                              |
| 192,000                             | Pension Insurance 4.625% 2031                            | 167                   | 0.13                              |
| 160,000                             | Premiertel 6.175% 2032                                   | 119                   | 0.09                              |
| 153,000                             | Prologis International Funding II 2.75% 2032             | 129                   | 0.10                              |
| 228,000                             | Santander UK 2.421% fixed to floating 2029               | 197                   | 0.15                              |
| 111,000                             | Smith (DS) 2.875% 2029                                   | 96                    | 0.07                              |
| 100,000                             | SP Transimission 2% 2031                                 | 82                    | 0.06                              |
| 200,000                             | Tesco Corporate Treasury Services 2.75% 2030             | 172                   | 0.13                              |
| 100,000                             | Thames Water Utilities Finance 2.625% 2032               | 83                    | 0.06                              |
| 50,000                              | Time Warner Cable 5.75% 2031                             | 49                    | 0.04                              |
| 100,000                             | TotalEnergies Capital International 1.405% 2031          | 79                    | 0.06                              |
| 140,000                             | Trafford Centre Finance 7.03% 2029                       | 50                    | 0.04                              |
| 167,000                             | Unite REIT 3.5% 2028                                     | 149                   | 0.11                              |
| 219,000                             | Verizon Communications 1.125% 2028                       | 182                   | 0.14                              |
| 100,000                             | Verizon Communications 2.5% 2031                         | 85                    | 0.07                              |
| 300,000                             | Virgin Money UK 2.625% fixed to floating 2031            | 256                   | 0.20                              |
| 362,000                             | Welltower REIT 4.8% 2028                                 | 348                   | 0.27                              |
| 200,000                             | Wessex Water Services Finance 1.5% 2029                  | 161                   | 0.12                              |
| 350,000                             | Workspace REIT 2.25% 2028                                | 271                   | 0.21                              |
| 100,000                             | Yorkshire Building Society 3.511% fixed to floating 2030 | 89                    | 0.07                              |
| 126,000                             | Yorkshire Water Finance 1.75% 2032                       | 96                    | 0.07                              |
| between 10 and 15 years to maturity |  |                       |                                   |
| 200,000                             | Associated British Foods 2.5% 2034                       | 165                   | 0.13                              |
| 100,000                             | BG Energy Capital 5% 2036                                | 101                   | 0.08                              |
| 200,000                             | Broadgate Financing 5.098% 2033                          | 166                   | 0.13                              |
| 100,000                             | Comcast 1.875% 2036                                      | 73                    | 0.06                              |
| 118,000                             | DWR Cymru Financing UK 2.375% 2034                       | 90                    | 0.07                              |
| 100,000                             | Eastern Power Networks 6.25% 2036                        | 115                   | 0.09                              |
| 400,000                             | EDF 6.125% 2034  | 420                   | 0.32                              |
| 150,000                             | Enel 5.75% 2037  | 155                   | 0.12                              |
| 332,000                             | Lloyds Banking 2.707% fixed to floating 2035             | 261                   | 0.20                              |
| 200,000                             | Manchester Airport 4.75% 2034                            | 194                   | 0.15                              |
| 100,000                             | Metropolitan Housing Trust 1.875% 2036                   | 69                    | 0.05                              |
| 162,000                             | Morgan Stanley 5.789% fixed to floating 2033             | 169                   | 0.13                              |
| 100,000                             | Northern Electric Finance 5.125% 2035                    | 102                   | 0.08                              |
| 120,000                             | Scotland Gas Networks 4.875% 2034                        | 116                   | 0.09                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                             | Investment  | Market value<br>£'000 | Percentage of<br>total net assets |
|-------------------------------------|---|-----------------------|-----------------------------------|
| 150,000                             | Segro REIT 5.75% 2035   | 160                   | 0.12                              |
| 200,000                             | Southern Electric Power Distribution 4.625% 2037              | 190                   | 0.15                              |
| 100,000                             | Southern Gas Networks 3.1% 2036                               | 79                    | 0.06                              |
| 243,000                             | Southern Water Services Finance 3% 2037                       | 182                   | 0.14                              |
| 120,000                             | Standard Chartered 5.125% 2034                                | 117                   | 0.09                              |
| 200,000                             | Thames Water Utilities Finance 5.125% 2037                    | 194                   | 0.15                              |
| 100,000                             | Wells Fargo 4.875% 2035                                       | 96                    | 0.07                              |
| between 15 and 25 years to maturity |   |                       |                                   |
| 200,000                             | America Movil 4.375% 2041                                     | 178                   | 0.14                              |
| 240,000                             | Annington Funding 3.935% 2047                                 | 182                   | 0.14                              |
| 150,000                             | Apple 3.6% 2042   | 138                   | 0.11                              |
| 200,000                             | Aspire Defence Finance 4.674% 2040 'A'                        | 160                   | 0.12                              |
| 200,000                             | Aspire Defence Finance 4.674% 2040 'B'                        | 160                   | 0.12                              |
| 100,000                             | Aster Treasury 4.5% 2043                                      | 97                    | 0.07                              |
| 150,000                             | AT&T 7% 2040  | 174                   | 0.13                              |
| 100,000                             | Berkshire Hathaway Finance 2.375% 2039                        | 75                    | 0.06                              |
| 100,000                             | BHP Billiton Finance 4.3% 2042                                | 92                    | 0.07                              |
| 353,000                             | Blend Funding 3.459% 2047                                     | 278                   | 0.21                              |
| 100,000                             | Cadent Finance 2.75% 2046                                     | 65                    | 0.05                              |
| 150,000                             | Circle Anglia Social Housing 7.25% 2038                       | 183                   | 0.14                              |
| 70,000                              | Citigroup 7.375% 2039   | 92                    | 0.07                              |
| 135,000                             | Connect Plus M25 Issuer 2.607% 2039                           | 100                   | 0.08                              |
| 178,000                             | Diageo Finance 2.75% 2038                                     | 143                   | 0.11                              |
| 250,000                             | E.ON International Finance 6.125% 2039                        | 271                   | 0.21                              |
| 250,000                             | E.ON International Finance 6.75% 2039                         | 287                   | 0.22                              |
| 210,000                             | Eversholt Funding 2.742% 2040                                 | 154                   | 0.12                              |
| 100,000                             | Eversholt Funding 3.529% 2042                                 | 76                    | 0.06                              |
| 150,000                             | HSBC 6% 2040  | 148                   | 0.11                              |
| 100,000                             | LiveWest Treasury 2.25% 2043                                  | 67                    | 0.05                              |
| 100,000                             | McDonald's 3.75% 2038   | 89                    | 0.07                              |
| 190,000                             | Morhomes 3.4% 2038  | 155                   | 0.12                              |
| 100,000                             | National Grid Electricity Distribution South Wales 5.75% 2040 | 106                   | 0.08                              |
| 100,000                             | National Grid Electricity Distribution South West 5.75% 2040  | 106                   | 0.08                              |
| 300,000                             | National Grid Electricity Transmission 2% 2040                | 195                   | 0.15                              |
| 200,000                             | Orbit Capital 3.5% 2045                                       | 156                   | 0.12                              |
| 118,000                             | Ørsted 5.375% 2042  | 123                   | 0.10                              |
| 100,000                             | Paragon Treasury 3.625% 2047                                  | 81                    | 0.06                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                           | Investment   | Market value<br>£'000 | Percentage of<br>total net assets |
|-----------------------------------|--|-----------------------|-----------------------------------|
| 112,000                           | Prologis International Funding II 3% 2042                                | 84                    | 0.06                              |
| 102,000                           | Segro REIT 5.125% 2041   | 102                   | 0.08                              |
| 100,000                           | Severn Trent Utilities Finance 4.875% 2042                               | 99                    | 0.08                              |
| 100,000                           | TC Dudgeon Ofco 3.158% 2038  | 79                    | 0.06                              |
| 108,000                           | Tesco Property Finance 3 5.744% 2040                                     | 98                    | 0.08                              |
| 200,000                           | Tesco Property Finance 4 5.8006% 2040                                    | 184                   | 0.14                              |
| 100,000                           | Tesco Property Finance 5 5.6611% 2041                                    | 93                    | 0.07                              |
| 220,000                           | Transport for London 3.875% 2042   | 187                   | 0.14                              |
| 176,000                           | United Utilities Water Finance 1.75% 2038                                | 122                   | 0.09                              |
| 200,000                           | UPP Bond 1 Issuer 4.9023% 2040   | 164                   | 0.13                              |
| greater than 25 years to maturity |  |                       |                                   |
| 100,000                           | Aviva 4% fixed to floating 2055  | 81                    | 0.06                              |
| 200,000                           | Aviva 5.125% fixed to floating 2050                                      | 188                   | 0.15                              |
| 200,000                           | AXA 5.625% fixed to floating 2054  | 196                   | 0.15                              |
| 200,000                           | Berkshire Hathaway Finance 2.625% 2059                                   | 134                   | 0.10                              |
| 100,000                           | Channel Link Enterprises Finance 3.043% fixed to floating 2050           | 86                    | 0.07                              |
| 100,000                           | Citizen Treasury 3.25% 2048  | 77                    | 0.06                              |
| 50,000                            | Dignity Finance 4.6956% 2049   | 34                    | 0.03                              |
| 100,000                           | EDF 6% 2114  | 97                    | 0.07                              |
| 100,000                           | Engie 5% 2060  | 98                    | 0.08                              |
| 190,000                           | Income Contingent Student Loans 2 2007-2009 2.5% 2058                    | 118                   | 0.09                              |
| 70,000                            | LCR Finance 5.1% 2051  | 80                    | 0.06                              |
| 100,000                           | M&G 5.56% fixed to floating 2055   | 89                    | 0.07                              |
| 139,000                           | M&G 5.625% fixed to floating 2051  | 129                   | 0.10                              |
| 200,000                           | Notting Hill Genesis 4.375% 2054   | 177                   | 0.14                              |
| 100,000                           | Peabody Capital No 2 3.25% 2048  | 73                    | 0.06                              |
| 250,000                           | Precise Mortgage Funding 2018-2B FRN 2055                                | 64                    | 0.05                              |
| 100,000                           | University of Oxford 2.544% 2117   | 58                    | 0.04                              |
| 200,000                           | Vodafone 3% 2056   | 127                   | 0.10                              |
| 100,000                           | Vodafone 3.375% 2049   | 72                    | 0.06                              |
| 100,000                           | Wellcome Trust 2.517% 2118   | 59                    | 0.05                              |
| 100,000                           | Wrekin Housing 2.5% 2048   | 65                    | 0.05                              |
| 149,000                           | Zurich Finance Ireland Designated Activity 5.125% fixed to floating 2052 | 140                   | 0.11                              |
| Perpetual                         |  |                       |                                   |
| 200,000                           | AXA 6.6862% fixed to floating Perpetual                                  | 203                   | 0.16                              |
| 401,000                           | Barclays 6.375% fixed to floating Perpetual                              | 376                   | 0.29                              |



# Portfolio Statement

As at 31 January 2023 continued

| Holding                          | Investment  | Market value<br>£'000 | Percentage of<br>total net assets |
|----------------------------------|---|-----------------------|-----------------------------------|
| 122,000                          | BP Capital Markets 4.25% fixed to floating Perpetual          | 112                   | 0.09                              |
| 200,000                          | EDF 6% fixed to floating Perpetual                            | 185                   | 0.14                              |
| 200,000                          | HSBC 5.875% fixed to floating Perpetual                       | 188                   | 0.15                              |
| 100,000                          | National Express 4.25% fixed to floating Perpetual            | 88                    | 0.07                              |
| 200,000                          | NatWest 5.125% fixed to floating Perpetual                    | 178                   | 0.14                              |
| <b>Government Bonds (66.53%)</b> |   | <b>86,872</b>         | <b>66.94</b>                      |
| less than 5 years to maturity    |   |                       |                                   |
| 621,000                          | CPPIB Capital 1.25% 2027                                      | 545                   | 0.42                              |
| 139,000                          | Development Bank of Japan 1.125% 2023                         | 138                   | 0.11                              |
| 300,000                          | European Investment Bank 0.875% 2026                          | 273                   | 0.21                              |
| 137,000                          | European Investment Bank 1.125% 2025                          | 129                   | 0.10                              |
| 200,000                          | FMS Wertmanagement 0.625% 2023                                | 194                   | 0.15                              |
| 500,000                          | FMS Wertmanagement 1.125% 2023                                | 492                   | 0.38                              |
| 100,000                          | FMS Wertmanagement 1.375% 2025                                | 95                    | 0.07                              |
| 66,000                           | Inter-American Development Bank 1.25% 2023                    | 64                    | 0.05                              |
| 236,000                          | International Bank for Reconstruction & Development 0.5% 2023 | 232                   | 0.18                              |
| 317,000                          | Kommunalbanken 0.25% 2025                                     | 285                   | 0.22                              |
| 100,000                          | Kommunalbanken 1.5% 2023                                      | 98                    | 0.08                              |
| 193,000                          | Kommunekredit 0.375% 2024                                     | 180                   | 0.14                              |
| 103,000                          | Nordic Investment Bank 1.125% 2023                            | 100                   | 0.08                              |
| 61,000                           | Nordic Investment Bank 1.125% 2025                            | 57                    | 0.04                              |
| 362,000                          | Nordic Investment Bank 3.875% 2026                            | 362                   | 0.28                              |
| 385,000                          | Ontario Teachers' Finance Trust 1.125% 2026                   | 350                   | 0.27                              |
| 298,000                          | PRS Finance 1.75% 2026  | 259                   | 0.20                              |
| 200,000                          | Saxony-Anhalt (State of) 2.125% 2024                          | 192                   | 0.15                              |
| 322,000                          | Svensk Exportkredit 1.375% 2023                               | 315                   | 0.24                              |
| 2,312,700                        | UK (Govt of) 0.125% 2024                                      | 2,236                 | 1.72                              |
| 104,800                          | UK (Govt of) 0.125% 2026                                      | 96                    | 0.07                              |
| 2,840,200                        | UK (Govt of) 0.25% 2025                                       | 2,663                 | 2.05                              |
| 6,141,500                        | UK (Govt of) 0.375% 2026                                      | 5,522                 | 4.25                              |
| 2,703,500                        | UK (Govt of) 0.75% 2023                                       | 2,671                 | 2.06                              |
| 2,959,700                        | UK (Govt of) 1.25% 2027                                       | 2,720                 | 2.10                              |
| 189,500                          | UK (Govt of) 1.5% 2026  | 179                   | 0.14                              |
| 2,188,033                        | UK (Govt of) 2.25% 2023                                       | 2,173                 | 1.67                              |
| 963,500                          | UK (Govt of) 2.75% 2024                                       | 953                   | 0.73                              |
| 2,162,100                        | UK (Govt of) 3.5% 2025  | 2,165                 | 1.67                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                             | Investment                           | Market value<br>£'000 | Percentage of<br>total net assets |
|-------------------------------------|--------------------------------------|-----------------------|-----------------------------------|
| 966,000                             | UK (Govt of) 4.125% 2027             | 990                   | 0.76                              |
| 1,645,700                           | UK (Govt of) 4.25% 2027              | 1,720                 | 1.33                              |
| 213,100                             | UK (Govt of) 5% 2025                 | 221                   | 0.17                              |
| between 5 and 10 years to maturity  |                                      |                       |                                   |
| 565,000                             | PRS Finance 2% 2029                  | 503                   | 0.39                              |
| 2,111,800                           | UK (Govt of) 0.125% 2028             | 1,811                 | 1.40                              |
| 1,464,200                           | UK (Govt of) 0.25% 2031              | 1,132                 | 0.87                              |
| 3,523,800                           | UK (Govt of) 0.375% 2030             | 2,831                 | 2.18                              |
| 976,400                             | UK (Govt of) 0.5% 2029               | 827                   | 0.64                              |
| 2,589,200                           | UK (Govt of) 0.875% 2029             | 2,222                 | 1.71                              |
| 1,648,000                           | UK (Govt of) 1% 2032                 | 1,346                 | 1.04                              |
| 2,579,141                           | UK (Govt of) 1.625% 2028             | 2,367                 | 1.82                              |
| 1,210,800                           | UK (Govt of) 6% 2028                 | 1,382                 | 1.06                              |
| between 10 and 15 years to maturity |                                      |                       |                                   |
| 133,000                             | European Investment Bank 3.875% 2037 | 131                   | 0.10                              |
| 2,210,700                           | UK (Govt of) 0.625% 2035             | 1,558                 | 1.20                              |
| 1,006,200                           | UK (Govt of) 0.875% 2033             | 778                   | 0.60                              |
| 2,704,100                           | UK (Govt of) 1.75% 2037              | 2,116                 | 1.63                              |
| 919,700                             | UK (Govt of) 4.25% 2036              | 981                   | 0.76                              |
| between 15 and 25 years to maturity |                                      |                       |                                   |
| 1,481,500                           | UK (Govt of) 0.875% 2046             | 825                   | 0.64                              |
| 843,600                             | UK (Govt of) 1.125% 2039             | 580                   | 0.45                              |
| 63,000                              | UK (Govt of) 1.25% 2041              | 42                    | 0.03                              |
| 1,715,712                           | UK (Govt of) 1.5% 2047               | 1,097                 | 0.84                              |
| 1,853,100                           | UK (Govt of) 3.25% 2044              | 1,707                 | 1.32                              |
| 1,871,600                           | UK (Govt of) 3.5% 2045               | 1,788                 | 1.38                              |
| 1,400,100                           | UK (Govt of) 3.75% 2038              | 1,403                 | 1.08                              |
| 1,650,200                           | UK (Govt of) 4.25% 2039              | 1,751                 | 1.35                              |
| 2,603,000                           | UK (Govt of) 4.25% 2040              | 2,763                 | 2.13                              |
| 1,651,800                           | UK (Govt of) 4.25% 2046              | 1,766                 | 1.36                              |
| 2,788,434                           | UK (Govt of) 4.5% 2042               | 3,070                 | 2.37                              |
| 606,100                             | UK (Govt of) 4.75% 2038              | 681                   | 0.52                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                    | Investment                           | Market value<br>£'000 | Percentage of<br>total net assets |
|--|--------------------------------------|-----------------------|-----------------------------------|
| greater than 25 years to maturity          |                                      |                       |                                   |
| 1,020,000                                  | CPPIB Capital 1.625% 2071            | 453                   | 0.35                              |
| 350,000                                    | European Investment Bank 4.625% 2054 | 382                   | 0.29                              |
| 181,400                                    | UK (Govt of) 0.5% 2061               | 67                    | 0.05                              |
| 480,900                                    | UK (Govt of) 0.625% 2050             | 227                   | 0.17                              |
| 404,000                                    | UK (Govt of) 1.125% 2073             | 184                   | 0.14                              |
| 2,290,400                                  | UK (Govt of) 1.25% 2051              | 1,306                 | 1.01                              |
| 2,465,300                                  | UK (Govt of) 1.5% 2053               | 1,481                 | 1.14                              |
| 1,341,400                                  | UK (Govt of) 1.625% 2054             | 828                   | 0.64                              |
| 1,028,800                                  | UK (Govt of) 1.625% 2071             | 588                   | 0.45                              |
| 2,360,700                                  | UK (Govt of) 1.75% 2049              | 1,584                 | 1.22                              |
| 751,598                                    | UK (Govt of) 1.75% 2057              | 476                   | 0.37                              |
| 1,153,637                                  | UK (Govt of) 2.5% 2065               | 885                   | 0.68                              |
| 1,275,712                                  | UK (Govt of) 3.5% 2068               | 1,255                 | 0.97                              |
| 2,235,400                                  | UK (Govt of) 3.75% 2052              | 2,245                 | 1.73                              |
| 2,242,474                                  | UK (Govt of) 3.75% 2053              | 2,247                 | 1.73                              |
| 1,948,600                                  | UK (Govt of) 4% 2060                 | 2,098                 | 1.62                              |
| 2,054,772                                  | UK (Govt of) 4.25% 2049              | 2,217                 | 1.71                              |
| 2,012,100                                  | UK (Govt of) 4.25% 2055              | 2,222                 | 1.71                              |
| <b>US Dollar Denominated Bonds (0.49%)</b> |                                      | <b>704</b>            | <b>0.54</b>                       |
| <b>Corporate Bonds (0.49%)</b>             |                                      | <b>704</b>            | <b>0.54</b>                       |
| between 5 and 10 years to maturity         |                                      |                       |                                   |
| 452,000                                    | AT&T 2.75% 2031                      | 317                   | 0.24                              |
| 238,000                                    | Dresdner Funding Trust I 8.151% 2031 | 211                   | 0.16                              |
| greater than 25 years to maturity          |                                      |                       |                                   |
| 280,000                                    | Verizon Communications 3.55% 2051    | 176                   | 0.14                              |
| <b>Derivatives (-1.06%)</b>                |                                      | <b>(1,562)</b>        | <b>(1.20)</b>                     |
| <b>Forward Currency Contracts (0.00%)</b>  |                                      | <b>(15)</b>           | <b>(0.01)</b>                     |
| Buy AUD 10,203 Sell GBP 5,838 08/03/2023   |                                      | -                     | -                                 |
| Buy AUD 15,920 Sell GBP 9,159 08/03/2023   |                                      | -                     | -                                 |
| Buy AUD 19,289 Sell GBP 11,013 08/03/2023  |                                      | -                     | -                                 |
| Buy AUD 19,720 Sell GBP 10,895 08/03/2023  |                                      | -                     | -                                 |
| Buy AUD 20,946 Sell GBP 11,957 08/03/2023  |                                      | -                     | -                                 |

# Portfolio Statement

As at 31 January 2023 continued

| Holding | Investment                                  | Market value<br>£'000 | Percentage of<br>total net assets |
|---------|---|-----------------------|-----------------------------------|
|         | Buy AUD 25,059 Sell GBP 14,066 08/03/2023   | -                     | -                                 |
|         | Buy AUD 27,547 Sell GBP 15,632 08/03/2023   | -                     | -                                 |
|         | Buy AUD 32,587 Sell GBP 18,727 08/03/2023   | -                     | -                                 |
|         | Buy AUD 33,700 Sell GBP 18,607 08/03/2023   | 1                     | -                                 |
|         | Buy AUD 38,954 Sell GBP 21,706 08/03/2023   | -                     | -                                 |
|         | Buy AUD 42,729 Sell GBP 23,442 08/03/2023   | 1                     | -                                 |
|         | Buy AUD 45,185 Sell GBP 25,325 08/03/2023   | -                     | -                                 |
|         | Buy AUD 51,415 Sell GBP 29,258 08/03/2023   | -                     | -                                 |
|         | Buy AUD 54,721 Sell GBP 30,076 08/03/2023   | 1                     | -                                 |
|         | Buy AUD 56,610 Sell GBP 32,229 08/03/2023   | -                     | -                                 |
|         | Buy AUD 61,376 Sell GBP 34,692 08/03/2023   | -                     | -                                 |
|         | Buy AUD 71,583 Sell GBP 39,700 08/03/2023   | 1                     | -                                 |
|         | Buy AUD 72,112 Sell GBP 40,111 08/03/2023   | 1                     | -                                 |
|         | Buy AUD 74,199 Sell GBP 40,701 08/03/2023   | 2                     | -                                 |
|         | Buy AUD 74,633 Sell GBP 41,312 08/03/2023   | 1                     | -                                 |
|         | Buy AUD 161,696 Sell GBP 90,758 08/03/2023  | 1                     | -                                 |
|         | Buy AUD 185,771 Sell GBP 103,852 08/03/2023 | 2                     | -                                 |
|         | Buy EUR 7,963 Sell GBP 7,034 08/03/2023     | -                     | -                                 |
|         | Buy EUR 8,639 Sell GBP 7,622 08/03/2023     | -                     | -                                 |
|         | Buy EUR 10,303 Sell GBP 9,077 08/03/2023    | -                     | -                                 |
|         | Buy EUR 12,278 Sell GBP 10,761 08/03/2023   | -                     | -                                 |
|         | Buy EUR 28,709 Sell GBP 25,492 08/03/2023   | -                     | -                                 |
|         | Buy EUR 51,236 Sell GBP 44,528 08/03/2023   | 1                     | -                                 |
|         | Buy EUR 94,057 Sell GBP 81,196 08/03/2023   | 2                     | -                                 |
|         | Buy EUR 94,133 Sell GBP 83,065 08/03/2023   | -                     | -                                 |
|         | Buy EUR 274,062 Sell GBP 242,649 08/03/2023 | (1)                   | -                                 |
|         | Buy EUR 617,052 Sell GBP 548,275 08/03/2023 | (5)                   | -                                 |
|         | Buy EUR 714,499 Sell GBP 630,645 08/03/2023 | (2)                   | -                                 |
|         | Buy GBP 11,292 Sell AUD 19,899 08/03/2023   | -                     | -                                 |
|         | Buy GBP 11,808 Sell AUD 20,784 08/03/2023   | -                     | -                                 |
|         | Buy GBP 13,794 Sell AUD 24,893 08/03/2023   | -                     | -                                 |
|         | Buy GBP 15,006 Sell AUD 26,739 08/03/2023   | -                     | -                                 |
|         | Buy GBP 17,723 Sell AUD 31,884 08/03/2023   | (1)                   | -                                 |
|         | Buy GBP 22,605 Sell AUD 40,962 08/03/2023   | (1)                   | -                                 |
|         | Buy GBP 23,278 Sell AUD 40,894 08/03/2023   | -                     | -                                 |
|         | Buy GBP 27,152 Sell AUD 48,080 08/03/2023   | -                     | -                                 |
|         | Buy GBP 32,598 Sell AUD 58,712 08/03/2023   | (1)                   | -                                 |
|         | Buy GBP 44,198 Sell AUD 79,941 08/03/2023   | (1)                   | -                                 |

# Portfolio Statement

As at 31 January 2023 continued

| Holding | Investment                                      | Market value<br>£'000 | Percentage of<br>total net assets |
|---------|---|-----------------------|-----------------------------------|
|         | Buy GBP 49,364 Sell AUD 86,531 08/03/2023       | -                     | -                                 |
|         | Buy GBP 58,293 Sell AUD 102,395 08/03/2023      | -                     | -                                 |
|         | Buy GBP 64,255 Sell AUD 112,679 08/03/2023      | -                     | -                                 |
|         | Buy GBP 64,514 Sell AUD 115,179 08/03/2023      | (1)                   | -                                 |
|         | Buy GBP 80,197 Sell AUD 141,005 08/03/2023      | -                     | -                                 |
|         | Buy GBP 6,707 Sell EUR 7,543 08/03/2023         | -                     | -                                 |
|         | Buy GBP 7,384 Sell EUR 8,396 08/03/2023         | -                     | -                                 |
|         | Buy GBP 8,879 Sell EUR 10,126 08/03/2023        | -                     | -                                 |
|         | Buy GBP 15,271 Sell EUR 17,184 08/03/2023       | -                     | -                                 |
|         | Buy GBP 17,067 Sell EUR 19,456 08/03/2023       | -                     | -                                 |
|         | Buy GBP 20,379 Sell EUR 22,921 08/03/2023       | -                     | -                                 |
|         | Buy GBP 20,765 Sell EUR 23,367 08/03/2023       | -                     | -                                 |
|         | Buy GBP 22,129 Sell EUR 25,137 08/03/2023       | -                     | -                                 |
|         | Buy GBP 24,753 Sell EUR 28,039 08/03/2023       | -                     | -                                 |
|         | Buy GBP 74,182 Sell EUR 84,933 08/03/2023       | (1)                   | -                                 |
|         | Buy GBP 160,038 Sell EUR 180,514 08/03/2023     | 1                     | -                                 |
|         | Buy GBP 963,807 Sell EUR 1,109,064 08/03/2023   | (13)                  | (0.01)                            |
|         | Buy GBP 1,400,632 Sell EUR 1,611,723 08/03/2023 | (19)                  | (0.01)                            |
|         | Buy GBP 4,637 Sell USD 5,742 08/03/2023         | -                     | -                                 |
|         | Buy GBP 6,018 Sell USD 7,360 08/03/2023         | -                     | -                                 |
|         | Buy GBP 8,172 Sell USD 10,157 08/03/2023        | -                     | -                                 |
|         | Buy GBP 14,267 Sell USD 17,542 08/03/2023       | -                     | -                                 |
|         | Buy GBP 16,536 Sell USD 20,156 08/03/2023       | -                     | -                                 |
|         | Buy GBP 18,784 Sell USD 22,640 08/03/2023       | -                     | -                                 |
|         | Buy GBP 19,853 Sell USD 23,898 08/03/2023       | 1                     | -                                 |
|         | Buy GBP 22,731 Sell USD 27,344 08/03/2023       | 1                     | -                                 |
|         | Buy GBP 23,181 Sell USD 28,570 08/03/2023       | -                     | -                                 |
|         | Buy GBP 23,897 Sell USD 29,114 08/03/2023       | -                     | -                                 |
|         | Buy GBP 26,064 Sell USD 32,047 08/03/2023       | -                     | -                                 |
|         | Buy GBP 26,692 Sell USD 32,812 08/03/2023       | -                     | -                                 |
|         | Buy GBP 28,929 Sell USD 35,718 08/03/2023       | -                     | -                                 |
|         | Buy GBP 31,614 Sell USD 38,438 08/03/2023       | -                     | -                                 |
|         | Buy GBP 33,920 Sell USD 41,250 08/03/2023       | 1                     | -                                 |
|         | Buy GBP 36,044 Sell USD 44,797 08/03/2023       | -                     | -                                 |
|         | Buy GBP 43,119 Sell USD 53,132 08/03/2023       | -                     | -                                 |
|         | Buy GBP 49,529 Sell USD 60,445 08/03/2023       | 1                     | -                                 |
|         | Buy GBP 54,935 Sell USD 66,563 08/03/2023       | 1                     | -                                 |
|         | Buy GBP 60,531 Sell USD 73,437 08/03/2023       | 1                     | -                                 |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                             | Investment  | Market value<br>£'000 | Percentage of<br>total net assets |
|-------------------------------------|---|-----------------------|-----------------------------------|
|                                     | Buy GBP 700,763 Sell USD 843,981 08/03/2023               | 17                    | 0.01                              |
|                                     | Buy USD 13,625 Sell GBP 11,183 08/03/2023                 | -                     | -                                 |
|                                     | Buy USD 16,719 Sell GBP 13,899 08/03/2023                 | -                     | -                                 |
|                                     | Buy USD 17,199 Sell GBP 14,176 08/03/2023                 | -                     | -                                 |
|                                     | Buy USD 17,977 Sell GBP 14,944 08/03/2023                 | -                     | -                                 |
|                                     | Buy USD 22,718 Sell GBP 18,284 08/03/2023                 | -                     | -                                 |
|                                     | Buy USD 24,328 Sell GBP 19,873 08/03/2023                 | -                     | -                                 |
|                                     | Buy USD 26,078 Sell GBP 21,297 08/03/2023                 | -                     | -                                 |
|                                     | Buy USD 27,203 Sell GBP 22,256 08/03/2023                 | -                     | -                                 |
|                                     | Buy USD 28,500 Sell GBP 23,901 08/03/2023                 | (1)                   | -                                 |
|                                     | Buy USD 32,805 Sell GBP 27,155 08/03/2023                 | (1)                   | -                                 |
|                                     | Buy USD 34,047 Sell GBP 27,923 08/03/2023                 | -                     | -                                 |
|                                     | Buy USD 37,344 Sell GBP 30,876 08/03/2023                 | (1)                   | -                                 |
|                                     | Buy USD 42,484 Sell GBP 34,854 08/03/2023                 | (1)                   | -                                 |
|                                     | Buy USD 45,265 Sell GBP 37,518 08/03/2023                 | (1)                   | -                                 |
|                                     | Buy USD 50,156 Sell GBP 42,014 08/03/2023                 | (1)                   | -                                 |
|                                     | Buy USD 51,219 Sell GBP 41,859 08/03/2023                 | -                     | -                                 |
|                                     | Buy USD 52,883 Sell GBP 43,362 08/03/2023                 | (1)                   | -                                 |
|                                     | Buy USD 66,750 Sell GBP 53,998 08/03/2023                 | -                     | -                                 |
| <b>Futures (-0.35%)</b>             |   | <b>(61)</b>           | <b>(0.05)</b>                     |
| 4                                   | Long Australia 10 Year Bond Future 15/03/2023             | -                     | -                                 |
| 153                                 | Long US 2 Year Note (CBT) Future 31/03/2023               | 82                    | 0.06                              |
| (37)                                | Short Long Gilt Future 29/03/2023                         | (100)                 | (0.08)                            |
| (59)                                | Short US 10 Year Ultra Future 22/03/2023                  | (43)                  | (0.03)                            |
| <b>Interest Rate Swaps (-0.71%)</b> |   | <b>(1,486)</b>        | <b>(1.14)</b>                     |
| EUR 1,005,000                       | Pay fixed 2.07172% receive floating EURIBOR 06/01/2056    | 16                    | 0.01                              |
| EUR 2,010,000                       | Pay fixed 2.14% receive floating EURIBOR 09/01/2056       | 8                     | 0.01                              |
| GBP 6,404,500                       | Pay fixed 2.764% receive floating GBP-SONIA 01/12/2032    | 84                    | 0.06                              |
| GBP 6,404,500                       | Pay fixed 2.846% receive floating GBP-SONIA 30/11/2032    | 63                    | 0.05                              |
| GBP 9,788,000                       | Pay fixed 3.741% receive floating GBP-SONIA 29/01/2025    | -                     | -                                 |
| GBP 9,788,000                       | Pay fixed 3.7912% receive floating GBP-SONIA 30/01/2025   | (5)                   | -                                 |
| GBP 9,788,000                       | Pay fixed 3.8117% receive floating GBP-SONIA 29/01/2025   | (6)                   | (0.01)                            |
| AUD 4,707,500                       | Pay floating AUD-BBR-BBSW receive fixed 3.805% 09/08/2032 | (64)                  | (0.05)                            |
| AUD 4,707,500                       | Pay floating AUD-BBR-BBSW receive fixed 3.81% 10/08/2032  | (63)                  | (0.05)                            |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                 | Investment  | Market value<br>£'000 | Percentage of<br>total net assets |
|---|---|-----------------------|-----------------------------------|
| AUD 3,582,000                           | Pay floating AUD-BBR-BBSW receive fixed 4.4005% 02/09/2032  | (2)                   | -                                 |
| AUD 3,582,500                           | Pay floating AUD-BBR-BBSW receive fixed 4.40175% 02/09/2032 | (2)                   | -                                 |
| AUD 3,582,500                           | Pay floating AUD-BBR-BBSW receive fixed 4.419% 02/09/2032   | (1)                   | -                                 |
| EUR 2,544,000                           | Pay floating EURIBOR receive fixed 2.84911% 06/01/2036      | 8                     | 0.01                              |
| EUR 5,088,000                           | Pay floating EURIBOR receive fixed 2.91% 09/01/2036         | 38                    | 0.03                              |
| GBP 17,076,500                          | Pay floating GBP-SONIA receive fixed 1.5933% 01/02/2024     | (445)                 | (0.34)                            |
| GBP 17,076,500                          | Pay floating GBP-SONIA receive fixed 1.6088% 01/02/2024     | (442)                 | (0.34)                            |
| GBP 5,730,000                           | Pay floating GBP-SONIA receive fixed 1.746% 03/02/2024      | (142)                 | (0.11)                            |
| GBP 16,075,000                          | Pay floating GBP-SONIA receive fixed 2.3963% 11/05/2024     | (291)                 | (0.23)                            |
| GBP 10,619,000                          | Pay floating GBP-SONIA receive fixed 2.903% 03/02/2024      | (144)                 | (0.11)                            |
| GBP 7,392,000                           | Pay floating GBP-SONIA receive fixed 2.961% 03/02/2024      | (96)                  | (0.07)                            |
| Total investment assets and liabilities |   | 121,353               | 93.51                             |
| Net other assets                        |   | 8,424                 | 6.49                              |
| <b>Total Net Assets</b>                 |   | <b>129,777</b>        | <b>100.00</b>                     |

All investments (excluding OTC derivatives) are listed on recognised stock exchanges and are approved securities, or are approved derivatives within the meaning of the FCA rules. The percentage figures in brackets show the comparative holding as at 31 July 2022.

# Financial Statements

## Statement of Total Return

For the six months ended 31 January 2023

|   | 31 January 2023 |                 | 31 January 2022 |                 |
|---|-----------------|-----------------|-----------------|-----------------|
|   | £'000           | £'000           | £'000           | £'000           |
| Income:   |                 |                 |                 |                 |
| Net capital losses  |                 | (14,878)        |                 | (10,299)        |
| Revenue   | 1,615           |                 | 960             |                 |
| Expenses  | (84)            |                 | (109)           |                 |
| Interest payable and similar charges  | (9)             |                 | (29)            |                 |
| Net revenue before taxation   | 1,522           |                 | 822             |                 |
| Taxation  | -               |                 | -               |                 |
| Net revenue after taxation  |                 | 1,522           |                 | 822             |
| <b>Total return before distributions</b>  |                 | <b>(13,356)</b> |                 | <b>(9,477)</b>  |
| Distributions   |                 | (1,522)         |                 | (822)           |
| <b>Change in net assets attributable to shareholders from investment activities</b> |                 | <b>(14,878)</b> |                 | <b>(10,299)</b> |

## Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 January 2023

|  | 31 January 2023 |                | 31 January 2022 |                |
|--|-----------------|----------------|-----------------|----------------|
|  | £'000           | £'000          | £'000           | £'000          |
| <b>Opening net assets attributable to shareholders</b>                                   |                 | <b>151,024</b> |                 | <b>150,109</b> |
| Amounts receivable on the issue of shares  | 5,867           |                | 19,562          |                |
| Amounts payable on the cancellation of shares  | (13,713)        |                | (5,269)         |                |
|  |                 | (7,846)        |                 | 14,293         |
| Dilution adjustment  |                 | 8              |                 | 24             |
| Change in net assets attributable to shareholders from investment activities (see above) |                 | (14,878)       |                 | (10,299)       |
| Retained distribution on accumulation shares   |                 | 1,469          |                 | 895            |
| <b>Closing net assets attributable to shareholders</b>                                   |                 | <b>129,777</b> |                 | <b>155,022</b> |

Comparative information is provided for the statement of change in net assets attributable to shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.



# Financial Statements

## Continued

### Balance Sheet

As at 31 January 2023

|  | 31 January 2023 |                | 31 July 2022 |                |
|--|-----------------|----------------|--------------|----------------|
|  | £'000           | £'000          | £'000        | £'000          |
| <b>Assets:</b>                                 |                 |                |              |                |
| <b>Fixed assets:</b>                           |                 |                |              |                |
| Investment assets                              |                 | 123,252        |              | 140,158        |
| <b>Current assets:</b>                         |                 |                |              |                |
| Debtors  | 1,336           |                | 905          |                |
| Cash and bank balances                         | 8,294           |                | 15,178       |                |
|  |                 | 9,630          |              | 16,083         |
| <b>Total assets</b>                            |                 | <b>132,882</b> |              | <b>156,241</b> |
| <b>Liabilities:</b>                            |                 |                |              |                |
| Investment liabilities                         |                 | (1,899)        |              | (2,672)        |
| Bank overdrafts                                | (40)            |                | -            |                |
| Creditors                                      | (1,157)         |                | (2,540)      |                |
| Distribution payable                           | (9)             |                | (5)          |                |
|  |                 | (1,206)        |              | (2,545)        |
| <b>Total liabilities</b>                       |                 | <b>(3,105)</b> |              | <b>(5,217)</b> |
| <b>Net assets attributable to shareholders</b> |                 | <b>129,777</b> |              | <b>151,024</b> |

# Distribution Table

For the six months ended 31 January 2023 (in pence per share)

## Interim interest distribution

Group 1 – shares purchased prior to 1 August 2022

Group 2 – shares purchased between 1 August 2022 and 31 January 2023

|                       | Revenue | Equalisation | Distribution paid<br>28/04/23 | Distribution paid<br>29/04/22 |
|-----------------------|---------|--------------|-------------------------------|-------------------------------|
| <b>A Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.9213  | –            | 0.9213                        | 0.1761                        |
| Group 2               | 0.7647  | 0.1566       | 0.9213                        | 0.1761                        |
| <b>A Income</b>       |         |              |                               |                               |
| Group 1               | 0.6916  | –            | 0.6916                        | 0.1328                        |
| Group 2               | 0.6916  | –            | 0.6916                        | 0.1328                        |
| <b>I Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.9840  | –            | 0.9840                        | 0.4520                        |
| Group 2               | 0.4404  | 0.5436       | 0.9840                        | 0.4520                        |
| <b>I Income</b>       |         |              |                               |                               |
| Group 1               | 0.8840  | –            | 0.8840                        | 0.4077                        |
| Group 2               | 0.6369  | 0.2471       | 0.8840                        | 0.4077                        |
| <b>L Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.8288  | –            | 0.8288                        | 0.4179                        |
| Group 2               | 0.8288  | –            | 0.8288                        | 0.4179                        |
| <b>L Income</b>       |         |              |                               |                               |
| Group 1               | 0.7735  | –            | 0.7735                        | 0.3936                        |
| Group 2               | 0.7735  | –            | 0.7735                        | 0.3936                        |
| <b>M Accumulation</b> |         |              |                               |                               |
| Group 1               | –       | –            | –                             | 0.4370                        |
| Group 2               | –       | –            | –                             | 0.4370                        |
| <b>M Income</b>       |         |              |                               |                               |
| Group 1               | –       | –            | –                             | 0.4227                        |
| Group 2               | –       | –            | –                             | 0.4227                        |
| <b>Z Accumulation</b> |         |              |                               |                               |
| Group 1               | 1.8338  | –            | 1.8338                        | 1.1589                        |
| Group 2               | 0.9696  | 0.8642       | 1.8338                        | 1.1589                        |

## Equalisation

This applies only to shares purchased during the distribution period (group 2 shares). It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

# abrdn Sterling Inflation-Linked Bond Fund

For the period ended 31 January 2023

## Investment Objective

To generate income and some growth over the long term (5 years or more) by investing in UK Government inflation-linked bonds.

Performance Target: To achieve the return of the FTSE Actuaries UK Index Linked Gilts Over 5 years Index plus 0.5% per annum (before charges). The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target.

The ACD believes this is an appropriate target for the fund based on the investment policy of the fund and the constituents of the index.

## Investment Policy

### Portfolio Securities

- The fund invests at least 80% in inflation-linked government bonds issued or guaranteed by the UK Government.
- The fund may also invest in inflation-linked and non-inflation-linked investment grade corporate bonds and sub-sovereigns issued anywhere in the world. The fund will employ techniques to reduce (hedge) risk related to currency movements on non-Sterling bonds.
- The fund may also invest in other funds (including those managed by abrdn), money-market instruments, and cash.

### Management Process

- The management team use their discretion (active management) to identify investments after analysing individual bonds and derivatives alongside global economic and market conditions.
- In seeking to achieve the performance target, the FTSE Actuaries UK Index Linked Gilts Over 5 years Index is used as a reference point for portfolio construction and as a basis for setting risk constraints. The expected variation ("tracking error") between the returns of the fund and the index is not ordinarily expected to exceed 1.70%. Due to the fund's risk constraints the intention is that the fund's performance will not deviate significantly from that of the index over the long term.

### Derivatives and Techniques

- The fund will make routine use of derivatives to reduce risk, reduce cost and/or generate extra income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management").

- Derivatives can be used to generate growth, consistent with the fund's risk profile, if market prices are expected to rise ("long positions") or fall ("short positions"). These positions can be used in overseas markets.
- Derivatives include instruments used to manage expected changes in interest rates, inflation, currencies or creditworthiness of corporations or governments.

## Performance Review

For the six months ended 31 January 2023, the value of abrdn Sterling Inflation-Linked Bond Fund – A Accumulation Shares decreased by 16.44% compared to a decrease of 18.97% in the performance target, the FTSE Actuaries UK Index Linked Gilts over 5 years Index.

Source: Lipper; Basis: total return, published NAV to NAV, net of annual charges, UK net income reinvested, GBP.

Please note that fund performance is quoted net of fees while the index return is quoted gross and contains no adjustment for fees.

Please remember that past performance is not a guide to future returns. The price of shares and the revenue from them may fall as well as rise. Investors may not get back the amount originally invested.

Companies selected for illustrative purposes only to demonstrate the investment management style described herein and not as an investment recommendation or indication of future performance.

Any data contained herein which is attributed to a third party ("Third Party Data") is the property of (a) third party supplier(s) (the "Owner") and is licensed for use by abrdn\*\*. Third Party Data may not be copied or distributed. Third Party Data is provided "as is" and is not warranted to be accurate, complete or timely. To the extent permitted by applicable law, none of the Owner, abrdn\*\* or any other third party (including any third party involved in providing and/or compiling Third Party Data) shall have any liability for Third Party Data or for any use made of Third Party Data. Neither the Owner nor any other third party sponsors, endorses or promotes the fund or product to which Third Party Data relates.

\*\*abrdn means the relevant member of abrdn group, being abrdn plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

## Market Review

During the first half of the review period, markets contended with uncertainties caused by the war in Ukraine, tightening monetary policy in the face of higher inflation and the threat of a macroeconomic slowdown. In September, the UK government's announcement of unfunded tax cuts in its mini-budget further weakened the UK market. Although the Bank of England (BoE) stepped in

# abrdn Sterling Inflation-Linked Bond Fund

## Continued

to support the gilt market, yields moved materially higher. The UK 10-year government bond yield rose from 2.88% in August to above 4% on 30 September. The main driver of poor returns was interest rate exposure. This meant that asset classes with less sensitivity to interest rates – such as emerging markets and high-yield corporates – fared much better, while nevertheless delivering some negative outcomes.

Political headlines around the UK Government's mini-budget also drove substantial volatility in the second half of the review period, with UK government bonds still in a state of confusion in October. Markets continued to grapple with the evolving narratives of central banks. The BoE raised rates twice, by 75 basis points (bps) and 50 bps. The BoE also began to unwind its financial stability gilt purchases, with the strength of demand for bonds providing some support to the UK index-linked gilt market in December. The BoE will meet in February. Although inflation data for December showed a second successive decline in the year-on-year measure of consumer price inflation, the BoE will be aware that this softening is largely being driven by base or energy effects, with core inflation remaining stubbornly high at 6.3% year on year. Alongside stubbornly high core inflation, the BoE will also be regarding the unemployment rate, which read 3.7% at the end of the period, with the economy continuing to generate jobs and accelerating wage growth. At the end of the period, the 10-year UK gilt yield was 3.42%.

### Portfolio Activity and Review

In the first half of the review period, a short position in 10-year US bond futures was positive for performance, as nominal yields moved materially higher. Our long position in UK index-linked 2056 bonds versus 2055 also made a positive contribution, as these repriced aggressively. Conversely, our long position in New Zealand real yields made a negative contribution. Our long position in 30-year Treasury Inflation-Protected Securities (TIPS) also detracted. TIPS underperformed amid a fall in US inflation pricing, in response to the US Federal Reserve's continually less-supportive messaging. We had added a US 30-year real yields position prior to the start of the period, at the beginning of July. As these had risen over the year, by the end of the first half of the period, we had begun to see value in longer-dated tenors at real yields of around 1.2%. At the same time, we took profits on 1y1y interest rate swaps; after a period of heightened volatility in front-end rates, the level moved to our valuation, and we exited the position. Late in September, we took profits on our curve position in UK 2056 linkers versus 2055 amid the significant market volatility.

In the second half of the review period, a long 30-year US consumer price index position was positive for performance, as the long end of the US inflation curve outperformed. The long New Zealand real yields position also outperformed. The long position in the belly of the UK index-linked gilts (UKTIs) 44s47s50s contributed negatively to performance, as UKTI 47s underperformed during the market turmoil. The UKTI 10s30s flattener position also underperformed, as the shorter-dated tenors outperformed during the period of political and financial instability brought on by the UK Government's mini-budget.

We initiated a small underweight position in UKTIs and entered a short position in US 10-year nominal futures. We entered into a UKTI 25-year versus 50-year curve steepener position, as we sought to oppose the inversion of the real yield curve. We also added an underweight position in UK gilt futures. This was later removed, as global duration rallied aggressively in the face of weaker economic data and the prospect that central banks might become more supportive going forward. In this environment, our long New Zealand duration position and our US real yields position added to performance while short positions in the UK and US detracted.

### Portfolio Outlook and Strategy

Over the months ahead, the evolution of core inflation and labour market dynamics will ultimately determine government bond performance and the path of the BoE and other central banks with regard to interest rates.

Energy markets have fallen amid a series of headlines around Chinese demand and because of milder weather in Europe, which allowed storage levels to be maintained at far higher levels than expected. This may help to avoid a similar supply crunch next winter. However, if this continues, central banks could face a situation where demand is not weakened as much as expected, possibly supporting domestic inflationary pressures.

While the pace of hikes by central banks will likely slow in the coming months, we think the close attention central banks will pay to incoming economic data will lead markets to reconsider pricing in cuts in rates before the end of the year.

#### Inflation Team

February 2023

# abrdn Sterling Inflation-Linked Bond Fund

## Continued

### Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the fund. The table below shows the fund's ranking on the Risk and Reward Indicator.

| Typically lower rewards, lower risk |   |   |   | Typically higher rewards, higher risk |   |   |
|-------------------------------------|---|---|---|---------------------------------------|---|---|
| ←                                   |   |   |   | →                                     |   |   |
| 1                                   | 2 | 3 | 4 | 5                                     | 6 | 7 |

Risk and reward indicator table as at 31 January 2023.

The fund is rated as 5 because of the extent to which the following risk factors apply:

- The fund invests in securities which are subject to the risk that the issuer may default on interest or capital payments.
- The fund price can go up or down daily for a variety of reasons including changes in interest rates, inflation expectations or the perceived credit quality of individual countries or securities.
- 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.

All investment involves risk. This fund offers no guarantee against loss or that the fund's objective will be attained.

The price of assets and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

Inflation reduces the buying power of your investment and income.

The value of assets held in the fund may rise and fall as a result of exchange rate fluctuations.

The fund could lose money if an entity (counterparty) with which it does business becomes unwilling or unable to honour its obligations to the fund.

In extreme market conditions some securities may become hard to value or sell at a desired price. This could affect the fund's ability to meet redemptions in a timely manner.

The fund could lose money as the result of a failure or delay in operational processes and systems including but not limited to third party providers failing or going into administration.

# Comparative Tables

| <b>A Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 181                    | 1,020               | 1,455               | 1,640               |
| Closing number of shares                  | 95,697                 | 438,498             | 493,977             | 559,896             |
| Closing net asset value per share (pence) | 188.57                 | 232.66              | 294.53              | 292.95              |
| Change in net asset value per share       | (18.95%)               | (21.01%)            | 0.54%               | 7.91%               |
| Operating charges                         | 0.79%                  | 0.79%               | 0.93%               | 0.95%               |
| <b>A Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 204                    | 271                 | 395                 | 404                 |
| Closing number of shares                  | 140,089                | 147,092             | 166,673             | 171,355             |
| Closing net asset value per share (pence) | 145.60                 | 183.99              | 236.80              | 235.97              |
| Change in net asset value per share       | (20.87%)               | (22.30%)            | 0.35%               | 7.51%               |
| Operating charges                         | 0.79%                  | 0.79%               | 0.93%               | 0.95%               |
| <b>I Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 8,893                  | 11,838              | 7,009               | 5,411               |
| Closing number of shares                  | 5,302,431              | 5,735,267           | 2,694,651           | 2,100,916           |
| Closing net asset value per share (pence) | 167.72                 | 206.42              | 260.12              | 257.57              |
| Change in net asset value per share       | (18.75%)               | (20.64%)            | 0.99%               | 8.40%               |
| Operating charges                         | 0.29%                  | 0.29%               | 0.47%               | 0.50%               |
| <b>I Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 636                    | 812                 | 888                 | 1,168               |
| Closing number of shares                  | 606,779                | 613,022             | 520,245             | 686,973             |
| Closing net asset value per share (pence) | 104.85                 | 132.51              | 170.64              | 170.03              |
| Change in net asset value per share       | (20.87%)               | (22.35%)            | 0.36%               | 7.53%               |
| Operating charges                         | 0.29%                  | 0.29%               | 0.47%               | 0.50%               |
| <b>K Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 4                      | 5                   | 26                  | 3,023               |
| Closing number of shares                  | 4,056                  | 4,056               | 17,427              | 2,006,271           |
| Closing net asset value per share (pence) | 98.30                  | 120.95              | 152.23              | 150.65              |
| Change in net asset value per share       | (18.73%)               | (20.55%)            | 1.05%               | 8.46%               |
| Operating charges                         | 0.24%                  | 0.24%               | 0.42%               | 0.45%               |
| <b>M Accumulation<sup>A</sup></b>         | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | -                      | 1                   | 1                   | 1                   |
| Closing number of shares                  | -                      | 906                 | 906                 | 906                 |
| Closing net asset value per share (pence) | -                      | 100.19              | 126.12              | 124.82              |
| Change in net asset value per share       | -                      | (20.56%)            | 1.04%               | 8.46%               |
| Operating charges                         | -                      | 0.34%               | 0.52%               | 0.55%               |

# Comparative Tables

## Continued

| <b>M Income<sup>B</sup></b>               | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | -                      | 1                   | 1                   | 1                   |
| Closing number of shares                  | -                      | 909                 | 909                 | 909                 |
| Closing net asset value per share (pence) | -                      | 96.37               | 124.03              | 123.56              |
| Change in net asset value per share       | -                      | (22.30%)            | 0.38%               | 7.78%               |
| Operating charges                         | -                      | 0.34%               | 0.52%               | 0.55%               |

  

| <b>Z Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 28,787                 | 33,353              | 38,677              | 30,540              |
| Closing number of shares                  | 13,049,772             | 12,297,873          | 11,344,134          | 9,080,284           |
| Closing net asset value per share (pence) | 220.59                 | 271.21              | 340.94              | 336.33              |
| Change in net asset value per share       | (18.66%)               | (20.45%)            | 1.37%               | 8.83%               |
| Operating charges                         | 0.09%                  | 0.09%               | 0.10%               | 0.10%               |

The closing net asset value (£'000) divided by the closing number of shares may not calculate to the closing net asset value per share (pence) due to rounding differences. The published closing net asset value per share (pence) is based on unrounded values and represents the actual price.

The change in the net asset value per share is the change from the beginning of the period to the close of the period.

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

<sup>A</sup> M Accumulation share class was closed on 17 January 2023.

<sup>B</sup> M Income share class was closed on 17 January 2023.

# Portfolio Statement

As at 31 January 2023

| Holding   | Investment   | Market value<br>£'000 | Percentage of<br>total net assets |
|---|--|-----------------------|-----------------------------------|
| <b>Bonds (98.86%)</b>                               |  | <b>38,500</b>         | <b>99.47</b>                      |
| <b>New Zealand Dollar Denominated Bonds (2.57%)</b> |  | <b>1,072</b>          | <b>2.77</b>                       |
| <b>Government Bonds (2.57%)</b>                     |  | <b>1,072</b>          | <b>2.77</b>                       |
| between 10 and 15 years to maturity                 |  |                       |                                   |
| 1,619,000   | New Zealand (Govt of) 2.5% Index-Linked 2035             | 1,072                 | 2.77                              |
| <b>Sterling Denominated Bonds (95.81%)</b>          |  | <b>291</b>            | <b>0.75</b>                       |
| <b>Corporate Bonds (0.00%)</b>                      |  | <b>291</b>            | <b>0.75</b>                       |
| between 10 and 15 years to maturity                 |  |                       |                                   |
| 125,000   | Southern Water Services Finance 3.706% Index-Linked 2034 | 291                   | 0.75                              |
| <b>Government Bonds (95.81%)</b>                    |  | <b>36,938</b>         | <b>95.44</b>                      |
| between 5 and 10 years to maturity                  |  |                       |                                   |
| 1,669,000   | UK (Govt of) 0.125% Index-Linked 2029                    | 2,534                 | 6.55                              |
| 1,026,300   | UK (Govt of) 0.125% Index-Linked 2031                    | 1,273                 | 3.29                              |
| 1,225,100   | UK (Govt of) 1.25% Index-Linked 2032                     | 2,271                 | 5.87                              |
| 9,000   | UK (Govt of) 4.125% Index-Linked 2030                    | 31                    | 0.08                              |
| between 10 and 15 years to maturity                 |  |                       |                                   |
| 1,019,000   | UK (Govt of) 0.125% Index-Linked 2036                    | 1,391                 | 3.60                              |
| 817,133   | UK (Govt of) 0.75% Index-Linked 2034                     | 1,351                 | 3.49                              |
| 785,152   | UK (Govt of) 1.125% Index-Linked 2037                    | 1,570                 | 4.05                              |
| 603,500   | UK (Govt of) 2% Index-Linked 2035                        | 1,494                 | 3.86                              |
| between 15 and 25 years to maturity                 |  |                       |                                   |
| 1,372,700   | UK (Govt of) 0.125% Index-Linked 2041                    | 1,701                 | 4.39                              |
| 915,800   | UK (Govt of) 0.125% Index-Linked 2044                    | 1,293                 | 3.34                              |
| 1,355,200   | UK (Govt of) 0.125% Index-Linked 2046                    | 1,786                 | 4.62                              |
| 1,835,657   | UK (Govt of) 0.625% Index-Linked 2040                    | 3,204                 | 8.28                              |
| 1,257,140   | UK (Govt of) 0.625% Index-Linked 2042                    | 2,253                 | 5.82                              |
| 1,258,100   | UK (Govt of) 0.75% Index-Linked 2047                     | 2,368                 | 6.12                              |
| greater than 25 years to maturity                   |  |                       |                                   |
| 1,388,043   | UK (Govt of) 0.125% Index-Linked 2048                    | 1,710                 | 4.42                              |
| 492,500   | UK (Govt of) 0.125% Index-Linked 2056                    | 635                   | 1.64                              |



# Portfolio Statement

As at 31 January 2023 continued

| Holding                                    | Investment                                      | Market value<br>£'000 | Percentage of<br>total net assets |
|--|---|-----------------------|-----------------------------------|
| 870,100                                    | UK (Govt of) 0.125% Index-Linked 2058           | 1,158                 | 2.99                              |
| 546,100                                    | UK (Govt of) 0.125% Index-Linked 2065           | 732                   | 1.89                              |
| 1,082,391                                  | UK (Govt of) 0.125% Index-Linked 2068           | 1,521                 | 3.93                              |
| 66,600                                     | UK (Govt of) 0.125% Index-Linked 2073           | 81                    | 0.21                              |
| 766,831                                    | UK (Govt of) 0.25% Index-Linked 2052            | 1,118                 | 2.89                              |
| 1,280,731                                  | UK (Govt of) 0.375% Index-Linked 2062           | 2,045                 | 5.28                              |
| 733,800                                    | UK (Govt of) 0.5% Index-Linked 2050             | 1,282                 | 3.31                              |
| 878,645                                    | UK (Govt of) 1.25% Index-Linked 2055            | 2,136                 | 5.52                              |
| <b>US Dollar Denominated Bonds (0.48%)</b> |   | <b>199</b>            | <b>0.51</b>                       |
| <b>Government Bonds (0.48%)</b>            |   | <b>199</b>            | <b>0.51</b>                       |
| between 15 and 25 years to maturity        |   |                       |                                   |
| 227,700                                    | US Treasury 0.75% Index-Linked 2045             | 199                   | 0.51                              |
| <b>Derivatives (0.01%)</b>                 |   | <b>(3)</b>            | <b>(0.01)</b>                     |
| <b>Forward Currency Contracts (0.00%)</b>  |   | <b>(1)</b>            | <b>-</b>                          |
|  |   |                       |                                   |
|  | Buy GBP 13,617 Sell NZD 26,198 08/03/2023       | -                     | -                                 |
|  | Buy GBP 14,132 Sell NZD 26,970 08/03/2023       | -                     | -                                 |
|  | Buy GBP 15,209 Sell NZD 29,231 08/03/2023       | -                     | -                                 |
|  | Buy GBP 19,020 Sell NZD 36,542 08/03/2023       | -                     | -                                 |
|  | Buy GBP 1,022,388 Sell NZD 1,972,344 08/03/2023 | (6)                   | (0.01)                            |
|  | Buy GBP 5,937 Sell USD 7,318 08/03/2023         | -                     | -                                 |
|  | Buy GBP 8,474 Sell USD 10,343 08/03/2023        | -                     | -                                 |
|  | Buy GBP 9,273 Sell USD 11,490 08/03/2023        | -                     | -                                 |
|  | Buy GBP 9,422 Sell USD 11,593 08/03/2023        | -                     | -                                 |
|  | Buy GBP 10,694 Sell USD 13,306 08/03/2023       | -                     | -                                 |
|  | Buy GBP 12,196 Sell USD 14,832 08/03/2023       | -                     | -                                 |
|  | Buy GBP 14,357 Sell USD 17,456 08/03/2023       | -                     | -                                 |
|  | Buy GBP 15,321 Sell USD 18,736 08/03/2023       | -                     | -                                 |
|  | Buy GBP 21,168 Sell USD 26,072 08/03/2023       | -                     | -                                 |
|  | Buy GBP 22,927 Sell USD 27,807 08/03/2023       | 1                     | -                                 |
|  | Buy GBP 24,834 Sell USD 30,662 08/03/2023       | -                     | -                                 |
|  | Buy GBP 29,398 Sell USD 35,623 08/03/2023       | 1                     | -                                 |
|  | Buy GBP 225,448 Sell USD 271,524 08/03/2023     | 5                     | 0.01                              |
|  | Buy NZD 34,589 Sell GBP 18,145 08/03/2023       | -                     | -                                 |
|  | Buy USD 5,110 Sell GBP 4,141 08/03/2023         | -                     | -                                 |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                 | Investment   | Market value<br>£'000 | Percentage of<br>total net assets |
|---|--|-----------------------|-----------------------------------|
|   | Buy USD 6,197 Sell GBP 5,136 08/03/2023            | -                     | -                                 |
|   | Buy USD 6,988 Sell GBP 5,788 08/03/2023            | -                     | -                                 |
|   | Buy USD 10,251 Sell GBP 8,348 08/03/2023           | -                     | -                                 |
|   | Buy USD 11,307 Sell GBP 9,273 08/03/2023           | -                     | -                                 |
|   | Buy USD 16,853 Sell GBP 13,763 08/03/2023          | -                     | -                                 |
|   | Buy USD 18,564 Sell GBP 15,230 08/03/2023          | -                     | -                                 |
|   | Buy USD 19,155 Sell GBP 15,654 08/03/2023          | -                     | -                                 |
|   | Buy USD 19,642 Sell GBP 16,078 08/03/2023          | -                     | -                                 |
|   | Buy USD 19,962 Sell GBP 16,722 08/03/2023          | (1)                   | -                                 |
|   | Buy USD 23,790 Sell GBP 19,178 08/03/2023          | -                     | -                                 |
|   | Buy USD 24,682 Sell GBP 20,259 08/03/2023          | (1)                   | -                                 |
|   | Buy USD 27,152 Sell GBP 21,966 08/03/2023          | -                     | -                                 |
|   | Buy USD 28,974 Sell GBP 23,668 08/03/2023          | -                     | -                                 |
| <b>Futures (-0.08%)</b>                 |  | <b>(30)</b>           | <b>(0.08)</b>                     |
| (21)                                    | Short US 10 Year Ultra Future 22/03/2023           | (30)                  | (0.08)                            |
| <b>Inflation Swaps (0.09%)</b>          |  | <b>28</b>             | <b>0.07</b>                       |
| USD 215,000                             | Pay fixed 2.311% receive floating USCPI 12/07/2051 | 17                    | 0.04                              |
| USD 248,000                             | Pay fixed 2.42% receive floating USCPI 09/09/2051  | 11                    | 0.03                              |
| Total investment assets and liabilities |  | 38,497                | 99.46                             |
| Net other assets                        |  | 208                   | 0.54                              |
| <b>Total Net Assets</b>                 |  | <b>38,705</b>         | <b>100.00</b>                     |

All investments (excluding OTC derivatives) are listed on recognised stock exchanges and are approved securities, or are approved derivatives within the meaning of the FCA rules. The percentage figures in brackets show the comparative holding as at 31 July 2022.

# Financial Statements

## Statement of Total Return

For the six months ended 31 January 2023

|   | 31 January 2023 |                | 31 January 2022 |                |
|---|-----------------|----------------|-----------------|----------------|
|   | £'000           | £'000          | £'000           | £'000          |
| Income:   |                 |                |                 |                |
| Net capital losses  |                 | (9,611)        |                 | (1,891)        |
| Revenue   | 1,081           |                | 435             |                |
| Expenses  | (30)            |                | (37)            |                |
| Interest payable and similar charges  | (2)             |                | -               |                |
| Net revenue before taxation   | 1,049           |                | 398             |                |
| Taxation  | -               |                | -               |                |
| Net revenue after taxation  |                 | 1,049          |                 | 398            |
| <b>Total return before distributions</b>  |                 | <b>(8,562)</b> |                 | <b>(1,493)</b> |
| Distributions   |                 | (1,049)        |                 | (398)          |
| <b>Change in net assets attributable to shareholders from investment activities</b> |                 | <b>(9,611)</b> |                 | <b>(1,891)</b> |

## Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 January 2023

|  | 31 January 2023 |               | 31 January 2022 |               |
|--|-----------------|---------------|-----------------|---------------|
|  | £'000           | £'000         | £'000           | £'000         |
| <b>Opening net assets attributable to shareholders</b>                                   |                 | <b>47,301</b> |                 | <b>48,452</b> |
| Amounts receivable on the issue of shares  | 2,869           |               | 4,834           |               |
| Amounts payable on the cancellation of shares  | (2,878)         |               | (3,297)         |               |
|  |                 | (9)           |                 | 1,537         |
| Dilution adjustment  |                 | 3             |                 | -             |
| Change in net assets attributable to shareholders from investment activities (see above) |                 | (9,611)       |                 | (1,891)       |
| Retained distribution on accumulation shares   |                 | 1,021         |                 | 388           |
| <b>Closing net assets attributable to shareholders</b>                                   |                 | <b>38,705</b> |                 | <b>48,486</b> |

Comparative information is provided for the statement of change in net assets attributable to shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

# Financial Statements

## Continued

### Balance Sheet

As at 31 January 2023

|  | 31 January 2023 |               | 31 July 2022 |               |
|--|-----------------|---------------|--------------|---------------|
|  | £'000           | £'000         | £'000        | £'000         |
| <b>Assets:</b>                                 |                 |               |              |               |
| <b>Fixed assets:</b>                           |                 |               |              |               |
| Investment assets                              |                 | 38,535        |              | 46,805        |
| <b>Current assets:</b>                         |                 |               |              |               |
| Debtors  | 48              |               | 844          |               |
| Cash and bank balances                         | 260             |               | 483          |               |
|  |                 | 308           |              | 1,327         |
| <b>Total assets</b>                            |                 | <b>38,843</b> |              | <b>48,132</b> |
| <b>Liabilities:</b>                            |                 |               |              |               |
| Investment liabilities                         |                 | (38)          |              | (38)          |
| Bank overdrafts                                | (1)             |               | -            |               |
| Creditors                                      | (77)            |               | (778)        |               |
| Distribution payable                           | (22)            |               | (15)         |               |
|  |                 | (100)         |              | (793)         |
| <b>Total liabilities</b>                       |                 | <b>(138)</b>  |              | <b>(831)</b>  |
| <b>Net assets attributable to shareholders</b> |                 | <b>38,705</b> |              | <b>47,301</b> |

# Distribution Table

For the six months ended 31 January 2023 (in pence per share)

## Interim interest distribution

Group 1 – shares purchased prior to 1 August 2022

Group 2 – shares purchased between 1 August 2022 and 31 January 2023

|                       | Revenue | Equalisation | Distribution paid<br>28/04/23 | Distribution paid<br>29/04/22 |
|-----------------------|---------|--------------|-------------------------------|-------------------------------|
| <b>A Accumulation</b> |         |              |                               |                               |
| Group 1               | 4.4608  | –            | 4.4608                        | 1.3909                        |
| Group 2               | 2.4625  | 1.9983       | 4.4608                        | 1.3909                        |
| <b>A Income</b>       |         |              |                               |                               |
| Group 1               | 3.5275  | –            | 3.5275                        | 1.1185                        |
| Group 2               | 2.3960  | 1.1315       | 3.5275                        | 1.1185                        |
| <b>I Accumulation</b> |         |              |                               |                               |
| Group 1               | 4.3962  | –            | 4.3962                        | 1.8935                        |
| Group 2               | 2.7403  | 1.6559       | 4.3962                        | 1.8935                        |
| <b>I Income</b>       |         |              |                               |                               |
| Group 1               | 2.8222  | –            | 2.8222                        | 1.2422                        |
| Group 2               | 1.2324  | 1.5898       | 2.8222                        | 1.2422                        |
| <b>K Accumulation</b> |         |              |                               |                               |
| Group 1               | 2.5921  | –            | 2.5921                        | 1.1527                        |
| Group 2               | 2.5921  | –            | 2.5921                        | 1.1527                        |
| <b>M Accumulation</b> |         |              |                               |                               |
| Group 1               | –       | –            | –                             | 0.8854                        |
| Group 2               | –       | –            | –                             | 0.8854                        |
| <b>M Income</b>       |         |              |                               |                               |
| Group 1               | –       | –            | –                             | 0.8779                        |
| Group 2               | –       | –            | –                             | 0.8779                        |
| <b>Z Accumulation</b> |         |              |                               |                               |
| Group 1               | 6.0070  | –            | 6.0070                        | 2.8314                        |
| Group 2               | 3.9552  | 2.0518       | 6.0070                        | 2.8314                        |

## Equalisation

This applies only to shares purchased during the distribution period (group 2 shares). It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

# abrdn Sterling Long Dated Government Bond Fund

For the period ended 31 January 2023

## Investment Objective

To generate income and some growth over the long term (5 years or more) by investing in UK Government bonds with a maturity of 10 years or longer.

Performance Target: To achieve the return of the FTSE Actuaries UK Conventional Gilts All Stocks Over 15 Years Index plus 0.5% per annum (before charges). The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target.

The ACD believes this is an appropriate target for the fund based on the investment policy of the fund and the constituents of the index.

## Investment Policy

### Portfolio Securities

- The fund invests at least 80% in government bonds issued or guaranteed by the UK Government with a maturity of ten years or longer.
- The fund may also invest in investment grade bonds of any maturity, issued anywhere in the world by governments, sub-sovereigns and corporations including inflation-linked bonds. The fund will employ techniques to reduce (hedge) risk related to currency movements on non-Sterling bonds.
- The fund may also invest in other funds (including those managed by abrdn), money-market instruments, and cash.

### Management Process

- The management team use their discretion (active management) to identify investments after analysing individual bonds and derivatives alongside global economic and market conditions.
- In seeking to achieve the Performance Target, the FTSE Actuaries UK Conventional Gilts All Stocks Over 15 Years Index is used as a reference point for portfolio construction and as a basis for setting risk constraints. The expected variation ("tracking error") between the returns of the fund and the index is not ordinarily expected to exceed 1.70%. Due to the active nature of the management process the intention is that the fund's performance will not deviate significantly from that of the index over the long term.

### Derivatives and Techniques

- The fund will make routine use of derivatives to reduce risk, reduce cost and/or generate extra income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management").

- Derivatives can be used to generate growth, consistent with the fund's risk profile, if market prices are expected to rise ("long positions") or fall ("short positions"). These positions can be used in overseas markets.
- Derivatives include instruments used to manage expected changes in interest rates, inflation, currencies or creditworthiness of corporations or governments.

## Performance Review

For the six months ended 31 January 2023, the value of abrdn Sterling Long Dated Government Bond Fund – A Accumulation Shares decreased by 18.71% compared to a decrease of 20.26% in the performance target, the FTSE Actuaries UK Conventional Gilts All Stocks Over 15 Years Index.

Source: Lipper; Basis: total return, published NAV to NAV, net of annual charges, UK net income reinvested, GBP.

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Please remember that past performance is not a guide to future returns. The price of shares and the revenue from them may fall as well as rise. Investors may not get back the amount originally invested.

Companies selected for illustrative purposes only to demonstrate the investment management style described herein and not as an investment recommendation or indication of future performance.

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# abrdn Sterling Long Dated Government Bond Fund

## Continued

### Market Review

The review period has been a difficult one for government bonds, including UK long-dated government bonds (Gilts with a maturity of over 15 years). Over the past six months, there have been significant swings in the market. Bond prices came under pressure as global central banks, including the Bank of England (BoE), turned increasingly hawkish.

The third quarter of 2022 was a period of almost unprecedented volatility and weakness for UK government bonds. At the end of July, the yield on the UK 30-year bond was around 2.4%. At the end of September, it shot up to around 5.0%. This was driven by inflation fears, hawkish central banks and – latterly – the reaction to Chancellor Kwasi Kwarteng's mini-budget and the ensuing forced sales of assets to fund collateral within the UK pension sector. In late September, Mr Kwarteng heralded the biggest programme of tax cuts in 50 years – to be funded by new borrowing. Investors in UK assets were shocked, and the market reaction was extreme. Sterling fell sharply while Gilt yields soared. UK pension funds were forced, because of higher yields leading to margin calls, to liquidate bond holdings. The BoE was obliged to step in to limit the damage, saying it would support the market by buying Gilts. This move calmed the market somewhat. Nevertheless, it was the worst quarter ever for Gilts.

In late October, Rishi Sunak became the new Prime Minister. UK government bonds recovered some lost ground in October and November, outperforming other core government bond market peers, before weakening again in December in tandem with other global fixed income markets. Amid the political chaos, the BoE continued to tighten policy rates aggressively. It lifted rates by 75bps in November and a further 50bps in December, taking the cash rate to 3.5%. With a tight labour market and elevated inflation, the BoE continued to tighten monetary policy with a mix of policy rate increases and quantitative tightening. The fall in yields and sterling strengthening against the US dollar since the crisis were seen as evidence that the new government had regained some of the UK's lost credibility. The stabilisation in bond markets in the fourth quarter attracted strong inflows to the asset class from investors enticed by the highest yields in a decade. Nevertheless, this left total returns for the calendar year down 23.83% – a humbling and unforgettable year for UK government bonds.

At the start of the new year, investors welcomed positive news as consumer price inflation (CPI) data from Europe's largest economies suggested inflationary pressures cooled sharply in December, igniting a sustained rally in UK government bonds. The BoE opined that inflation had likely peaked, suggesting there could be a pause in the current

policy tightening. Latest data supported this view as the UK annual CPI eased to 10.5% in December, continuing its decline from a 41-year high of 11.1% in October. The yield on the UK's 30-year Gilt fell below 3.6% towards the end of the period as doubts were raised about the BoE's policy path after weaker-than-expected purchasing managers' index data underscored the risk of the UK slipping into recession. The latest survey showed Britain's business economic activity fell at its fastest rate in two years in January, amid rising interest rates, strikes and weak consumer demand due to the rising cost of living.

### Portfolio Activity and Review

Given the volatility over the period the fund adopted a flexible approach to duration management, although predominantly positioned with a short bias relative to benchmark seeking higher yields.

Early in the period the fund took profits on a cross market strategy whereby it was underweight UK government bonds relative to Germany. Following a period of sharp underperformance and widening spread between the two markets we closed this strategy, fearing that the BoE intervention and the appointment of the new Chancellor Jeremy Hunt would lead to a retracement.

During October and November we increased our curve steepening strategies which had come under pressure following the intervention by the BoE in late September. After a sharp steepening in the yield curve we closed this strategy in mid to later December.

In early December we also reinstated an underweight cross market strategies in UK government bonds, on this occasion versus Australia, in the medium dated part of the yield curve. We view this a structural-medium term strategy for the fund.

Throughout the quarter the fund took profits on several gilt relative value strategies, which had initially underperformed during late September as a result of the BoE intervention, but latterly outperformed providing a net positive contribution to the fund.

### Portfolio Outlook and Strategy

Markets are contending with the most aggressive tightening in policy rates in living memory. Inflation is extremely high and picking the peak in yields feels like a fool's errand when faced with the current volatility. However, from a longer-term perspective, valuations are more appealing. Government bond yields are at their most attractive levels for years. It would be remiss to ignore significant economic fragilities that have built up since the global financial crisis as central bank balance sheets have

# abrdn Sterling Long Dated Government Bond Fund

## Continued

ballooned. This has forced investors into ever-riskier asset classes, while supporting anaemic recoveries in many G10 economies. We believe this fragility will resurface in dramatic fashion in the coming quarters. The pace of tightening has been far more severe this time around. Taking the US as an example, the Federal Reserve (Fed) began tightening in March 2022 from 0.25%. It has lifted the target rate a full 3 percentage points so far and is priced to take interest rates towards 4.25% by December. During the last hiking cycle, it took three years for the federal funds rate to be increased by 2.25%. The current pace of monetary tightening, into a global financial system conditioned on easier policy, is unprecedented. Given this backdrop, the portfolio is actively managed with an emphasis on short-term developments and long-term opportunities as well as risks.

### **Pan Euro Macro Team**

February 2023



# abrdn Sterling Long Dated Government Bond Fund

## Continued

### Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the fund. The table below shows the fund's ranking on the Risk and Reward Indicator.

| Typically lower rewards, lower risk |   |   |   | Typically higher rewards, higher risk |   |   |
|-------------------------------------|---|---|---|---------------------------------------|---|---|
| ←                                   |   |   |   | →                                     |   |   |
| 1                                   | 2 | 3 | 4 | 5                                     | 6 | 7 |

Risk and reward indicator table as at 31 January 2023.

The fund is rated as 5 because of the extent to which the following risk factors apply:

- The fund invests in securities which are subject to the risk that the issuer may default on interest or capital payments.
- The fund price can go up or down daily for a variety of reasons including changes in interest rates, inflation expectations or the perceived credit quality of individual countries or securities.
- 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.

All investment involves risk. This fund offers no guarantee against loss or that the fund's objective will be attained.

The price of assets and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

Inflation reduces the buying power of your investment and income.

The value of assets held in the fund may rise and fall as a result of exchange rate fluctuations.

The fund could lose money if an entity (counterparty) with which it does business becomes unwilling or unable to honour its obligations to the fund.

In extreme market conditions some securities may become hard to value or sell at a desired price. This could affect the fund's ability to meet redemptions in a timely manner.

The fund could lose money as the result of a failure or delay in operational processes and systems including but not limited to third party providers failing or going into administration.

# Comparative Tables

| <b>A Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 22                     | 23                  | 35                  | 46                  |
| Closing number of shares                  | 28,274                 | 23,148              | 27,208              | 32,402              |
| Closing net asset value per share (pence) | 78.24                  | 98.23               | 130.77              | 141.21              |
| Change in net asset value per share       | (20.35%)               | (24.88%)            | (7.39%)             | 15.94%              |
| Operating charges                         | 0.83%                  | 0.81%               | 0.92%               | 0.95%               |
| <b>I Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 3,086                  | 4,670               | 8,266               | 10,326              |
| Closing number of shares                  | 1,434,769              | 1,733,711           | 2,316,560           | 2,691,929           |
| Closing net asset value per share (pence) | 215.09                 | 269.38              | 356.83              | 383.60              |
| Change in net asset value per share       | (20.15%)               | (24.51%)            | (6.98%)             | 16.46%              |
| Operating charges                         | 0.33%                  | 0.31%               | 0.47%               | 0.50%               |
| <b>K Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 211                    | 405                 | 717                 | 3,598               |
| Closing number of shares                  | 96,829                 | 148,452             | 198,624             | 927,531             |
| Closing net asset value per share (pence) | 217.80                 | 272.70              | 361.03              | 387.91              |
| Change in net asset value per share       | (20.13%)               | (24.47%)            | (6.93%)             | 16.52%              |
| Operating charges                         | 0.28%                  | 0.26%               | 0.42%               | 0.45%               |
| <b>K Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 89                     | 135                 | 450                 | 510                 |
| Closing number of shares                  | 128,841                | 155,314             | 385,774             | 405,549             |
| Closing net asset value per share (pence) | 68.92                  | 87.20               | 116.59              | 125.87              |
| Change in net asset value per share       | (20.96%)               | (25.21%)            | (7.37%)             | 15.69%              |
| Operating charges                         | 0.28%                  | 0.26%               | 0.42%               | 0.45%               |
| <b>M Accumulation<sup>A</sup></b>         | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | -                      | 1                   | 1                   | 1                   |
| Closing number of shares                  | -                      | 851                 | 851                 | 851                 |
| Closing net asset value per share (pence) | -                      | 96.34               | 127.51              | 136.99              |
| Change in net asset value per share       | -                      | (24.45%)            | (6.92%)             | 16.84%              |
| Operating charges                         | -                      | 0.36%               | 0.52%               | 0.55%               |

# Comparative Tables

## Continued

| Z Accumulation                            | 31 January 2023 | 31 July 2022 | 31 July 2021 | 31 July 2020 |
|---|-----------------|--------------|--------------|--------------|
| Closing net asset value (£'000)           | 4,698           | 5,764        | 6,178        | 7,673        |
| Closing number of shares                  | 2,683,783       | 2,631,755    | 2,133,732    | 2,474,297    |
| Closing net asset value per share (pence) | 175.05          | 219.02       | 289.52       | 310.10       |
| Change in net asset value per share       | (20.08%)        | (24.35%)     | (6.64%)      | 16.93%       |
| Operating charges                         | 0.13%           | 0.11%        | 0.10%        | 0.10%        |

The closing net asset value (£'000) divided by the closing number of shares may not calculate to the closing net asset value per share (pence) due to rounding differences. The published closing net asset value per share (pence) is based on unrounded values and represents the actual price.

The change in the net asset value per share is the change from the beginning of the period to the close of the period.

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

<sup>A</sup>M Accumulation share class was closed on 17 January 2023.

# Portfolio Statement

As at 31 January 2023

| Holding                                    | Investment               | Market value<br>£'000 | Percentage of<br>total net assets |
|--|--------------------------|-----------------------|-----------------------------------|
| <b>Bonds (98.22%)</b>                      |                          | <b>8,038</b>          | <b>99.16</b>                      |
| <b>Euro Denominated Bonds (1.23%)</b>      |                          | -                     | -                                 |
| <b>Government Bonds (1.23%)</b>            |                          | -                     | -                                 |
| <b>Sterling Denominated Bonds (96.99%)</b> |                          | <b>8,038</b>          | <b>99.16</b>                      |
| <b>Government Bonds (96.99%)</b>           |                          | <b>8,038</b>          | <b>99.16</b>                      |
| between 15 and 25 years to maturity        |                          |                       |                                   |
| 346,500                                    | UK (Govt of) 0.875% 2046 | 193                   | 2.38                              |
| 161,800                                    | UK (Govt of) 1.125% 2039 | 111                   | 1.37                              |
| 654,931                                    | UK (Govt of) 1.25% 2041  | 435                   | 5.37                              |
| 390,436                                    | UK (Govt of) 1.5% 2047   | 250                   | 3.08                              |
| 444,900                                    | UK (Govt of) 3.25% 2044  | 410                   | 5.06                              |
| 450,865                                    | UK (Govt of) 3.5% 2045   | 431                   | 5.31                              |
| 239,800                                    | UK (Govt of) 3.75% 2038  | 240                   | 2.96                              |
| 102,900                                    | UK (Govt of) 4.25% 2039  | 109                   | 1.35                              |
| 401,427                                    | UK (Govt of) 4.25% 2040  | 426                   | 5.26                              |
| 388,100                                    | UK (Govt of) 4.25% 2046  | 415                   | 5.12                              |
| 567,148                                    | UK (Govt of) 4.5% 2042   | 624                   | 7.70                              |
| 275,800                                    | UK (Govt of) 4.75% 2038  | 310                   | 3.82                              |
| greater than 25 years to maturity          |                          |                       |                                   |
| 276,863                                    | UK (Govt of) 0.5% 2061   | 103                   | 1.27                              |
| 18,200                                     | UK (Govt of) 0.625% 2050 | 9                     | 0.11                              |
| 154,500                                    | UK (Govt of) 1.125% 2073 | 70                    | 0.87                              |
| 738,700                                    | UK (Govt of) 1.25% 2051  | 421                   | 5.20                              |
| 225,600                                    | UK (Govt of) 1.5% 2053   | 136                   | 1.67                              |
| 386,399                                    | UK (Govt of) 1.625% 2054 | 238                   | 2.94                              |
| 353,756                                    | UK (Govt of) 1.625% 2071 | 202                   | 2.49                              |
| 503,846                                    | UK (Govt of) 1.75% 2049  | 338                   | 4.17                              |
| 421,029                                    | UK (Govt of) 1.75% 2057  | 267                   | 3.29                              |
| 291,562                                    | UK (Govt of) 2.5% 2065   | 224                   | 2.76                              |
| 325,441                                    | UK (Govt of) 3.5% 2068   | 320                   | 3.95                              |
| 396,954                                    | UK (Govt of) 3.75% 2052  | 399                   | 4.92                              |
| 85,824                                     | UK (Govt of) 3.75% 2053  | 86                    | 1.06                              |
| 391,800                                    | UK (Govt of) 4% 2060     | 422                   | 5.20                              |
| 343,800                                    | UK (Govt of) 4.25% 2049  | 371                   | 4.58                              |
| 433,164                                    | UK (Govt of) 4.25% 2055  | 478                   | 5.90                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                   | Investment                                  | Market value<br>£'000 | Percentage of<br>total net assets |
|---|---|-----------------------|-----------------------------------|
| <b>Derivatives (-0.47%)</b>               |   | <b>(51)</b>           | <b>(0.63)</b>                     |
| <b>Forward Currency Contracts (0.02%)</b> |   | <b>(2)</b>            | <b>(0.02)</b>                     |
|   | Buy AUD 5,442 Sell GBP 3,114 08/03/2023     | -                     | -                                 |
|   | Buy AUD 7,783 Sell GBP 4,373 08/03/2023     | -                     | -                                 |
|   | Buy AUD 8,853 Sell GBP 4,949 08/03/2023     | -                     | -                                 |
|   | Buy AUD 9,599 Sell GBP 5,387 08/03/2023     | -                     | -                                 |
|   | Buy AUD 10,088 Sell GBP 5,533 08/03/2023    | -                     | -                                 |
|   | Buy EUR 20,020 Sell GBP 17,666 08/03/2023   | -                     | -                                 |
|   | Buy EUR 130,338 Sell GBP 115,041 08/03/2023 | (1)                   | -                                 |
|   | Buy GBP 853 Sell AUD 1,499 08/03/2023       | -                     | -                                 |
|   | Buy GBP 1,043 Sell AUD 1,890 08/03/2023     | -                     | -                                 |
|   | Buy GBP 2,094 Sell AUD 3,648 08/03/2023     | -                     | -                                 |
|   | Buy GBP 2,232 Sell AUD 4,038 08/03/2023     | -                     | -                                 |
|   | Buy GBP 3,038 Sell AUD 5,327 08/03/2023     | -                     | -                                 |
|   | Buy GBP 3,197 Sell AUD 5,607 08/03/2023     | -                     | -                                 |
|   | Buy GBP 3,799 Sell AUD 6,680 08/03/2023     | -                     | -                                 |
|   | Buy GBP 644 Sell EUR 731 08/03/2023         | -                     | -                                 |
|   | Buy GBP 2,225 Sell EUR 2,503 08/03/2023     | -                     | -                                 |
|   | Buy GBP 4,006 Sell EUR 4,540 08/03/2023     | -                     | -                                 |
|   | Buy GBP 16,339 Sell EUR 18,430 08/03/2023   | -                     | -                                 |
|   | Buy GBP 110,786 Sell EUR 127,483 08/03/2023 | (1)                   | (0.02)                            |
|   | Buy GBP 237 Sell USD 291 08/03/2023         | -                     | -                                 |
|   | Buy GBP 988 Sell USD 1,218 08/03/2023       | -                     | -                                 |
|   | Buy GBP 2,615 Sell USD 3,180 08/03/2023     | -                     | -                                 |
|   | Buy GBP 5,364 Sell USD 6,500 08/03/2023     | -                     | -                                 |
|   | Buy USD 1,952 Sell GBP 1,622 08/03/2023     | -                     | -                                 |
|   | Buy USD 2,312 Sell GBP 1,896 08/03/2023     | -                     | -                                 |
|   | Buy USD 5,556 Sell GBP 4,659 08/03/2023     | -                     | -                                 |
| <b>Futures (-0.23%)</b>                   |   | <b>2</b>              | <b>0.02</b>                       |
| 8   | Long US 2 Year Note (CBT) Future 31/03/2023 | 5                     | 0.06                              |
| (2)                                       | Short Long Gilt Future 29/03/2023           | -                     | -                                 |
| (3)                                       | Short US 10 Year Ultra Future 22/03/2023    | (3)                   | (0.04)                            |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                 | Investment  | Market value<br>£'000 | Percentage of<br>total net assets |
|---|---|-----------------------|-----------------------------------|
| Interest Rate Swaps (-0.26%)            |   | (51)                  | (0.63)                            |
| EUR 132,000                             | Pay fixed 2.14% receive floating EURIBOR 09/01/2056         | (1)                   | 0.01                              |
| GBP 285,500                             | Pay fixed 2.764% receive floating GBP-SONIA 01/12/2032      | 4                     | 0.05                              |
| GBP 285,500                             | Pay fixed 2.846% receive floating GBP-SONIA 30/11/2032      | 3                     | 0.03                              |
| GBP 429,500                             | Pay fixed 3.741% receive floating GBP-SONIA 29/01/2025      | -                     | -                                 |
| GBP 429,500                             | Pay fixed 3.7912% receive floating GBP-SONIA 30/01/2025     | -                     | -                                 |
| GBP 429,500                             | Pay fixed 3.8117% receive floating GBP-SONIA 29/01/2025     | -                     | -                                 |
| AUD 253,000                             | Pay floating AUD-BBR-BBSW receive fixed 3.805% 09/08/2032   | (3)                   | (0.04)                            |
| AUD 253,000                             | Pay floating AUD-BBR-BBSW receive fixed 3.81% 10/08/2032    | (3)                   | (0.04)                            |
| AUD 165,000                             | Pay floating AUD-BBR-BBSW receive fixed 4.4005% 02/09/2032  | -                     | -                                 |
| AUD 165,000                             | Pay floating AUD-BBR-BBSW receive fixed 4.40175% 02/09/2032 | -                     | -                                 |
| AUD 165,000                             | Pay floating AUD-BBR-BBSW receive fixed 4.419% 02/09/2032   | -                     | -                                 |
| EUR 330,000                             | Pay floating EURIBOR receive fixed 2.91% 09/01/2036         | 3                     | 0.03                              |
| GBP 2,095,000                           | Pay floating GBP-SONIA receive fixed 2.3963% 11/05/2024     | (38)                  | (0.47)                            |
| GBP 1,146,000                           | Pay floating GBP-SONIA receive fixed 2.903% 03/02/2024      | (16)                  | (0.20)                            |
| Total investment assets and liabilities |   | 7,987                 | 98.53                             |
| Net other assets                        |   | 119                   | 1.47                              |
| <b>Total Net Assets</b>                 |   | <b>8,106</b>          | <b>100.00</b>                     |

All investments (excluding OTC derivatives) are listed on recognised stock exchanges and are approved securities, or are approved derivatives within the meaning of the FCA rules. The percentage figures in brackets show the comparative holding as at 31 July 2022.

# Financial Statements

## Statement of Total Return

For the six months ended 31 January 2023

|   | 31 January 2023 |                | 31 January 2022 |                |
|---|-----------------|----------------|-----------------|----------------|
|   | £'000           | £'000          | £'000           | £'000          |
| Income:   |                 |                |                 |                |
| Net capital losses  |                 | (2,209)        |                 | (1,458)        |
| Revenue   | 97              |                | 77              |                |
| Expenses  | (6)             |                | (13)            |                |
| Interest payable and similar charges  | (1)             |                | (4)             |                |
| Net revenue before taxation   | 90              |                | 60              |                |
| Taxation  | -               |                | -               |                |
| Net revenue after taxation  |                 | 90             |                 | 60             |
| <b>Total return before distributions</b>  |                 | <b>(2,119)</b> |                 | <b>(1,398)</b> |
| Distributions   |                 | (90)           |                 | (60)           |
| <b>Change in net assets attributable to shareholders from investment activities</b> |                 | <b>(2,209)</b> |                 | <b>(1,458)</b> |

## Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 January 2023

|  | 31 January 2023 |               | 31 January 2022 |               |
|--|-----------------|---------------|-----------------|---------------|
|  | £'000           | £'000         | £'000           | £'000         |
| <b>Opening net assets attributable to shareholders</b>                                   |                 | <b>10,998</b> |                 | <b>15,647</b> |
| Amounts receivable on the issue of shares  | 1,168           |               | 3,080           |               |
| Amounts payable on the cancellation of shares  | (1,937)         |               | (3,462)         |               |
|  |                 | (769)         |                 | (382)         |
| Dilution adjustment  |                 | -             |                 | 2             |
| Change in net assets attributable to shareholders from investment activities (see above) |                 | (2,209)       |                 | (1,458)       |
| Retained distribution on accumulation shares   |                 | 86            |                 | 56            |
| <b>Closing net assets attributable to shareholders</b>                                   |                 | <b>8,106</b>  |                 | <b>13,865</b> |

Comparative information is provided for the statement of change in net assets attributable to shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

# Financial Statements

## Continued

### Balance Sheet

As at 31 January 2023

|  | 31 January 2023 |              | 31 July 2022 |               |
|--|-----------------|--------------|--------------|---------------|
|  | £'000           | £'000        | £'000        | £'000         |
| <b>Assets:</b>                                 |                 |              |              |               |
| <b>Fixed assets:</b>                           |                 |              |              |               |
| Investment assets                              |                 | 8,053        |              | 10,866        |
| <b>Current assets:</b>                         |                 |              |              |               |
| Debtors  | 47              |              | 52           |               |
| Cash and bank balances                         | 96              |              | 217          |               |
|  |                 | 143          |              | 269           |
| <b>Total assets</b>                            |                 | <b>8,196</b> |              | <b>11,135</b> |
| <b>Liabilities:</b>                            |                 |              |              |               |
| Investment liabilities                         |                 | (66)         |              | (116)         |
| Creditors                                      | (23)            |              | (20)         |               |
| Distribution payable                           | (1)             |              | (1)          |               |
|  |                 | (24)         |              | (21)          |
| <b>Total liabilities</b>                       |                 | <b>(90)</b>  |              | <b>(137)</b>  |
| <b>Net assets attributable to shareholders</b> |                 | <b>8,106</b> |              | <b>10,998</b> |



# Distribution Table

For the six months ended 31 January 2023 (in pence per share)

## Interim interest distribution

Group 1 – shares purchased prior to 1 August 2022

Group 2 – shares purchased between 1 August 2022 and 31 January 2023

|                       | Revenue | Equalisation | Distribution paid<br>28/04/23 | Distribution paid<br>29/04/22 |
|-----------------------|---------|--------------|-------------------------------|-------------------------------|
| <b>A Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.5906  | -            | 0.5906                        | 0.1014                        |
| Group 2               | 0.4300  | 0.1606       | 0.5906                        | 0.1014                        |
| <b>I Accumulation</b> |         |              |                               |                               |
| Group 1               | 2.1812  | -            | 2.1812                        | 1.1509                        |
| Group 2               | 1.1744  | 1.0068       | 2.1812                        | 1.1509                        |
| <b>K Accumulation</b> |         |              |                               |                               |
| Group 1               | 2.2647  | -            | 2.2647                        | 1.2531                        |
| Group 2               | 2.2647  | -            | 2.2647                        | 1.2531                        |
| <b>K Income</b>       |         |              |                               |                               |
| Group 1               | 0.7243  | -            | 0.7243                        | 0.4056                        |
| Group 2               | 0.5433  | 0.1810       | 0.7243                        | 0.4056                        |
| <b>M Accumulation</b> |         |              |                               |                               |
| Group 1               | -       | -            | -                             | 0.3761                        |
| Group 2               | -       | -            | -                             | 0.3761                        |
| <b>Z Accumulation</b> |         |              |                               |                               |
| Group 1               | 1.9559  | -            | 1.9559                        | 1.2178                        |
| Group 2               | 1.1679  | 0.7880       | 1.9559                        | 1.2178                        |

## Equalisation

This applies only to shares purchased during the distribution period (group 2 shares). It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

# abrdn Sterling Money Market Fund

For the period ended 31 January 2023

## Investment Objective

The fund aims to generate income and preserve some capital over the short term (2 years or less) by investing in cash deposits and money market instruments.

**Performance Target:** The fund targets a return equivalent to SONIA. The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target.

SONIA has been chosen as a proxy for the return from cash deposits.

## Investment Policy

### Portfolio Securities

- The fund invests at least 80% in cash deposits and money market instruments.
- The fund may also invest in reverse repos, securitisations and asset-backed commercial paper.
- The fund may also invest in other funds (including those managed by abrdn).
- The fund qualifies as a money-market fund under the MMF Regulation and more specifically as a Standard VNAV MMF.

### Management Process

- The management team use their discretion (active management) to maintain a diverse asset mix at country, sector and company level.
- The fund is managed in line with the MMF Regulation which is used as a reference for portfolio management and risk monitoring of the fund. For example, constraints include limits on the average maturity of the portfolio.

### Derivatives and Techniques

- The fund may use derivatives to reduce risk, reduce cost and/or generate extra income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management").
- Derivatives include instruments used to manage expected changes in interest rates.

## Performance Review

For the six months ended 31 January 2023, the value of abrdn Sterling Money Market Fund – A Accumulation Shares increased by 1.30% compared to an increase of 1.28% in the performance target, the 1 Week GBP LIBID.

Source: Lipper; Basis: total return, published NAV to NAV, net of annual charges, UK net income reinvested, GBP.

Please remember that past performance is not a guide to future returns. The price of shares and the revenue from them may fall as well as rise. Investors may not get back the amount originally invested.

Companies selected for illustrative purposes only to demonstrate the investment management style described herein and not as an investment recommendation or indication of future performance.

Any data contained herein which is attributed to a third party ("Third Party Data") is the property of (a) third party supplier(s) (the "Owner") and is licensed for use by abrdn\*\*. Third Party Data may not be copied or distributed. Third Party Data is provided "as is" and is not warranted to be accurate, complete or timely. To the extent permitted by applicable law, none of the Owner, abrdn\*\* or any other third party (including any third party involved in providing and/or compiling Third Party Data) shall have any liability for Third Party Data or for any use made of Third Party Data. Neither the Owner nor any other third party sponsors, endorses or promotes the fund or product to which Third Party Data relates.

\*\*abrdn means the relevant member of abrdn group, being abrdn plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

## Market Review

During the period under review, sterling short-term interest rate markets experienced significant volatility. Early in August, the Bank of England's (BoE) Monetary Policy Committee (MPC) voted to hike the base rate by 50 basis points (bps) to 1.75%. Although, this move was expected, in the middle of August, headline inflation jumped from 9.4% to 10.1%. This number was above consensus expectations of 9.8%, causing various commentators to increase their inflation forecasts. The UK market became particularly active when energy price caps were forecast to jump significantly and additional hikes were priced into the curve. More fuel was poured on the fire in early September in the form of the new Government's Energy Plan, causing longer end yields to spike. Yet some lower inflation forecasts kept the shorter end relatively anchored. The MPC then voted to hike the base rate by 50bps.

But the main event of the third quarter was the mini-budget on 23 September. Markets reacted strongly to Chancellor Kwasi Kwarteng's unfunded tax cuts. The 10-year Gilt yield jumped above 4%, with the terminal rate projected at 6% by September 2023. After extreme pressure on real and nominal longer-dated Gilt markets, the BoE intervened on 28 September. While this move helped stem the sell-off, doubts remained over the UK's fiscal position. By the end of September, the base rate was 2.25%, with a terminal rate of around 5.5% by August 2023.

# abrdn Sterling Money Market Fund

## Continued

Moving into October, the market priced in further interest hikes to give a rate of around 5.5% by March 2023. In reaction to September's Gilt market turmoil, the BoE widened the scope of daily Gilt-buying operations to include inflation-linked Gilts. Jeremy Hunt, who had replaced Kwarteng as Chancellor, committed to raising taxes and cutting spending as part of fiscal planning. Meanwhile, Governor Bailey confirmed the BoE would not hesitate to raise interest rates to meet its inflation target as UK inflation hit a 40-year high of 10.1%. Meanwhile, Prime Minister Liz Truss resigned on 20 October, replaced a few days later by Rishi Sunak. A new fiscal and budget plan was announced. This helped the market to reduce rate forecasts to a high of 4.75%. The MPC then voted to hike the base rate by 75bps to 3%. Annual UK inflation hit a 41-year high of 11.1% in October. The MPC increased the base rate to 3.5% at its mid-December meeting. A somewhat eventful final quarter of 2022 ended with markets forecasting another full percentage point of base rate increases to a peak of 4.5%.

Then in January 2023, yields declined, as inflation data showed decelerating price rises across major economies. The UK's Consumer Price Index rose 10.5% year on year in December, slightly down from 10.7% in November. The BoE will meet again in early February. In economic data, the International Monetary Fund raised its global growth forecast for 2023. Its report noted that the risk of a global recession has waned, given "surprisingly resilient" demand in both the US and Europe. However, the UK's economic outlook is the weakest of any G7 country, due to higher taxes, rising interest rates and elevated energy costs.

### Portfolio Activity and Review

Aside from the market dislocation that occurred during late summer 2022 under the short-lived Truss premiership, the impact of inflation and cost of living on the economy has led the front end of the market and rate expectations for the UK. The BoE remained in inflation fighting mode, raising its policy rate at each meeting during the period by an increment of 0.5–0.75 percentage points.

Fund positioning has been dominated by ensuring the portfolio reset quickly to higher market yields with particular focus around the MPC policy meeting calendar. The weighted average maturity (WAM) moved within a fairly limited range and this allowed regular trading in short-term money market instruments. On occasion, as market expectations for base rate increases accelerated beyond expectations, we added selected positions in 6-, 9- and 12-month tenors in order to capture in higher yields. As we approached the close of the period, the fund's WAM sat at close to 50 days. The attractiveness of variable-rate

securities has increased, given some spread widening. We have taken the opportunity to add high-quality names in the one-year space to replace some of our historic positions.

The fund is well positioned to take advantage of market opportunities with low-risk positioning in credit and rates, and will be able to reposition rapidly in order to deliver value.

### Portfolio Outlook and Strategy

Monetary policy is tight and still tightening. Inflation pressures remain elevated and labour markets have remained stronger than we expected. This has led to another period of heightened volatility and bond market weakness. The global economy is awash with debt, and the incredible and rapid rise in key interest rates that we are witnessing will unquestionably lead to severe economic stresses and challenges. The trade-off between inflation and economic slowdown remains key in the coming quarters.

Fund investment activity will remain firmly on capital preservation and liquidity, with elevated levels of overnight and one-week maturities with a high quality portfolio of liquid assets. As we monitor the economic backdrop and information from the BoE regarding the development of monetary policy the positions in the fund will be maintained to take advantage of any opportunities offered further out the yield curve.

### Euro IG and Aggregate Team

February 2023

# abrdn Sterling Money Market Fund

## Continued

### Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the fund. The table below shows the fund's ranking on the Risk and Reward Indicator.

| Typically lower rewards, lower risk |   |   |   | Typically higher rewards, higher risk |   |   |
|-------------------------------------|---|---|---|---------------------------------------|---|---|
| ←                                   |   |   |   | →                                     |   |   |
| 1                                   | 2 | 3 | 4 | 5                                     | 6 | 7 |

Risk and reward indicator table as at 31 January 2023.

The fund is rated as 1 because of the extent to which the following risk factors apply:

- The fund price can go up or down daily for a variety of reasons including changes in interest rates, inflation expectations or the perceived credit quality of individual countries or securities.
- The fund may hold money-market instruments, the value of which may be subject to adverse movements in extreme market conditions.
- The fund invests in securities which are subject to the risk that the issuer may default on interest or capital payments.
- 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.

All investment involves risk. This fund offers no guarantee against loss or that the fund's objective will be attained.

The price of assets and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

Inflation reduces the buying power of your investment and income.

The value of assets held in the fund may rise and fall as a result of exchange rate fluctuations.

The fund could lose money if an entity (counterparty) with which it does business becomes unwilling or unable to honour its obligations to the fund.

In extreme market conditions some securities may become hard to value or sell at a desired price. This could affect the fund's ability to meet redemptions in a timely manner.

The fund could lose money as the result of a failure or delay in operational processes and systems including but not limited to third party providers failing or going into administration.

# Comparative Tables

| <b>A Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 29,064                 | 30,091              | 27,829              | 31,897              |
| Closing number of shares                  | 25,276,699             | 26,507,242          | 24,583,611          | 28,161,935          |
| Closing net asset value per share (pence) | 114.98                 | 113.52              | 113.20              | 113.26              |
| Change in net asset value per share       | 1.29%                  | 0.28%               | (0.05%)             | 0.54%               |
| Operating charges                         | 0.25%                  | 0.25%               | 0.25%               | 0.25%               |
| <b>A Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 607                    | 649                 | 791                 | 889                 |
| Closing number of shares                  | 603,733                | 647,885             | 790,273             | 887,607             |
| Closing net asset value per share (pence) | 100.56                 | 100.21              | 100.08              | 100.13              |
| Change in net asset value per share       | 0.35%                  | 0.13%               | (0.05%)             | 0.17%               |
| Operating charges                         | 0.25%                  | 0.25%               | 0.25%               | 0.25%               |
| <b>I Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 477,045                | 375,388             | 374,004             | 418,301             |
| Closing number of shares                  | 406,205,047            | 323,928,819         | 323,969,346         | 362,501,423         |
| Closing net asset value per share (pence) | 117.44                 | 115.89              | 115.44              | 115.39              |
| Change in net asset value per share       | 1.34%                  | 0.39%               | 0.04%               | 0.69%               |
| Operating charges                         | 0.15%                  | 0.15%               | 0.15%               | 0.15%               |
| <b>I Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 32,107                 | 23,077              | 17,676              | 19,567              |
| Closing number of shares                  | 31,917,789             | 23,022,254          | 17,654,426          | 19,549,617          |
| Closing net asset value per share (pence) | 100.59                 | 100.24              | 100.12              | 100.09              |
| Change in net asset value per share       | 0.35%                  | 0.12%               | 0.03%               | 0.17%               |
| Operating charges                         | 0.15%                  | 0.15%               | 0.15%               | 0.15%               |
| <b>M Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 157                    | 173                 | 160                 | 156                 |
| Closing number of shares                  | 153,550                | 171,767             | 159,531             | 155,149             |
| Closing net asset value per share (pence) | 102.09                 | 100.76              | 100.43              | 100.43              |
| Change in net asset value per share       | 1.32%                  | 0.33%               | 0.00%               | 0.42%               |
| Operating charges                         | 0.20%                  | 0.20%               | 0.20%               | 0.20%               |

# Comparative Tables

## Continued

| <b>M Income<sup>A</sup></b>               | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | -                      | 1                   | 1                   | 1                   |
| Closing number of shares                  | -                      | 1,000               | 1,000               | 1,000               |
| Closing net asset value per share (pence) | -                      | 100.38              | 100.25              | 100.20              |
| Change in net asset value per share       | -                      | 0.13%               | 0.05%               | 0.19%               |
| Operating charges                         | -                      | 0.20%               | 0.20%               | 0.20%               |
| <b>Z Gross Accumulation</b>               | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 394                    | 414                 | 1                   | 80                  |
| Closing number of shares                  | 354,343                | 377,660             | 699                 | 73,942              |
| Closing net asset value per share (pence) | 111.07                 | 109.55              | 109.03              | 108.87              |
| Change in net asset value per share       | 1.39%                  | 0.48%               | 0.15%               | 0.74%               |
| Operating charges                         | 0.05%                  | 0.05%               | 0.05%               | 0.05%               |

The closing net asset value (£'000) divided by the closing number of shares may not calculate to the closing net asset value per share (pence) due to rounding differences. The published closing net asset value per share (pence) is based on unrounded values and represents the actual price.

The change in the net asset value per share is the change from the beginning of the period to the close of the period.

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

<sup>A</sup> M Income share class was closed on 17 January 2023.

# Portfolio Statement

As at 31 January 2023

| Holding                                   | Investment  | Market value<br>£'000 | Percentage of<br>total net assets |
|---|---|-----------------------|-----------------------------------|
| <b>Sterling Denominated Bonds (8.07%)</b> |   | <b>55,743</b>         | <b>10.33</b>                      |
| <b>Corporate Bonds (8.07%)</b>            |   | <b>55,743</b>         | <b>10.33</b>                      |
| less than 5 years to maturity             |   |                       |                                   |
| 5,000,000                                 | Bank of Montreal FRN July 2023                      | 4,997                 | 0.93                              |
| 10,000,000                                | Bank of Montreal FRN November 2023                  | 10,006                | 1.85                              |
| 5,000,000                                 | Commonwealth Bank of Australia FRN 2023             | 4,981                 | 0.92                              |
| 5,000,000                                 | Coventry Building Society FRN 2023                  | 5,012                 | 0.93                              |
| 5,000,000                                 | HSBC FRN 2023                                       | 5,002                 | 0.93                              |
| 6,000,000                                 | HSBC UK Bank FRN 2023                               | 6,001                 | 1.11                              |
| 5,000,000                                 | Metropolitan Life Global Funding I FRN 2023         | 5,001                 | 0.93                              |
| 4,000,000                                 | National Bank of Canada FRN 2023                    | 3,997                 | 0.74                              |
| 4,500,000                                 | Nationwide Building Society FRN 2023                | 4,501                 | 0.83                              |
| 1,250,000                                 | Royal Bank of Canada FRN 2024                       | 1,251                 | 0.23                              |
| 5,000,000                                 | Westpac Banking FRN 2023                            | 4,994                 | 0.93                              |
| <b>Money Markets (78.27%)</b>             |   | <b>390,535</b>        | <b>72.41</b>                      |
| <b>Certificates Of Deposits (67.00%)</b>  |   | <b>249,651</b>        | <b>46.29</b>                      |
| 5,000,000                                 | Australia & New Zealand CD 0% 17/03/2023            | 4,977                 | 0.92                              |
| 10,000,000                                | Banco Santander CD 0% 12/05/2023                    | 9,888                 | 1.83                              |
| 5,000,000                                 | Bank of America CD 0% 06/02/2023                    | 4,997                 | 0.93                              |
| 10,000,000                                | Bank of America CD 0% 07/02/2023                    | 9,994                 | 1.85                              |
| 5,000,000                                 | Bank of Montreal CD 0% 09/06/2023                   | 4,956                 | 0.92                              |
| 5,000,000                                 | Banque Federative du Credit Mutuel CD 0% 19/09/2023 | 4,860                 | 0.90                              |
| 5,000,000                                 | Barclays Bank CD 2.9% 22/02/2023                    | 5,000                 | 0.93                              |
| 10,000,000                                | Barclays Bank CD 3.55% 01/02/2023                   | 10,001                | 1.86                              |
| 4,000,000                                 | Barclays Bank CD 4.37% 03/07/2023                   | 4,000                 | 0.74                              |
| 5,000,000                                 | Barclays Bank CD 4.8% 01/02/2024                    | 5,000                 | 0.93                              |
| 4,000,000                                 | Barclays Bank CD 4.82% 27/12/2023                   | 4,000                 | 0.74                              |
| 10,000,000                                | BNP Paribas CD 1.3% 07/02/2023                      | 10,000                | 1.85                              |
| 8,000,000                                 | BNP Paribas CD 4.05% 07/03/2023                     | 8,000                 | 1.48                              |
| 10,000,000                                | Citibank CD 3.58% 06/02/2023                        | 10,001                | 1.85                              |
| 10,000,000                                | DNB Bank CD 3.26% 17/08/2023                        | 9,926                 | 1.84                              |
| 4,000,000                                 | DZ Bank CD 2.09% 09/05/2023                         | 4,000                 | 0.74                              |
| 15,000,000                                | Euroclear Bank CD 0% 12/04/2023                     | 14,886                | 2.76                              |
| 3,000,000                                 | First Abu Dhabi Bank CD 2.72% 14/06/2023            | 3,000                 | 0.56                              |
| 17,500,000                                | First Abu Dhabi Bank CD 3.47% 10/02/2023            | 17,501                | 3.25                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                          | Investment                                     | Market value<br>£'000 | Percentage of<br>total net assets |
|----------------------------------|--|-----------------------|-----------------------------------|
| 10,000,000                       | Handelsbanken CD 0% 24/02/2023                 | 9,976                 | 1.85                              |
| 14,000,000                       | Handelsbanken CD 3.83% 06/04/2023              | 14,000                | 2.60                              |
| 7,000,000                        | Korea Development Bank CD 0% 02/02/2023        | 6,999                 | 1.30                              |
| 5,000,000                        | Korea Development Bank CD 0% 15/05/2023        | 4,942                 | 0.92                              |
| 5,000,000                        | MUFG Bank CD 3.55% 03/02/2023                  | 5,000                 | 0.93                              |
| 4,000,000                        | National Australia Bank CD 3.55% 21/08/2023    | 3,999                 | 0.74                              |
| 10,000,000                       | National Bank of Canada CD 4.24% 31/05/2023    | 9,999                 | 1.85                              |
| 5,000,000                        | National Bank of Canada CD 4.32% 05/07/2023    | 5,000                 | 0.93                              |
| 8,000,000                        | Nordea Bank Finland CD 0% 07/08/2023           | 7,824                 | 1.45                              |
| 2,000,000                        | Nordea Bank Finland CD 4.24% 18/09/2023        | 1,999                 | 0.37                              |
| 10,000,000                       | Nordea Bank Finland CD 4.36% 03/07/2023        | 10,000                | 1.85                              |
| 10,500,000                       | Norinchukin Bank CD 0% 23/02/2023              | 10,476                | 1.94                              |
| 1,500,000                        | OP Corporate Bank CD 0% 28/09/2023             | 1,451                 | 0.27                              |
| 3,000,000                        | Royal Bank of Canada CD 4.4% 22/09/2023        | 2,999                 | 0.56                              |
| 10,000,000                       | UBS CD 1.41% 14/02/2023                        | 10,000                | 1.85                              |
| <b>Commercial Paper (11.27%)</b> |  | <b>140,884</b>        | <b>26.12</b>                      |
| 10,000,000                       | Abu Dhabi Commercial Bank CP 3.54% 08/02/2023  | 9,999                 | 1.85                              |
| 10,000,000                       | Abu Dhabi Commercial Bank CP 4.025% 03/04/2023 | 9,992                 | 1.85                              |
| 10,000,000                       | Belgium (Kingdom of) CP 3.532% 08/02/2023      | 9,999                 | 1.85                              |
| 12,500,000                       | BMW International CP 3.82% 24/02/2023          | 12,476                | 2.31                              |
| 5,000,000                        | BRED Banque Populaire CP 3.72% 07/02/2023      | 5,000                 | 0.93                              |
| 5,000,000                        | La Banque Postale CP 3.96% 11/04/2023          | 4,985                 | 0.92                              |
| 10,000,000                       | La Banque Postale CP 4.32% 03/07/2023          | 9,823                 | 1.82                              |
| 4,000,000                        | Legal & General Finance CP 3.4% 10/02/2023     | 3,999                 | 0.74                              |
| 5,000,000                        | OP Corporate Bank CP 3% 06/02/2023             | 5,000                 | 0.93                              |
| 4,000,000                        | OP Corporate Bank CP 3.63% 22/08/2023          | 3,913                 | 0.73                              |
| 5,000,000                        | OP Corporate Bank CP 4.64% 16/01/2024          | 4,952                 | 0.92                              |
| 5,000,000                        | PACCAR Financial Europe CP 3.5% 14/02/2023     | 4,998                 | 0.93                              |
| 12,500,000                       | PACCAR Financial Europe CP 3.94% 02/03/2023    | 12,460                | 2.31                              |
| 5,000,000                        | Skandinaviska Enskil CP 5.01% 30/10/2023       | 4,905                 | 0.91                              |
| 20,000,000                       | Sumitomo Mitsui CP 3.43% 08/02/2023            | 19,999                | 3.71                              |
| 5,000,000                        | Toronto-Dominion Bank CP 4.78% 20/11/2023      | 4,914                 | 0.91                              |
| 3,500,000                        | Toyota Motor Finance CP 3.6% 01/02/2023        | 3,500                 | 0.65                              |
| 10,000,000                       | Toyota Motor Finance CP 3.91% 02/03/2023       | 9,970                 | 1.85                              |



# Portfolio Statement

As at 31 January 2023 continued

| Holding                               | Investment   | Market value<br>£'000 | Percentage of<br>total net assets |
|---------------------------------------|--|-----------------------|-----------------------------------|
| Collective Investment Schemes (3.02%) |  | 22,000                | 4.08                              |
| 22,000                                | Aberdeen Standard Liquidity Fund (Lux) – Sterling Fund Z1 Inc <sup>+</sup> | 22,000                | 4.08                              |
| Total investment assets               |  | 468,278               | 86.82                             |
| Net other assets                      |  | 71,096                | 13.18                             |
| <b>Total Net Assets</b>               |  | <b>539,374</b>        | <b>100.00</b>                     |

All investments are listed on recognised stock exchanges and are approved securities, or are regulated collective investment schemes within the meaning of the FCA rules.  
The percentage figures in brackets show the comparative holding as at 31 July 2022.

<sup>+</sup> Managed by subsidiaries of abrdn plc.

# Financial Statements

## Statement of Total Return

For the six months ended 31 January 2023

|   | 31 January 2023 |              | 31 January 2022 |          |
|---|-----------------|--------------|-----------------|----------|
|   | £'000           | £'000        | £'000           | £'000    |
| Income:   |                 |              |                 |          |
| Net capital gains   |                 | 1,715        |                 | 78       |
| Revenue   | 5,259           |              | 258             |          |
| Expenses  | (371)           |              | (328)           |          |
| Interest payable and similar charges  | -               |              | (7)             |          |
| Net revenue/(expense) before taxation   | 4,888           |              | (77)            |          |
| Taxation  | -               |              | -               |          |
| Net revenue/(expense) after taxation  |                 | 4,888        |                 | (77)     |
| <b>Total return before distributions</b>  |                 | <b>6,603</b> |                 | <b>1</b> |
| Distributions   |                 | (4,888)      |                 | -        |
| <b>Change in net assets attributable to shareholders from investment activities</b> |                 | <b>1,715</b> |                 | <b>1</b> |

## Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 January 2023

|  | 31 January 2023 |                | 31 January 2022 |                |
|--|-----------------|----------------|-----------------|----------------|
|  | £'000           | £'000          | £'000           | £'000          |
| <b>Opening net assets attributable to shareholders</b>                                   |                 | <b>429,793</b> |                 | <b>420,462</b> |
| Amounts receivable on the issue of shares  | 147,435         |                | 50,153          |                |
| Amounts payable on the cancellation of shares  | (44,343)        |                | (33,828)        |                |
|  |                 | 103,092        |                 | 16,325         |
| Change in net assets attributable to shareholders from investment activities (see above) |                 | 1,715          |                 | 1              |
| Retained distribution on accumulation shares   |                 | 4,774          |                 | -              |
| <b>Closing net assets attributable to shareholders</b>                                   |                 | <b>539,374</b> |                 | <b>436,788</b> |

Comparative information is provided for the statement of change in net assets attributable to shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

# Financial Statements

## Continued

### Balance Sheet

As at 31 January 2023

|  | 31 January 2023 |                 | 31 July 2022 |                |
|--|-----------------|-----------------|--------------|----------------|
|  | £'000           | £'000           | £'000        | £'000          |
| <b>Assets:</b>                                 |                 |                 |              |                |
| <b>Fixed assets:</b>                           |                 |                 |              |                |
| Investment assets                              |                 | 468,278         |              | 384,077        |
| <b>Current assets:</b>                         |                 |                 |              |                |
| Debtors  | 3,457           |                 | 807          |                |
| Cash and bank balances                         | 100,545         |                 | 45,324       |                |
|  |                 | 104,002         |              | 46,131         |
| <b>Total assets</b>                            |                 | <b>572,280</b>  |              | <b>430,208</b> |
| <b>Liabilities:</b>                            |                 |                 |              |                |
| Creditors                                      | (32,689)        |                 | (370)        |                |
| Distribution payable                           | (217)           |                 | (45)         |                |
|  |                 | (32,906)        |              | (415)          |
| <b>Total liabilities</b>                       |                 | <b>(32,906)</b> |              | <b>(415)</b>   |
| <b>Net assets attributable to shareholders</b> |                 | <b>539,374</b>  |              | <b>429,793</b> |

# Distribution Tables

For the six months ended 31 January 2023 (in pence per share)

## First interim interest distribution

Group 1 – shares purchased prior to 1 August 2022

Group 2 – shares purchased between 1 August 2022 and 31 October 2022

|                             | Revenue | Equalisation | Distribution paid<br>31/01/23 | Distribution paid<br>31/01/22 |
|-----------------------------|---------|--------------|-------------------------------|-------------------------------|
| <b>A Accumulation</b>       |         |              |                               |                               |
| Group 1                     | 0.3350  | -            | 0.3350                        | -                             |
| Group 2                     | 0.1738  | 0.1612       | 0.3350                        | -                             |
| <b>A Income</b>             |         |              |                               |                               |
| Group 1                     | 0.2957  | -            | 0.2957                        | -                             |
| Group 2                     | 0.1555  | 0.1402       | 0.2957                        | -                             |
| <b>I Accumulation</b>       |         |              |                               |                               |
| Group 1                     | 0.3713  | -            | 0.3713                        | -                             |
| Group 2                     | 0.1917  | 0.1796       | 0.3713                        | -                             |
| <b>I Income</b>             |         |              |                               |                               |
| Group 1                     | 0.3213  | -            | 0.3213                        | -                             |
| Group 2                     | 0.1739  | 0.1474       | 0.3213                        | -                             |
| <b>M Accumulation</b>       |         |              |                               |                               |
| Group 1                     | 0.3101  | -            | 0.3101                        | -                             |
| Group 2                     | 0.1265  | 0.1836       | 0.3101                        | -                             |
| <b>M Income</b>             |         |              |                               |                               |
| Group 1                     | 0.2950  | -            | 0.2950                        | -                             |
| Group 2                     | 0.2950  | -            | 0.2950                        | -                             |
| <b>Z Gross Accumulation</b> |         |              |                               |                               |
| Group 1                     | 0.3786  | -            | 0.3786                        | 0.0049                        |
| Group 2                     | 0.1653  | 0.2133       | 0.3786                        | 0.0049                        |

# Distribution Tables

For the six months ended 31 January 2023 (in pence per share) continued

## Second interim interest distribution

Group 1 – shares purchased prior to 1 November 2022

Group 2 – shares purchased between 1 November 2022 and 31 January 2023

|                             | Revenue | Equalisation | Distribution paid<br>28/04/23 | Distribution paid<br>29/04/22 |
|-----------------------------|---------|--------------|-------------------------------|-------------------------------|
| <b>A Accumulation</b>       |         |              |                               |                               |
| Group 1                     | 0.7307  | -            | 0.7307                        | -                             |
| Group 2                     | 0.3773  | 0.3534       | 0.7307                        | -                             |
| <b>A Income</b>             |         |              |                               |                               |
| Group 1                     | 0.6430  | -            | 0.6430                        | -                             |
| Group 2                     | 0.4691  | 0.1739       | 0.6430                        | -                             |
| <b>I Accumulation</b>       |         |              |                               |                               |
| Group 1                     | 0.7758  | -            | 0.7758                        | -                             |
| Group 2                     | 0.4336  | 0.3422       | 0.7758                        | -                             |
| <b>I Income</b>             |         |              |                               |                               |
| Group 1                     | 0.6688  | -            | 0.6688                        | -                             |
| Group 2                     | 0.4296  | 0.2392       | 0.6688                        | -                             |
| <b>M Accumulation</b>       |         |              |                               |                               |
| Group 1                     | 0.6612  | -            | 0.6612                        | -                             |
| Group 2                     | 0.4684  | 0.1928       | 0.6612                        | -                             |
| <b>M Income</b>             |         |              |                               |                               |
| Group 1                     | -       | -            | -                             | -                             |
| Group 2                     | -       | -            | -                             | -                             |
| <b>Z Gross Accumulation</b> |         |              |                               |                               |
| Group 1                     | 0.7614  | -            | 0.7614                        | 0.0316                        |
| Group 2                     | 0.4153  | 0.3461       | 0.7614                        | 0.0316                        |

## Equalisation

This applies only to shares purchased during the distribution period (group 2 shares). It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

# abrdn Sterling Short Dated Corporate Bond Fund

For the period ended 31 January 2023

## Investment Objective

To generate income and some growth over the medium term (3 to 5 years) by investing in Sterling denominated investment grade corporate bonds with maturities of up to 5 years.

Performance Target: To achieve the return of the iBoxx Sterling Corporates (1-5 year) Index plus 0.25% per annum (before charges). The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target.

The ACD believes this is an appropriate target for the fund based on the investment policy of the fund and the constituents of the index.

## Investment Policy

### Portfolio Securities

- The fund will invest at least 60% in Sterling denominated investment grade corporate bonds with a maturity of up to 5 years.
- The fund may also invest in bonds of any maturity, issued anywhere in the world by governments and corporations, such as sub sovereigns, sub-investment grade, inflation-linked, convertible, asset backed and mortgage-backed bonds. The fund will employ techniques to reduce (hedge) risk related to currency movements on non-Sterling bonds.
- The fund may also invest in other funds (including those managed by abrdn) and money-market instruments, and cash.

### Management Process

- The management team use their discretion (active management) to identify bonds and derivatives after analysing companies prospects and creditworthiness alongside global economic and market conditions.
- In seeking to achieve the Performance Target, the iBoxx Sterling Corporates (1-5 year) Index is used as a reference point for portfolio construction and as a basis for setting risk constraints. The expected variation ("tracking error") between the returns of the fund and the index is not ordinarily expected to exceed 1.5%. Due to the fund's risk constraints the intention is that the fund's performance will not deviate significantly from that of the index over the long term.

Please Note: The fund's ability to buy and sell bonds and the associated costs can be affected during periods of market stress which could include periods where interest rates move sharply.

## Derivatives and Techniques

- The fund will routinely use derivatives to reduce risk, reduce cost and/or generate extra income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management").
- Derivatives include instruments used to manage expected changes in interest rates, inflation, currencies or creditworthiness of corporations or governments.

## Performance Review

For the six months ended 31 January 2023, the value of abrdn Sterling Short Dated Corporate Bond Fund – A Accumulation Shares decreased by 0.23% compared to a decrease of 0.83% in the performance target, the Markit iBoxx Sterling Corporates Index (1-5 Yr).

Source: Lipper; Basis: total return, published NAV to NAV, net of annual charges, UK net income reinvested, GBP. Please note the fund performance is quoted net of fees while the index return is quoted gross and contains no adjustment for fees.

Please remember that past performance is not a guide to future returns. The price of shares and the revenue from them may fall as well as rise. Investors may not get back the amount originally invested.

Companies selected for illustrative purposes only to demonstrate the investment management style described herein and not as an investment recommendation or indication of future performance.

Any data contained herein which is attributed to a third party ("Third Party Data") is the property of (a) third party supplier(s) (the "Owner") and is licensed for use by abrdn\*\*. Third Party Data may not be copied or distributed. Third Party Data is provided "as is" and is not warranted to be accurate, complete or timely. To the extent permitted by applicable law, none of the Owner, abrdn\*\* or any other third party (including any third party involved in providing and/or compiling Third Party Data) shall have any liability for Third Party Data or for any use made of Third Party Data. Neither the Owner nor any other third party sponsors, endorses or promotes the fund or product to which Third Party Data relates.

\*\*abrdn means the relevant member of abrdn group, being abrdn plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

# abrdn Sterling Short Dated Corporate Bond Fund

## Continued

### Market Review

Following two sharply negative quarters earlier in 2022, September was a disaster for bond markets. The trends of rising yields and widening spreads seemed to have subsided until the announcements by the UK government of unfunded tax cuts in a fiscal easing package. The UK currency and government bond markets took flight, and a febrile environment took hold. Due to higher yields leading to margin calls, UK pension funds were forced to liquidate bond holdings. This created a 'death spiral' of even higher yields that threatened to severely disrupt the financial system. The Bank of England was obliged to step in to limit the damage. Ten-year gilt yields were more than 130 basis points higher in September, resulting in some very negative market returns for duration-sensitive asset classes. The UK investment-grade market delivered its worst return in a quarter of a century, falling by over 12.5% in the quarter to 30 September. Happily, corporate bond markets bounced back in the final three months of 2022, providing some relief. A combination of spread tightening and (initially at least) falling government bond yields led to investment-grade markets posting strongly positive returns. High yield also recovered well, and emerging market bonds posted their best quarter since June 2020. While the recovery was global, the new government in the UK resulted in its domestic market turning in one of the stronger performances. Moving into 2023, the year started strongly for fixed income. The trends we saw at the back end of 2022 continued into January. Government bond yields and credit spreads fell as markets sought to price in falling inflation and a slowing of the pace of central bank rate hikes.

### Portfolio Activity and Review

The fund outperformed the benchmark over the period, despite delivering negative total returns. Stock selection, asset allocation and duration/curve management all contributed positively to returns versus the benchmark. In addition, the fund's off-benchmark allocations to US dollar issuers such as Amazon, Penske and AAA-rated floating rate securities boosted relative returns.

The fund's overweight in sub-one-year securities was positive. This was partially aided by the shorter duration contribution from these holdings (amid the sell-off in yields). Outperformance also resulted when subordinated instruments (from issuers such as Zurich Insurance, Aviva and Thames Water) were called as we expected. The fund's lack of exposure to the Russian energy company Gazprom SA was a very strong contributor to relative returns. Stock selection within real estate was another positive driver. While exposure to Workspace real estate

investment trust (flexible offices) and Hammerson (primarily retail properties) dragged slightly on returns, this was more than offset by a lack of exposure to higher beta holding Aroundtown (German residential) and Canary Wharf Group, which was downgraded to high yield. Within financials, the fund's underweight to subordinated insurance and preference for large, globally diversified banks such as Barclays, JP Morgan and Deutsche Bank benefitted returns. Primary issuance from bank issuers in the fourth quarter was used to top up exposure to senior banks (Nationwide and Credit Agricole).

During the final three months of the review period, when volatility was elevated amid the UK's mini-budget and the liability-driven investment sell-off, the fund maintained a defensive position with an off-benchmark allocation to UK government bonds, as well as being underweight duration versus the benchmark. This aided relative returns as yields rose and credit spreads widened significantly. The fund used the weakness to add exposure to attractively priced bonds such as BB+ rated Ford and Next PLC 2028s, which performed strongly later in the review period.

### Portfolio Outlook and Strategy

An economic slowdown appears certain. Credit markets have priced in a challenging period and offer some value for those able to accept potential volatility. Balance sheets remain relatively robust, and this provides some comfort to credit investors. That said, the risks remain elevated, and we expect continued volatility.

### Sterling IG and Aggregate Team

February 2023

# abrdn Sterling Short Dated Corporate Bond Fund

## Continued

### Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the fund. The table below shows the fund's ranking on the Risk and Reward Indicator.

| Typically lower rewards, lower risk |   |   | Typically higher rewards, higher risk |   |   |   |
|-------------------------------------|---|---|---------------------------------------|---|---|---|
| ←                                   |   |   | →                                     |   |   |   |
| 1                                   | 2 | 3 | 4                                     | 5 | 6 | 7 |

Risk and reward indicator table as at 31 January 2023.

The fund is rated as 3 because of the extent to which the following risk factors apply:

- The fund invests in securities which are subject to the risk that the issuer may default on interest or capital payments.
- The fund price can go up or down daily for a variety of reasons including changes in interest rates, inflation expectations or the perceived credit quality of individual countries or securities.
- The fund invests in high yielding bonds which carry a greater risk of default than those with lower yields.
- The fund invests in mortgage and asset-backed securities (which may include collateralised loan, debt or mortgage obligations (respectively CLOs, CDOs or CMOs)). These are subject to prepayment and extension risk and additional liquidity and default risk compared to other credit securities.
- Convertible securities are investments that can be changed into another form upon certain triggers. As such, they can exhibit credit, equity and fixed interest risk. Contingent convertible securities (CoCos) are similar to convertible securities but have additional triggers which mean that they are more vulnerable to losses and volatile price movements and hence become less liquid.
- 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.

All investment involves risk. This fund offers no guarantee against loss or that the fund's objective will be attained.

The price of assets and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

Inflation reduces the buying power of your investment and income.

The value of assets held in the fund may rise and fall as a result of exchange rate fluctuations.

The fund could lose money if an entity (counterparty) with which it does business becomes unwilling or unable to honour its obligations to the fund.

In extreme market conditions some securities may become hard to value or sell at a desired price. This could affect the fund's ability to meet redemptions in a timely manner.

The fund could lose money as the result of a failure or delay in operational processes and systems including but not limited to third party providers failing or going into administration.



# Comparative Tables

| <b>A Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 845                    | 900                 | 5                   | 5                   |
| Closing number of shares                  | 824,313                | 873,060             | 5,001               | 5,001               |
| Closing net asset value per share (pence) | 102.54                 | 103.12              | 108.61              | 105.75              |
| Change in net asset value per share       | (0.56%)                | (5.05%)             | 2.70%               | 1.99%               |
| Operating charges                         | 0.64%                  | 0.64%               | 0.65%               | 0.65%               |
| <b>A Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 96                     | 33                  | 35                  | 35                  |
| Closing number of shares                  | 102,824                | 34,291              | 34,291              | 34,291              |
| Closing net asset value per share (pence) | 92.83                  | 94.70               | 101.45              | 100.43              |
| Change in net asset value per share       | (1.97%)                | (6.65%)             | 1.02%               | 0.30%               |
| Operating charges                         | 0.64%                  | 0.64%               | 0.65%               | 0.65%               |
| <b>I Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 9,868                  | 11,095              | 15,410              | 18,445              |
| Closing number of shares                  | 9,448,876              | 10,579,090          | 13,992,354          | 17,255,589          |
| Closing net asset value per share (pence) | 104.43                 | 104.88              | 110.13              | 106.90              |
| Change in net asset value per share       | (0.43%)                | (4.77%)             | 3.02%               | 2.28%               |
| Operating charges                         | 0.34%                  | 0.34%               | 0.35%               | 0.35%               |
| <b>I Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 25,055                 | 14,594              | 10,961              | 18,610              |
| Closing number of shares                  | 27,000,917             | 15,415,433          | 10,808,396          | 18,537,548          |
| Closing net asset value per share (pence) | 92.79                  | 94.67               | 101.41              | 100.39              |
| Change in net asset value per share       | (1.99%)                | (6.65%)             | 1.02%               | 0.31%               |
| Operating charges                         | 0.34%                  | 0.34%               | 0.35%               | 0.35%               |
| <b>K Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 3,681                  | 1,817               | 2,807               | 18,202              |
| Closing number of shares                  | 3,501,952              | 1,722,390           | 2,536,549           | 16,962,525          |
| Closing net asset value per share (pence) | 105.10                 | 105.49              | 110.67              | 107.30              |
| Change in net asset value per share       | (0.37%)                | (4.68%)             | 3.14%               | 2.38%               |
| Operating charges                         | 0.24%                  | 0.24%               | 0.25%               | 0.25%               |
| <b>K Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 16,967                 | 5,963               | 10,520              | 56,172              |
| Closing number of shares                  | 18,288,090             | 6,299,812           | 10,374,670          | 55,957,531          |
| Closing net asset value per share (pence) | 92.78                  | 94.65               | 101.40              | 100.38              |
| Change in net asset value per share       | (1.98%)                | (6.66%)             | 1.02%               | 0.30%               |
| Operating charges                         | 0.24%                  | 0.24%               | 0.25%               | 0.25%               |

# Comparative Tables

## Continued

| <b>M Accumulation<sup>A</sup></b>         | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | -                      | 1                   | 1                   | 1                   |
| Closing number of shares                  | -                      | 964                 | 964                 | 964                 |
| Closing net asset value per share (pence) | -                      | 104.30              | 109.50              | 106.32              |
| Change in net asset value per share       | -                      | (4.75%)             | 2.99%               | 2.36%               |
| Operating charges                         | -                      | 0.39%               | 0.40%               | 0.40%               |
| <b>M Income<sup>B</sup></b>               | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | -                      | 1                   | 1                   | 1                   |
| Closing number of shares                  | -                      | 979                 | 979                 | 979                 |
| Closing net asset value per share (pence) | -                      | 96.56               | 103.43              | 102.39              |
| Change in net asset value per share       | -                      | (6.64%)             | 1.02%               | 0.32%               |
| Operating charges                         | -                      | 0.39%               | 0.40%               | 0.40%               |
| <b>Z Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 7,559                  | 7,580               | 6                   | 5                   |
| Closing number of shares                  | 7,103,913              | 7,103,913           | 5,001               | 5,001               |
| Closing net asset value per share (pence) | 106.41                 | 106.70              | 111.70              | 108.10              |
| Change in net asset value per share       | (0.27%)                | (4.48%)             | 3.33%               | 2.58%               |
| Operating charges                         | 0.04%                  | 0.04%               | 0.05%               | 0.05%               |

The closing net asset value (£'000) divided by the closing number of shares may not calculate to the closing net asset value per share (pence) due to rounding differences. The published closing net asset value per share (pence) is based on unrounded values and represents the actual price.

The change in the net asset value per share is the change from the beginning of the period to the close of the period.

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

<sup>A</sup> M Accumulation share class was closed on 17 January 2023.

<sup>B</sup> M Income share class was closed on 17 January 2023.

# Portfolio Statement

As at 31 January 2023

| Holding                                    | Investment                                     | Market value<br>£'000 | Percentage of<br>total net assets |
|--|--|-----------------------|-----------------------------------|
| <b>Bonds (97.71%)</b>                      |  | <b>63,260</b>         | <b>98.73</b>                      |
| <b>Sterling Denominated Bonds (93.17%)</b> |  | <b>62,233</b>         | <b>97.13</b>                      |
| <b>Corporate Bonds (84.11%)</b>            |  | <b>59,573</b>         | <b>92.98</b>                      |
| less than 5 years to maturity              |  |                       |                                   |
| 200,000                                    | ABN AMRO Bank 1.375% 2025                      | 188                   | 0.29                              |
| 400,000                                    | ABP Finance 6.25% 2026                         | 415                   | 0.65                              |
| 600,000                                    | America Movil 5% 2026                          | 605                   | 0.94                              |
| 164,000                                    | American Honda Finance 1.5% 2027               | 145                   | 0.23                              |
| 300,000                                    | Anglian Water Osprey Financing 4% 2026         | 284                   | 0.44                              |
| 300,000                                    | Annington Funding 2.646% 2025                  | 281                   | 0.44                              |
| 389,000                                    | APA Infrastructure 4.25% 2024                  | 384                   | 0.60                              |
| 500,000                                    | AT&T 2.9% 2026                                 | 471                   | 0.74                              |
| 300,000                                    | AT&T 5.5% 2027                                 | 308                   | 0.48                              |
| 200,000                                    | Banco Santander 1.5% 2026                      | 179                   | 0.28                              |
| 300,000                                    | Banco Santander 1.75% 2027                     | 262                   | 0.41                              |
| 300,000                                    | Banco Santander 2.75% 2023                     | 297                   | 0.46                              |
| 100,000                                    | Banco Santander 3.125% fixed to floating 2026  | 95                    | 0.15                              |
| 200,000                                    | Bank of America 4.25% 2026                     | 198                   | 0.31                              |
| 500,000                                    | Banque Federative du Credit Mutuel 1.25% 2025  | 457                   | 0.71                              |
| 400,000                                    | Banque Federative du Credit Mutuel 4.875% 2025 | 402                   | 0.63                              |
| 400,000                                    | Banque Federative du Credit Mutuel 5% 2026     | 404                   | 0.63                              |
| 367,000                                    | Barclays 1.7% fixed to floating 2026           | 335                   | 0.52                              |
| 374,000                                    | Barclays 3% 2026                               | 350                   | 0.55                              |
| 381,000                                    | Barclays 3.125% 2024                           | 375                   | 0.59                              |
| 400,000                                    | Barclays 3.25% 2027                            | 371                   | 0.58                              |
| 500,000                                    | BAT Capital 2.125% 2025                        | 465                   | 0.73                              |
| 300,000                                    | BAT International Finance 4% 2026              | 286                   | 0.45                              |
| 700,000                                    | Bazalgette Finance 2.375% 2027                 | 634                   | 0.99                              |
| 298,000                                    | Blackstone Property Partners Europe 2% 2025    | 261                   | 0.41                              |
| 400,000                                    | BNP Paribas 3.375% 2026                        | 386                   | 0.60                              |
| 300,000                                    | BPCE 1% 2025                                   | 271                   | 0.42                              |
| 400,000                                    | CaixaBank 1.5% fixed to floating 2026          | 359                   | 0.56                              |
| 300,000                                    | Citigroup 1.75% 2026                           | 271                   | 0.42                              |
| 699,000                                    | Citigroup 5.875% 2024                          | 706                   | 1.10                              |
| 200,000                                    | Cooperatieve Rabobank 1.25% 2025               | 188                   | 0.29                              |
| 300,000                                    | Credit Agricole 5.75% fixed to floating 2027   | 305                   | 0.48                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding | Investment                                   | Market value<br>£'000 | Percentage of<br>total net assets |
|---------|--|-----------------------|-----------------------------------|
| 150,000 | Credit Suisse 1.125% 2025                    | 130                   | 0.20                              |
| 500,000 | Credit Suisse 2.125% fixed to floating 2025  | 453                   | 0.71                              |
| 495,000 | Credit Suisse 7% fixed to floating 2027      | 482                   | 0.75                              |
| 405,000 | Credit Suisse 7.75% 2026                     | 418                   | 0.65                              |
| 573,000 | Danske Bank 2.25% fixed to floating 2028     | 505                   | 0.79                              |
| 500,000 | Deutsche Bank 2.625% 2024                    | 473                   | 0.74                              |
| 600,000 | Deutsche Bank 4% fixed to floating 2026      | 575                   | 0.90                              |
| 576,000 | DNB Bank 1.375% fixed to floating 2025       | 543                   | 0.85                              |
| 412,000 | DNB Bank 2.625% fixed to floating 2026       | 394                   | 0.61                              |
| 241,000 | DNB Bank 4% fixed to floating 2027           | 233                   | 0.36                              |
| 400,000 | Eastern Power Networks 5.75% 2024            | 404                   | 0.63                              |
| 274,000 | Electricity North West 8.875% 2026           | 307                   | 0.48                              |
| 150,000 | Enel Finance International 5.625% 2024       | 152                   | 0.24                              |
| 279,000 | FirstGroup 6.875% 2024                       | 280                   | 0.44                              |
| 405,000 | Ford Motor Credit 2.748% 2024                | 385                   | 0.60                              |
| 400,000 | Ford Motor Credit 4.535% 2025                | 386                   | 0.60                              |
| 100,000 | Gatwick Funding 5.25% 2024                   | 100                   | 0.16                              |
| 250,000 | Gatwick Funding 6.125% 2026                  | 258                   | 0.40                              |
| 252,000 | General Motors Financial 1.55% 2027          | 216                   | 0.34                              |
| 500,000 | Go-Ahead 2.5% 2024                           | 481                   | 0.75                              |
| 100,000 | Hammerson REIT 3.5% 2025                     | 89                    | 0.14                              |
| 500,000 | Hammerson REIT 6% 2026                       | 474                   | 0.74                              |
| 600,000 | Heathrow Funding 5.225% 2023                 | 600                   | 0.94                              |
| 800,000 | Heathrow Funding 6.75% 2026                  | 839                   | 1.31                              |
| 600,000 | HSBC 1.75% fixed to floating 2027            | 533                   | 0.83                              |
| 557,000 | HSBC 2.256% fixed to floating 2026           | 515                   | 0.80                              |
| 400,000 | Iberdrola Finanzas 7.375% 2024               | 411                   | 0.64                              |
| 505,000 | Imperial Brands Finance 8.125% 2024          | 519                   | 0.81                              |
| 380,000 | Informa 3.125% 2026                          | 355                   | 0.55                              |
| 400,000 | ING 5% fixed to floating 2026                | 399                   | 0.62                              |
| 400,000 | JPMorgan Chase 0.991% fixed to floating 2026 | 368                   | 0.57                              |
| 381,000 | KFW 3.77% 2027                               | 380                   | 0.59                              |
| 300,000 | Koninklijke KPN 5% 2026                      | 303                   | 0.47                              |
| 400,000 | Kraft Heinz Foods 4.125% 2027                | 391                   | 0.61                              |
| 621,000 | Lloyds Banking 1.875% fixed to floating 2026 | 582                   | 0.91                              |
| 300,000 | Metropolitan Life Global Funding I 3.5% 2026 | 291                   | 0.45                              |
| 400,000 | Morgan Stanley 2.625% 2027                   | 371                   | 0.58                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding | Investment  | Market value<br>£'000 | Percentage of<br>total net assets |
|---------|---|-----------------------|-----------------------------------|
| 200,000 | Motability Operations 4.375% 2027                         | 201                   | 0.31                              |
| 321,000 | MPT Operating Partnership REIT 2.55% 2023                 | 302                   | 0.47                              |
| 200,000 | Muenchener Hypothekenbank 0.5% 2024                       | 187                   | 0.29                              |
| 300,000 | National Grid Electricity Distribution 3.5% 2026          | 287                   | 0.45                              |
| 250,000 | National Grid Electricity Distribution 3.625% 2023        | 248                   | 0.39                              |
| 140,000 | Nationwide Building Society 6.178% fixed to floating 2027 | 145                   | 0.23                              |
| 431,000 | NatWest 2.875% fixed to floating 2026                     | 406                   | 0.63                              |
| 200,000 | NatWest 3.125% fixed to floating 2027                     | 187                   | 0.29                              |
| 216,000 | NatWest Markets 6.375% 2027                               | 228                   | 0.36                              |
| 796,000 | New York Life Global Funding 1.5% 2027                    | 706                   | 1.10                              |
| 499,000 | New York Life Global Funding 1.625% 2023                  | 487                   | 0.76                              |
| 279,000 | New York Life Global Funding 4.35% 2025                   | 279                   | 0.44                              |
| 150,000 | NIE Finance 6.375% 2026                                   | 158                   | 0.25                              |
| 373,000 | OP Corporate Bank 3.375% 2026                             | 360                   | 0.56                              |
| 250,000 | Orange 5.25% 2025   | 257                   | 0.40                              |
| 100,000 | Ørsted 2.125% 2027  | 92                    | 0.14                              |
| 403,000 | PACCAR Financial Europe 2.375% 2025                       | 387                   | 0.60                              |
| 600,000 | Pension Insurance 6.5% 2024                               | 601                   | 0.94                              |
| 200,000 | Pension Insurance 8% 2026                                 | 211                   | 0.33                              |
| 300,000 | Realty Income REIT 1.875% 2027                            | 269                   | 0.42                              |
| 400,000 | Rothsay Life 3.375% 2026                                  | 370                   | 0.58                              |
| 360,000 | Royal Bank of Canada 1.125% 2025                          | 329                   | 0.51                              |
| 355,000 | Royal Bank of Canada 3.625% June 2027                     | 342                   | 0.53                              |
| 443,000 | Royal Bank of Canada 5% 2028                              | 449                   | 0.70                              |
| 500,000 | Santander UK 5.75% 2026                                   | 523                   | 0.82                              |
| 339,000 | Santander UK 7.098% fixed to floating 2027                | 354                   | 0.55                              |
| 200,000 | Scottish Power UK 6.75% 2023                              | 201                   | 0.31                              |
| 200,000 | Severn Trent Utilities Finance 3.625% 2026                | 195                   | 0.31                              |
| 300,000 | Societe Generale 1.25% 2027                               | 251                   | 0.39                              |
| 300,000 | Societe Generale 1.875% 2024                              | 286                   | 0.45                              |
| 446,000 | South Eastern Power Networks 5.5% 2026                    | 459                   | 0.72                              |
| 499,000 | Southern Water Services Finance 6.64% 2026                | 523                   | 0.82                              |
| 100,000 | SP Manweb 4.875% 2027                                     | 101                   | 0.16                              |
| 627,000 | Telefonica Emisiones 5.375% 2026                          | 637                   | 0.99                              |
| 280,000 | Thames Water Utilities Finance 2.375% 2023                | 277                   | 0.43                              |
| 400,000 | Thames Water Utilities Finance 2.875% 2027                | 350                   | 0.55                              |
| 168,000 | Toronto-Dominion Bank 2.875% 2027                         | 156                   | 0.24                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                            | Investment  | Market value<br>£'000 | Percentage of<br>total net assets |
|------------------------------------|---|-----------------------|-----------------------------------|
| 363,000                            | Toronto-Dominion Bank 5.288% 2028                             | 372                   | 0.58                              |
| 227,000                            | Toyota Finance Australia 3.92% 2027                           | 223                   | 0.35                              |
| 187,000                            | Toyota Motor Finance Netherlands 4.625% 2026                  | 189                   | 0.30                              |
| 300,000                            | United Utilities Water Finance 2% 2025                        | 286                   | 0.45                              |
| 500,000                            | Virgin Money UK 3.375% fixed to floating 2026                 | 474                   | 0.74                              |
| 400,000                            | Virgin Money UK 4% fixed to floating 2026                     | 383                   | 0.60                              |
| 450,000                            | Virgin Money UK 4% fixed to floating 2027                     | 425                   | 0.66                              |
| 400,000                            | Vodafone 5.625% 2025  | 416                   | 0.65                              |
| 500,000                            | Volkswagen Financial Services 1.875% 2024                     | 472                   | 0.74                              |
| 500,000                            | Volkswagen Financial Services 2.125% 2024                     | 480                   | 0.75                              |
| 100,000                            | Volkswagen Financial Services 2.125% 2028                     | 86                    | 0.13                              |
| 300,000                            | Volkswagen Financial Services 4.25% 2025                      | 292                   | 0.46                              |
| 300,000                            | Volkswagen Financial Services 5.5% 2026                       | 300                   | 0.47                              |
| between 5 and 10 years to maturity |   |                       |                                   |
| 475,000                            | Australia & New Zealand Banking 1.809% fixed to floating 2031 | 404                   | 0.63                              |
| 600,000                            | Banco Santander 2.25% fixed to floating 2032                  | 502                   | 0.78                              |
| 300,000                            | Banco Santander 4.75% fixed to floating 2028                  | 296                   | 0.46                              |
| 241,000                            | Barclays 6.369% fixed to floating 2031                        | 249                   | 0.39                              |
| 474,000                            | Barclays 8.407% fixed to floating 2032                        | 510                   | 0.80                              |
| 600,000                            | BNP Paribas 2% fixed to floating 2031                         | 526                   | 0.82                              |
| 400,000                            | BPCE 2.5% fixed to floating 2032                              | 337                   | 0.53                              |
| 300,000                            | BPCE 6% fixed to floating 2028                                | 308                   | 0.48                              |
| 300,000                            | CaixaBank 3.5% fixed to floating 2028                         | 276                   | 0.43                              |
| 500,000                            | Cooperatieve Rabobank 1.875% fixed to floating 2028           | 440                   | 0.69                              |
| 400,000                            | Credit Agricole 4.875% 2029                                   | 401                   | 0.63                              |
| 300,000                            | Credit Suisse 2.25% fixed to floating 2028                    | 243                   | 0.38                              |
| 200,000                            | Deutsche Bank 1.875% fixed to floating 2028                   | 167                   | 0.26                              |
| 277,000                            | Diageo Finance 2.375% 2028                                    | 255                   | 0.40                              |
| 400,000                            | Goldman Sachs 3.625% fixed to floating 2029                   | 369                   | 0.58                              |
| 300,000                            | ING 1.125% fixed to floating 2028                             | 251                   | 0.39                              |
| 700,000                            | KBC 5.5% fixed to floating 2028                               | 708                   | 1.11                              |
| 500,000                            | La Banque Postale 5.625% fixed to floating 2028               | 501                   | 0.78                              |
| 300,000                            | Lloyds Banking 1.985% fixed to floating 2031                  | 261                   | 0.41                              |
| 200,000                            | Lloyds Banking 2% fixed to floating 2028                      | 175                   | 0.27                              |
| 179,000                            | Metropolitan Life Global Funding I 5% 2030                    | 183                   | 0.28                              |
| 178,000                            | National Australia Bank 1.699% fixed to floating 2031         | 151                   | 0.24                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                             | Investment   | Market value<br>£'000 | Percentage of<br>total net assets |
|-------------------------------------|--|-----------------------|-----------------------------------|
| 163,000                             | NatWest 2.057% fixed to floating 2028                | 142                   | 0.22                              |
| 400,000                             | NatWest 2.105% fixed to floating 2031                | 344                   | 0.54                              |
| 136,000                             | NatWest 3.619% fixed to floating 2029                | 125                   | 0.19                              |
| 525,000                             | NatWest 3.622% fixed to floating 2030                | 493                   | 0.77                              |
| 372,000                             | NewRiver REIT 3.5% 2028                              | 317                   | 0.49                              |
| 331,000                             | Next 3.625% 2028                                     | 310                   | 0.48                              |
| 300,000                             | Nordea Bank 1.625% fixed to floating 2032            | 248                   | 0.39                              |
| 200,000                             | Santander UK 2.421% fixed to floating 2029           | 173                   | 0.27                              |
| 500,000                             | Svenska Handelsbanken 4.625% fixed to floating 2032  | 481                   | 0.75                              |
| 300,000                             | Swedbank 7.272% fixed to floating 2032               | 314                   | 0.49                              |
| 488,000                             | Virgin Money UK 2.625% fixed to floating 2031        | 417                   | 0.65                              |
| 370,000                             | Wells Fargo 3.473% fixed to floating 2028            | 345                   | 0.54                              |
| 260,000                             | Workspace REIT 2.25% 2028                            | 201                   | 0.31                              |
| between 10 and 15 years to maturity |  |                       |                                   |
| 600,000                             | Aviva 6.125% fixed to floating 2036                  | 611                   | 0.95                              |
| 234,000                             | NatWest 7.416% fixed to floating 2033                | 245                   | 0.38                              |
| between 15 and 25 years to maturity |  |                       |                                   |
| 700,000                             | Legal & General 5.375% fixed to floating 2045        | 694                   | 1.08                              |
| 200,000                             | RL Finance No 2 FRN 2043                             | 199                   | 0.31                              |
| 500,000                             | RMAC 2018-1 FRN 2046                                 | 260                   | 0.41                              |
| 300,000                             | Yorkshire Water Finance FRN 2046                     | 299                   | 0.47                              |
| greater than 25 years to maturity   |  |                       |                                   |
| 218,000                             | Castell 2021-1 FRN 2053                              | 143                   | 0.22                              |
| 430,000                             | NGG Finance 5.625% fixed to floating 2073            | 418                   | 0.65                              |
| 400,000                             | Precise Mortgage Funding 2020-1B FRN 2056            | 168                   | 0.26                              |
| 350,000                             | Vattenfall 2.5% fixed to floating 2083               | 282                   | 0.44                              |
| 400,000                             | Vodafone 4.875% fixed to floating 2078               | 382                   | 0.60                              |
| Perpetual                           |  |                       |                                   |
| 592,000                             | AXA 6.6862% fixed to floating Perpetual              | 601                   | 0.94                              |
| 810,000                             | Barclays Bank 9% Perpetual                           | 826                   | 1.29                              |
| 1,000,000                           | BP Capital Markets 4.25% fixed to floating Perpetual | 919                   | 1.43                              |
| 400,000                             | SSE 3.74% fixed to floating Perpetual                | 371                   | 0.58                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                    | Investment                                      | Market value<br>£'000 | Percentage of<br>total net assets |
|--|---|-----------------------|-----------------------------------|
| <b>Government Bonds (9.06%)</b>            |   | <b>2,660</b>          | <b>4.15</b>                       |
| less than 5 years to maturity              |   |                       |                                   |
| 283,000                                    | Kommunalbanken 3.75% 2025                       | 280                   | 0.44                              |
| 2,200,000                                  | UK (Govt of) 0.125% 2026                        | 2,012                 | 3.14                              |
| 400,000                                    | UK (Govt of) 1.25% 2027                         | 368                   | 0.57                              |
| <b>US Dollar Denominated Bonds (4.54%)</b> |   | <b>1,027</b>          | <b>1.60</b>                       |
| <b>Corporate Bonds (4.54%)</b>             |   | <b>1,027</b>          | <b>1.60</b>                       |
| less than 5 years to maturity              |   |                       |                                   |
| 229,000                                    | Amazon.com 3.3% 2027                            | 180                   | 0.28                              |
| 338,000                                    | Equitable 3.9% 2023                             | 274                   | 0.43                              |
| 508,000                                    | Penske Truck Leasing 2.7% 2023                  | 412                   | 0.64                              |
| between 5 and 10 years to maturity         |   |                       |                                   |
| 200,000                                    | ABN AMRO Bank FRN 2028                          | 161                   | 0.25                              |
| <b>Derivatives (-0.15%)</b>                |   | <b>34</b>             | <b>0.05</b>                       |
| <b>Forward Currency Contracts (-0.14%)</b> |   | <b>21</b>             | <b>0.03</b>                       |
|  | Buy GBP 16,958 Sell USD 20,641 08/03/2023       | -                     | -                                 |
|  | Buy GBP 28,977 Sell USD 35,629 08/03/2023       | -                     | -                                 |
|  | Buy GBP 1,914,608 Sell USD 2,305,903 08/03/2023 | 45                    | 0.07                              |
|  | Buy USD 350,000 Sell GBP 288,110 08/03/2023     | (4)                   | (0.01)                            |
|  | Buy USD 714,665 Sell GBP 599,350 08/03/2023     | (20)                  | (0.03)                            |
| <b>Futures (-0.01%)</b>                    |   | <b>13</b>             | <b>0.02</b>                       |
| 14   | Long US 5 Year Note (CBT) Future 31/03/2023     | 13                    | 0.02                              |
| Total investment assets and liabilities    |   | 63,294                | 98.78                             |
| Net other assets                           |   | 777                   | 1.22                              |
| <b>Total Net Assets</b>                    |   | <b>64,071</b>         | <b>100.00</b>                     |

All investments (excluding OTC derivatives) are listed on recognised stock exchanges and are approved securities, or are approved derivatives within the meaning of the FCA rules. The percentage figures in brackets show the comparative holding as at 31 July 2022.



# Financial Statements

## Statement of Total Return

For the six months ended 31 January 2023

|   | 31 January 2023 |              | 31 January 2022 |                |
|---|-----------------|--------------|-----------------|----------------|
|   | £'000           | £'000        | £'000           | £'000          |
| Income:   |                 |              |                 |                |
| Net capital losses  |                 | (214)        |                 | (1,064)        |
| Revenue   | 979             |              | 406             |                |
| Expenses  | (75)            |              | (59)            |                |
| Net revenue before taxation   | 904             |              | 347             |                |
| Taxation  | 2               |              | -               |                |
| Net revenue after taxation  |                 | 906          |                 | 347            |
| <b>Total return before distributions</b>  |                 | <b>692</b>   |                 | <b>(717)</b>   |
| Distributions   |                 | (906)        |                 | (347)          |
| <b>Change in net assets attributable to shareholders from investment activities</b> |                 | <b>(214)</b> |                 | <b>(1,064)</b> |

## Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 January 2023

|  | 31 January 2023 |               | 31 January 2022 |               |
|--|-----------------|---------------|-----------------|---------------|
|  | £'000           | £'000         | £'000           | £'000         |
| <b>Opening net assets attributable to shareholders</b>                                   |                 | <b>41,984</b> |                 | <b>39,746</b> |
| Amounts receivable on the issue of shares  | 26,807          |               | 4,967           |               |
| Amounts payable on the cancellation of shares  | (4,884)         |               | (6,090)         |               |
|  |                 | 21,923        |                 | (1,123)       |
| Dilution adjustment  |                 | 27            |                 | -             |
| Change in net assets attributable to shareholders from investment activities (see above) |                 | (214)         |                 | (1,064)       |
| Retained distribution on accumulation shares   |                 | 351           |                 | 152           |
| <b>Closing net assets attributable to shareholders</b>                                   |                 | <b>64,071</b> |                 | <b>37,711</b> |

Comparative information is provided for the statement of change in net assets attributable to shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

# Financial Statements

## Continued

### Balance Sheet

As at 31 January 2023

|  | 31 January 2023 |                | 31 July 2022 |               |
|--|-----------------|----------------|--------------|---------------|
|  | £'000           | £'000          | £'000        | £'000         |
| <b>Assets:</b>                                 |                 |                |              |               |
| <b>Fixed assets:</b>                           |                 |                |              |               |
| Investment assets                              |                 | 63,318         |              | 41,022        |
| <b>Current assets:</b>                         |                 |                |              |               |
| Debtors  | 2,354           |                | 1,240        |               |
| Cash and bank balances                         | 1,726           |                | 215          |               |
|  |                 | 4,080          |              | 1,455         |
| <b>Total assets</b>                            |                 | <b>67,398</b>  |              | <b>42,477</b> |
| <b>Liabilities:</b>                            |                 |                |              |               |
| Investment liabilities                         |                 | (24)           |              | (62)          |
| Creditors                                      | (2,928)         |                | (303)        |               |
| Distribution payable                           | (375)           |                | (128)        |               |
|  |                 | (3,303)        |              | (431)         |
| <b>Total liabilities</b>                       |                 | <b>(3,327)</b> |              | <b>(493)</b>  |
| <b>Net assets attributable to shareholders</b> |                 | <b>64,071</b>  |              | <b>41,984</b> |

# Distribution Tables

For the six months ended 31 January 2023 (in pence per share)

## First interim interest distribution

Group 1 – shares purchased prior to 1 August 2022

Group 2 – shares purchased between 1 August 2022 and 31 October 2022

|                       | Revenue | Equalisation | Distribution paid<br>31/01/23 | Distribution paid<br>31/01/22 |
|-----------------------|---------|--------------|-------------------------------|-------------------------------|
| <b>A Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.6239  | –            | 0.6239                        | 0.3995                        |
| Group 2               | 0.6239  | –            | 0.6239                        | 0.3995                        |
| <b>A Income</b>       |         |              |                               |                               |
| Group 1               | 0.5702  | –            | 0.5702                        | 0.3703                        |
| Group 2               | 0.2031  | 0.3671       | 0.5702                        | 0.3703                        |
| <b>I Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.7085  | –            | 0.7085                        | 0.4862                        |
| Group 2               | 0.1963  | 0.5122       | 0.7085                        | 0.4862                        |
| <b>I Income</b>       |         |              |                               |                               |
| Group 1               | 0.6398  | –            | 0.6398                        | 0.4476                        |
| Group 2               | 0.2667  | 0.3731       | 0.6398                        | 0.4476                        |
| <b>K Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.7384  | –            | 0.7384                        | 0.5164                        |
| Group 2               | 0.2727  | 0.4657       | 0.7384                        | 0.5164                        |
| <b>K Income</b>       |         |              |                               |                               |
| Group 1               | 0.6627  | –            | 0.6627                        | 0.4732                        |
| Group 2               | 0.2888  | 0.3739       | 0.6627                        | 0.4732                        |
| <b>M Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.7031  | –            | 0.7031                        | 0.4791                        |
| Group 2               | 0.7031  | –            | 0.7031                        | 0.4791                        |
| <b>M Income</b>       |         |              |                               |                               |
| Group 1               | 0.6516  | –            | 0.6516                        | 0.4606                        |
| Group 2               | 0.6516  | –            | 0.6516                        | 0.4606                        |
| <b>Z Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.7989  | –            | 0.7989                        | 0.5818                        |
| Group 2               | 0.7989  | –            | 0.7989                        | 0.5818                        |

# Distribution Tables

For the six months ended 31 January 2023 (in pence per share) continued

## Second interim interest distribution

Group 1 – shares purchased prior to 1 November 2022

Group 2 – shares purchased between 1 November 2022 and 31 January 2023

|                       | Revenue | Equalisation | Distribution paid<br>28/04/23 | Distribution paid<br>29/04/22 |
|-----------------------|---------|--------------|-------------------------------|-------------------------------|
| <b>A Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.8212  | -            | 0.8212                        | 0.4052                        |
| Group 2               | 0.5617  | 0.2595       | 0.8212                        | 0.4052                        |
| <b>A Income</b>       |         |              |                               |                               |
| Group 1               | 0.7488  | -            | 0.7488                        | 0.3770                        |
| Group 2               | 0.7488  | -            | 0.7488                        | 0.3770                        |
| <b>I Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.9131  | -            | 0.9131                        | 0.4950                        |
| Group 2               | 0.6322  | 0.2809       | 0.9131                        | 0.4950                        |
| <b>I Income</b>       |         |              |                               |                               |
| Group 1               | 0.8184  | -            | 0.8184                        | 0.4554                        |
| Group 2               | 0.4961  | 0.3223       | 0.8184                        | 0.4554                        |
| <b>K Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.9447  | -            | 0.9447                        | 0.5239                        |
| Group 2               | 0.7593  | 0.1854       | 0.9447                        | 0.5239                        |
| <b>K Income</b>       |         |              |                               |                               |
| Group 1               | 0.8415  | -            | 0.8415                        | 0.4764                        |
| Group 2               | 0.4474  | 0.3941       | 0.8415                        | 0.4764                        |
| <b>M Accumulation</b> |         |              |                               |                               |
| Group 1               | -       | -            | -                             | 0.4718                        |
| Group 2               | -       | -            | -                             | 0.4718                        |
| <b>M Income</b>       |         |              |                               |                               |
| Group 1               | -       | -            | -                             | 0.4596                        |
| Group 2               | -       | -            | -                             | 0.4596                        |
| <b>Z Accumulation</b> |         |              |                               |                               |
| Group 1               | 1.0089  | -            | 1.0089                        | 0.5860                        |
| Group 2               | 1.0089  | -            | 1.0089                        | 0.5860                        |

## Equalisation

This applies only to shares purchased during the distribution period (group 2 shares). It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

# abrdn Sterling Short Term Government Bond Fund

For the period ended 31 January 2023

## Investment Objective

To generate income and some growth over the medium to long term (3 to 5 years) by investing in UK Government bonds with a maturity of up to five years.

Performance Target: To achieve the return of the FTSE Actuaries UK Conventional Gilts up to 5 Years Index plus 0.5% per annum (before charges). The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target.

The ACD believes this is an appropriate target for the fund based on the investment policy of the fund and the constituents of the index.

## Investment Policy

### Portfolio Securities

- The fund invests at least 80% in government bonds issued or guaranteed by the UK Government with a maturity of up to 5 years.
- The fund may also invest in investment grade bonds of any maturity, issued anywhere in the world by governments, sub-sovereigns and corporations including inflation-linked bonds. The fund will employ techniques to reduce (hedge) risk related to currency movements on non-Sterling bonds.
- The fund may also invest in other funds (including those managed by abrdn), money-market instruments, and cash.

### Management Process

- The management team use their discretion (active management) to identify investments after analysing individual bonds and derivatives alongside global economic and market conditions.
- In seeking to achieve the Performance Target, the FTSE Actuaries UK Conventional Gilts up to 5 Years Index is used as a reference point for portfolio construction and as a basis for setting risk constraints. The expected variation ("tracking error") between the returns of the fund and the index is not ordinarily expected to exceed 1.70%. Due to the fund's risk constraints the intention is that the fund's performance will not deviate significantly from that of the index over the long term.

### Derivatives and Techniques

- The fund will make routine use of derivatives to reduce risk, reduce cost and/or generate extra income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management").

- Derivatives can be used to generate growth, consistent with the fund's risk profile, if market prices are expected to rise ("long positions") or fall ("short positions"). These positions can be used in overseas markets.
- Derivatives include instruments used to manage expected changes in interest rates, inflation, currencies or creditworthiness of corporations or governments.

## Performance Review

For the six months ended 31 January 2023, the value of abrdn Sterling Short Term Government Bond Fund – A Accumulation Shares decreased by 1.99% compared to a decrease of 2.10% in the performance target, the FTSE Actuaries UK Conventional Gilts All Stocks up to 5 Years Index.

Source: Lipper; Basis: total return, published NAV to NAV, net of annual charges, UK net income reinvested, GBP.

Source: FTSE International Limited ("FTSE") © FTSE2023. 'FTSE®' is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. RAFI® is a registered trademark of Research Affiliates, LLC. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

Please remember that past performance is not a guide to future returns. The price of shares and the revenue from them may fall as well as rise. Investors may not get back the amount originally invested.

Companies selected for illustrative purposes only to demonstrate the investment management style described herein and not as an investment recommendation or indication of future performance.

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\*\*abrdn means the relevant member of abrdn group, being abrdn plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

## Market Review

The review period was a difficult one for government bonds, with significant swings in the market. Bond prices came under pressure as global central banks, including the Bank of England (BoE), became increasingly hawkish.

# abrdn Sterling Short Term Government Bond Fund

## Continued

The third quarter of 2022 was a period of almost unprecedented volatility and weakness for UK government bonds (Gilts). In early August, the 5-year Gilt yield was below 1.8%, compared to about 0.8% at the start of 2022. But in late September, it shot up over 4.7%. This increase in yields was driven by inflation fears, hawkish central banks and – latterly – the reaction to Chancellor Kwasi Kwarteng's, mini-budget in the third quarter and the ensuing forced sales of assets to fund collateral within the UK pension sector. In late September, Mr Kwarteng heralded the biggest programme of tax cuts in 50 years, to be funded by new borrowing. Investors in UK assets were shocked, and the market reaction was extreme. Sterling fell sharply while Gilt yields soared. Due to margin calls, UK pension funds were forced to liquidate bond holdings. To limit the damage, the BoE supported the market by buying Gilts. This move calmed the market somewhat before month-end. As a result, the third quarter was the worst quarter ever for Gilts.

In late October, Rishi Sunak became the new Prime Minister. UK government bonds recovered some lost ground in October and November, outperforming other core government bond market peers, before weakening again in December in tandem with other global fixed income markets. Amid the political chaos, the BoE continued to tighten policy rates aggressively. It lifted rates by 75bps in November and a further 50bps in December, taking the cash rate to 3.5%. The fall in yields and sterling strengthening against the US dollar since the crisis were seen as evidence that the new government had regained some of the UK's lost credibility. The stabilisation in bond markets in the fourth quarter attracted strong inflows to the asset class from investors enticed by the highest yields in a decade. Nevertheless, this left total returns for the calendar year down 23.83% – a humbling and unforgettable year for UK government bonds. At the end of 2022, the yield on the 5-year Gilt was over 3.6%.

With the new year, investors welcomed positive news as consumer price inflation (CPI) data from Europe's largest economies highlighted that inflationary pressures cooled sharply in December, igniting a sustained rally in UK government bonds. The BoE opined that inflation had likely peaked, suggesting there could be a pause in the current policy tightening. Latest data supported this view as UK annual CPI eased to 10.5% in December, continuing its decline from a 41-year high of 11.1% in October. As a result, the yield on the UK's 5-year Gilt ended January at around 3.0%.

## Portfolio Activity and Review

Given the volatility over the period the fund adopted a flexible approach to duration management, although predominantly positioned with a short bias relative to benchmark seeking higher yields.

Going into September the fund set up cross market strategies, selling gilts vs both Germany and US treasuries. Following a period of sharp underperformance and widening spread between the two markets we closed this strategy, fearing that the BoE intervention and the appointment of the new Chancellor Jeremy Hunt would lead to a retracement.

During October and November we increased our curve steepening strategies which had come under pressure following the intervention by the BoE in late September. After a sharp steepening in the yield curve we closed this strategy in January.

In early December we also reinstated an underweight cross market strategies in UK government bonds, on this occasion versus Australia, in the medium dated part of the yield curve. We view this a structural-medium term strategy for the fund.

## Portfolio Outlook and Strategy

Markets are contending with the most aggressive tightening in policy rates in living memory. Inflation is extremely high and picking the peak in yields feels like a fool's errand when faced with the current volatility. However, from a longer-term perspective, valuations are more appealing. Government bond yields are at their most attractive levels for years. It would be remiss to ignore significant economic fragilities that have built up since the global financial crisis as central bank balance sheets have ballooned. This has forced investors into ever-riskier asset classes, while supporting anaemic recoveries in many G10 economies. We believe this fragility will resurface in dramatic fashion in the coming quarters.

The pace of tightening has been far more severe this time around. Taking the US as an example, the Federal Reserve (Fed) began tightening in March 2022 from 0.25%. It has lifted the target rate a full 3 percentage points so far and is priced to take interest rates towards 4.25% by December. During the last hiking cycle, it took three years for the federal funds rate to be increased by 2.25%. The current pace of monetary tightening, into a global financial system conditioned on easier policy, is unprecedented. Given this backdrop, the portfolio is actively managed with an emphasis on short-term developments and long-term opportunities as well as risks.

## Rates Team

February 2023

# abrdn Sterling Short Term Government Bond Fund

## Continued

### Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the fund. The table below shows the fund's ranking on the Risk and Reward Indicator.

| Typically lower rewards, lower risk |   |   |   | Typically higher rewards, higher risk |   |   |
|-------------------------------------|---|---|---|---------------------------------------|---|---|
| ←                                   |   |   |   | →                                     |   |   |
| 1                                   | 2 | 3 | 4 | 5                                     | 6 | 7 |

Risk and reward indicator table as at 31 January 2023.

The fund is rated as 2 because of the extent to which the following risk factors apply:

- The fund invests in securities which are subject to the risk that the issuer may default on interest or capital payments.
- The fund price can go up or down daily for a variety of reasons including changes in interest rates, inflation expectations or the perceived credit quality of individual countries or securities.
- 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.

All investment involves risk. This fund offers no guarantee against loss or that the fund's objective will be attained.

The price of assets and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

Inflation reduces the buying power of your investment and income.

The value of assets held in the fund may rise and fall as a result of exchange rate fluctuations.

The fund could lose money if an entity (counterparty) with which it does business becomes unwilling or unable to honour its obligations to the fund.

In extreme market conditions some securities may become hard to value or sell at a desired price. This could affect the fund's ability to meet redemptions in a timely manner.

The fund could lose money as the result of a failure or delay in operational processes and systems including but not limited to third party providers failing or going into administration.

# Comparative Tables

| <b>A Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 5,844                  | 6,644               | 9,707               | 7,513               |
| Closing number of shares                  | 4,820,198              | 5,369,397           | 7,564,297           | 5,769,846           |
| Closing net asset value per share (pence) | 121.24                 | 123.73              | 128.33              | 130.22              |
| Change in net asset value per share       | (2.01%)                | (3.58%)             | (1.45%)             | 0.98%               |
| Operating charges                         | 0.75%                  | 0.75%               | 0.79%               | 0.80%               |
| <b>A Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 458                    | 515                 | 639                 | 883                 |
| Closing number of shares                  | 416,192                | 456,854             | 546,328             | 743,548             |
| Closing net asset value per share (pence) | 110.04                 | 112.83              | 117.02              | 118.74              |
| Change in net asset value per share       | (2.47%)                | (3.58%)             | (1.45%)             | 0.99%               |
| Operating charges                         | 0.75%                  | 0.75%               | 0.79%               | 0.80%               |
| <b>I Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 33,809                 | 41,758              | 97,698              | 56,580              |
| Closing number of shares                  | 34,035,750             | 41,295,276          | 93,621,527          | 53,679,433          |
| Closing net asset value per share (pence) | 99.33                  | 101.12              | 104.35              | 105.40              |
| Change in net asset value per share       | (1.77%)                | (3.10%)             | (1.00%)             | 1.43%               |
| Operating charges                         | 0.25%                  | 0.25%               | 0.33%               | 0.35%               |
| <b>I Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 3,771                  | 3,824               | 6,199               | 10,953              |
| Closing number of shares                  | 3,908,260              | 3,865,399           | 6,069,032           | 10,613,849          |
| Closing net asset value per share (pence) | 96.48                  | 98.92               | 102.14              | 103.20              |
| Change in net asset value per share       | (2.47%)                | (3.15%)             | (1.03%)             | 1.22%               |
| Operating charges                         | 0.25%                  | 0.25%               | 0.33%               | 0.35%               |
| <b>M Accumulation<sup>A</sup></b>         | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | -                      | 1                   | 1                   | 1                   |
| Closing number of shares                  | -                      | 986                 | 986                 | 986                 |
| Closing net asset value per share (pence) | -                      | 99.23               | 102.37              | 103.42              |
| Change in net asset value per share       | -                      | (3.07%)             | (1.02%)             | 1.64%               |
| Operating charges                         | -                      | 0.30%               | 0.38%               | 0.40%               |
| <b>M Income<sup>B</sup></b>               | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | -                      | 1                   | 100                 | 1                   |
| Closing number of shares                  | -                      | 990                 | 98,483              | 990                 |
| Closing net asset value per share (pence) | -                      | 98.45               | 101.67              | 102.75              |
| Change in net asset value per share       | -                      | (3.17%)             | (1.05%)             | 1.42%               |
| Operating charges                         | -                      | 0.30%               | 0.38%               | 0.40%               |



# Comparative Tables

## Continued

| <b>P Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 1,648                  | 1,727               | 1,666               | 1,431               |
| Closing number of shares                  | 1,478,474              | 1,510,858           | 1,411,635           | 1,200,647           |
| Closing net asset value per share (pence) | 111.48                 | 114.30              | 118.02              | 119.20              |
| Change in net asset value per share       | (2.47%)                | (3.15%)             | (0.99%)             | 1.19%               |
| Operating charges                         | 0.25%                  | 0.25%               | 0.25%               | 0.25%               |
| <b>Z Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 51,381                 | 44,136              | 369                 | 372                 |
| Closing number of shares                  | 34,741,470             | 29,345,276          | 238,388             | 238,388             |
| Closing net asset value per share (pence) | 147.90                 | 150.40              | 154.90              | 156.02              |
| Change in net asset value per share       | (1.66%)                | (2.91%)             | (0.72%)             | 1.75%               |
| Operating charges                         | 0.05%                  | 0.05%               | 0.05%               | 0.05%               |

The closing net asset value (£'000) divided by the closing number of shares may not calculate to the closing net asset value per share (pence) due to rounding differences. The published closing net asset value per share (pence) is based on unrounded values and represents the actual price.

The change in the net asset value per share is the change from the beginning of the period to the close of the period.

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

<sup>a</sup> M Accumulation share class was closed on 17 January 2023.

<sup>b</sup> M Income share class was closed on 17 January 2023.

# Portfolio Statement

As at 31 January 2023

| Holding                                    | Investment                                       | Market value<br>£'000 | Percentage of<br>total net assets |
|--|--|-----------------------|-----------------------------------|
| <b>Bonds (98.11%)</b>                      |  | <b>95,542</b>         | <b>98.59</b>                      |
| Euro Denominated Bonds (0.55%)             |  | -                     | -                                 |
| Government Bonds (0.55%)                   |  | -                     | -                                 |
| <b>Sterling Denominated Bonds (97.56%)</b> |  | <b>95,542</b>         | <b>98.59</b>                      |
| <b>Corporate Bonds (0.60%)</b>             |  | <b>3,487</b>          | <b>3.60</b>                       |
| less than 5 years to maturity              |  |                       |                                   |
| 1,000,000                                  | Asian Infrastructure Investment Bank 4.375% 2026 | 1,007                 | 1.04                              |
| 507,000                                    | BNG Bank 1.625% 2025                             | 477                   | 0.49                              |
| 200,000                                    | Bpifrance 4.2% 2026                              | 199                   | 0.21                              |
| 200,000                                    | Dexia Credit Local 0.5% 2023                     | 196                   | 0.20                              |
| 432,000                                    | KFW 1.125% 2025                                  | 405                   | 0.42                              |
| 874,000                                    | KFW 3.77% 2027                                   | 872                   | 0.90                              |
| 339,000                                    | Oesterreichische Kontrollbank 1.25% 2023         | 331                   | 0.34                              |
| <b>Government Bonds (96.96%)</b>           |  | <b>92,055</b>         | <b>94.99</b>                      |
| less than 5 years to maturity              |  |                       |                                   |
| 1,000,000                                  | Agence Francaise de Developpement 4.375% 2026    | 1,003                 | 1.03                              |
| 321,000                                    | CPPIB Capital 1.25% 2027                         | 282                   | 0.29                              |
| 131,000                                    | Development Bank of Japan 1.125% 2023            | 130                   | 0.13                              |
| 84,000                                     | European Investment Bank 1.125% 2025             | 79                    | 0.08                              |
| 200,000                                    | FMS Wertmanagement 0.625% 2023                   | 194                   | 0.20                              |
| 500,000                                    | FMS Wertmanagement 1.125% 2023                   | 492                   | 0.51                              |
| 100,000                                    | FMS Wertmanagement 1.375% 2025                   | 95                    | 0.10                              |
| 72,000                                     | Inter-American Development Bank 1.25% 2023       | 70                    | 0.07                              |
| 329,000                                    | Kommunalbanken 0.25% 2025                        | 296                   | 0.31                              |
| 214,000                                    | Kommunekredit 0.375% 2024                        | 200                   | 0.21                              |
| 112,000                                    | Nordic Investment Bank 1.125% 2023               | 109                   | 0.11                              |
| 37,000                                     | Nordic Investment Bank 1.125% 2025               | 35                    | 0.04                              |
| 380,000                                    | Nordic Investment Bank 3.875% 2026               | 380                   | 0.39                              |
| 430,000                                    | Ontario Teachers' Finance Trust 1.125% 2026      | 390                   | 0.40                              |
| 312,000                                    | PRS Finance 1.75% 2026                           | 272                   | 0.28                              |
| 336,000                                    | Svensk Exportkredit 1.375% 2023                  | 328                   | 0.34                              |
| 13,003,000                                 | UK (Govt of) 0.125% 2024                         | 12,573                | 12.97                             |
| 9,847,300                                  | UK (Govt of) 0.25% 2025                          | 9,231                 | 9.53                              |
| 14,307,700                                 | UK (Govt of) 0.375% 2026                         | 12,865                | 13.28                             |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                   | Investment               | Market value<br>£'000 | Percentage of<br>total net assets |
|---|--------------------------|-----------------------|-----------------------------------|
| 3,461,690                                 | UK (Govt of) 0.625% 2025 | 3,264                 | 3.37                              |
| 622,200                                   | UK (Govt of) 0.75% 2023  | 615                   | 0.63                              |
| 4,552,924                                 | UK (Govt of) 1% 2024     | 4,422                 | 4.56                              |
| 681,500                                   | UK (Govt of) 1.25% 2027  | 626                   | 0.65                              |
| 1,351,500                                 | UK (Govt of) 1.5% 2026   | 1,276                 | 1.32                              |
| 6,303,913                                 | UK (Govt of) 2% 2025     | 6,119                 | 6.31                              |
| 6,786,000                                 | UK (Govt of) 2.25% 2023  | 6,739                 | 6.95                              |
| 4,772,754                                 | UK (Govt of) 2.75% 2024  | 4,723                 | 4.87                              |
| 452,200                                   | UK (Govt of) 3.5% 2025   | 453                   | 0.47                              |
| 16,000,500                                | UK (Govt of) 4.125% 2027 | 16,400                | 16.92                             |
| 6,896,177                                 | UK (Govt of) 5% 2025     | 7,143                 | 7.37                              |
| greater than 25 years to maturity         |                          |                       |                                   |
| 172,500                                   | UK (Govt of) 0.625% 2050 | 81                    | 0.08                              |
| 434,300                                   | UK (Govt of) 1.25% 2051  | 248                   | 0.26                              |
| 140,200                                   | UK (Govt of) 1.625% 2054 | 86                    | 0.09                              |
| 225,800                                   | UK (Govt of) 1.75% 2049  | 151                   | 0.16                              |
| 250,100                                   | UK (Govt of) 3.75% 2052  | 251                   | 0.26                              |
| 305,400                                   | UK (Govt of) 4.25% 2049  | 330                   | 0.34                              |
| 94,500                                    | UK (Govt of) 4.25% 2055  | 104                   | 0.11                              |
| <b>Derivatives (-0.38%)</b>               |                          | <b>(669)</b>          | <b>(0.69)</b>                     |
| <b>Forward Currency Contracts (0.01%)</b> |                          | <b>(5)</b>            | <b>-</b>                          |
| Buy AUD 7,400 Sell GBP 4,234 08/03/2023   |                          |                       |                                   |
|   |                          | -                     | -                                 |
| Buy AUD 9,268 Sell GBP 5,292 08/03/2023   |                          |                       |                                   |
|   |                          | -                     | -                                 |
| Buy AUD 12,924 Sell GBP 7,377 08/03/2023  |                          |                       |                                   |
|   |                          | -                     | -                                 |
| Buy AUD 13,039 Sell GBP 7,319 08/03/2023  |                          |                       |                                   |
|   |                          | -                     | -                                 |
| Buy AUD 13,616 Sell GBP 7,726 08/03/2023  |                          |                       |                                   |
|   |                          | -                     | -                                 |
| Buy AUD 15,267 Sell GBP 8,773 08/03/2023  |                          |                       |                                   |
|   |                          | -                     | -                                 |
| Buy AUD 17,020 Sell GBP 9,397 08/03/2023  |                          |                       |                                   |
|   |                          | -                     | -                                 |
| Buy AUD 19,708 Sell GBP 10,981 08/03/2023 |                          |                       |                                   |
|   |                          | -                     | -                                 |
| Buy AUD 21,468 Sell GBP 11,777 08/03/2023 |                          |                       |                                   |
|   |                          | 1                     | -                                 |
| Buy AUD 24,890 Sell GBP 14,163 08/03/2023 |                          |                       |                                   |
|   |                          | -                     | -                                 |
| Buy AUD 27,413 Sell GBP 15,607 08/03/2023 |                          |                       |                                   |
|   |                          | -                     | -                                 |
| Buy AUD 28,882 Sell GBP 15,874 08/03/2023 |                          |                       |                                   |
|   |                          | 1                     | -                                 |
| Buy AUD 31,870 Sell GBP 18,014 08/03/2023 |                          |                       |                                   |
|   |                          | -                     | -                                 |
| Buy AUD 36,055 Sell GBP 20,744 08/03/2023 |                          |                       |                                   |
|   |                          | -                     | -                                 |

# Portfolio Statement

As at 31 January 2023 continued

| Holding | Investment                                  | Market value<br>£'000 | Percentage of<br>total net assets |
|---------|---|-----------------------|-----------------------------------|
|         | Buy AUD 36,835 Sell GBP 20,488 08/03/2023   | 1                     | -                                 |
|         | Buy AUD 37,155 Sell GBP 20,606 08/03/2023   | 1                     | -                                 |
|         | Buy AUD 38,044 Sell GBP 21,059 08/03/2023   | 1                     | -                                 |
|         | Buy AUD 47,926 Sell GBP 26,289 08/03/2023   | 1                     | -                                 |
|         | Buy AUD 95,178 Sell GBP 53,207 08/03/2023   | 1                     | -                                 |
|         | Buy AUD 96,689 Sell GBP 54,191 08/03/2023   | 1                     | -                                 |
|         | Buy EUR 4,582 Sell GBP 4,042 08/03/2023     | -                     | -                                 |
|         | Buy EUR 5,303 Sell GBP 4,671 08/03/2023     | -                     | -                                 |
|         | Buy EUR 6,409 Sell GBP 5,617 08/03/2023     | -                     | -                                 |
|         | Buy EUR 21,113 Sell GBP 18,348 08/03/2023   | -                     | -                                 |
|         | Buy EUR 34,386 Sell GBP 30,343 08/03/2023   | -                     | -                                 |
|         | Buy EUR 38,032 Sell GBP 33,770 08/03/2023   | -                     | -                                 |
|         | Buy EUR 232,433 Sell GBP 204,938 08/03/2023 | -                     | -                                 |
|         | Buy EUR 248,402 Sell GBP 220,715 08/03/2023 | (2)                   | -                                 |
|         | Buy GBP 5,617 Sell AUD 9,887 08/03/2023     | -                     | -                                 |
|         | Buy GBP 6,863 Sell AUD 12,095 08/03/2023    | -                     | -                                 |
|         | Buy GBP 8,292 Sell AUD 14,965 08/03/2023    | -                     | -                                 |
|         | Buy GBP 8,570 Sell AUD 15,417 08/03/2023    | -                     | -                                 |
|         | Buy GBP 10,217 Sell AUD 18,206 08/03/2023   | -                     | -                                 |
|         | Buy GBP 11,314 Sell AUD 20,502 08/03/2023   | (1)                   | -                                 |
|         | Buy GBP 12,997 Sell AUD 22,834 08/03/2023   | -                     | -                                 |
|         | Buy GBP 13,811 Sell AUD 24,456 08/03/2023   | -                     | -                                 |
|         | Buy GBP 15,271 Sell AUD 26,600 08/03/2023   | -                     | -                                 |
|         | Buy GBP 16,236 Sell AUD 29,243 08/03/2023   | (1)                   | -                                 |
|         | Buy GBP 21,906 Sell AUD 39,622 08/03/2023   | (1)                   | -                                 |
|         | Buy GBP 25,386 Sell AUD 44,499 08/03/2023   | -                     | -                                 |
|         | Buy GBP 31,192 Sell AUD 54,791 08/03/2023   | -                     | -                                 |
|         | Buy GBP 31,490 Sell AUD 55,221 08/03/2023   | -                     | -                                 |
|         | Buy GBP 32,576 Sell AUD 58,160 08/03/2023   | (1)                   | -                                 |
|         | Buy GBP 41,396 Sell AUD 72,785 08/03/2023   | -                     | -                                 |
|         | Buy GBP 4,703 Sell EUR 5,363 08/03/2023     | -                     | -                                 |
|         | Buy GBP 8,096 Sell EUR 9,110 08/03/2023     | -                     | -                                 |
|         | Buy GBP 9,057 Sell EUR 10,325 08/03/2023    | -                     | -                                 |
|         | Buy GBP 13,131 Sell EUR 14,874 08/03/2023   | -                     | -                                 |
|         | Buy GBP 14,387 Sell EUR 16,182 08/03/2023   | -                     | -                                 |
|         | Buy GBP 20,667 Sell EUR 23,663 08/03/2023   | -                     | -                                 |
|         | Buy GBP 39,214 Sell EUR 44,232 08/03/2023   | -                     | -                                 |
|         | Buy GBP 441,719 Sell EUR 508,291 08/03/2023 | (6)                   | -                                 |

# Portfolio Statement

As at 31 January 2023 continued

| Holding          | Investment                                    | Market value<br>£'000 | Percentage of<br>total net assets |
|------------------|---|-----------------------|-----------------------------------|
|                  | Buy GBP 3,169 Sell USD 3,876 08/03/2023       | -                     | -                                 |
|                  | Buy GBP 5,387 Sell USD 6,671 08/03/2023       | -                     | -                                 |
|                  | Buy GBP 9,966 Sell USD 11,997 08/03/2023      | -                     | -                                 |
|                  | Buy GBP 10,182 Sell USD 12,273 08/03/2023     | -                     | -                                 |
|                  | Buy GBP 11,023 Sell USD 13,586 08/03/2023     | -                     | -                                 |
|                  | Buy GBP 11,689 Sell USD 14,062 08/03/2023     | -                     | -                                 |
|                  | Buy GBP 13,013 Sell USD 16,000 08/03/2023     | -                     | -                                 |
|                  | Buy GBP 13,180 Sell USD 16,203 08/03/2023     | -                     | -                                 |
|                  | Buy GBP 16,141 Sell USD 19,625 08/03/2023     | -                     | -                                 |
|                  | Buy GBP 17,073 Sell USD 21,080 08/03/2023     | -                     | -                                 |
|                  | Buy GBP 18,001 Sell USD 21,891 08/03/2023     | -                     | -                                 |
|                  | Buy GBP 19,185 Sell USD 23,844 08/03/2023     | -                     | -                                 |
|                  | Buy GBP 21,328 Sell USD 26,281 08/03/2023     | -                     | -                                 |
|                  | Buy GBP 26,047 Sell USD 31,788 08/03/2023     | -                     | -                                 |
|                  | Buy GBP 28,035 Sell USD 33,969 08/03/2023     | 1                     | -                                 |
|                  | Buy GBP 31,012 Sell USD 37,625 08/03/2023     | 1                     | -                                 |
|                  | Buy USD 7,469 Sell GBP 6,130 08/03/2023       | -                     | -                                 |
|                  | Buy USD 8,776 Sell GBP 7,295 08/03/2023       | -                     | -                                 |
|                  | Buy USD 12,297 Sell GBP 10,045 08/03/2023     | -                     | -                                 |
|                  | Buy USD 13,297 Sell GBP 10,859 08/03/2023     | -                     | -                                 |
|                  | Buy USD 13,547 Sell GBP 11,083 08/03/2023     | -                     | -                                 |
|                  | Buy USD 14,931 Sell GBP 12,100 08/03/2023     | -                     | -                                 |
|                  | Buy USD 15,046 Sell GBP 12,618 08/03/2023     | (1)                   | -                                 |
|                  | Buy USD 17,059 Sell GBP 14,121 08/03/2023     | -                     | -                                 |
|                  | Buy USD 18,109 Sell GBP 14,852 08/03/2023     | -                     | -                                 |
|                  | Buy USD 19,187 Sell GBP 15,864 08/03/2023     | -                     | -                                 |
|                  | Buy USD 22,657 Sell GBP 18,588 08/03/2023     | -                     | -                                 |
|                  | Buy USD 22,772 Sell GBP 18,672 08/03/2023     | -                     | -                                 |
|                  | Buy USD 23,767 Sell GBP 19,699 08/03/2023     | (1)                   | -                                 |
|                  | Buy USD 25,390 Sell GBP 20,751 08/03/2023     | -                     | -                                 |
|                  | Buy USD 26,657 Sell GBP 22,330 08/03/2023     | (1)                   | -                                 |
|                  | Buy USD 35,578 Sell GBP 28,781 08/03/2023     | -                     | -                                 |
| Futures (-0.12%) |   | (18)                  | (0.02)                            |
| 5                | Long Australia 10 Year Bond Future 15/03/2023 | 2                     | -                                 |
| 80               | Long US 2 Year Note (CBT) Future 31/03/2023   | 43                    | 0.05                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                 | Investment  | Market value<br>£'000 | Percentage of<br>total net assets |
|---|---|-----------------------|-----------------------------------|
| (44)                                    | Short Long Gilt Future 29/03/2023                           | (38)                  | (0.04)                            |
| (31)                                    | Short US 10 Year Ultra Future 22/03/2023                    | (25)                  | (0.03)                            |
| <b>Interest Rate Swaps (-0.27%)</b>     |   | <b>(646)</b>          | <b>(0.67)</b>                     |
| EUR 534,000                             | Pay fixed 2.07172% receive floating EURIBOR 06/01/2056      | 9                     | 0.01                              |
| EUR 1,068,000                           | Pay fixed 2.14% receive floating EURIBOR 09/01/2056         | 6                     | -                                 |
| GBP 3,146,000                           | Pay fixed 2.764% receive floating GBP-SONIA 01/12/2032      | 41                    | 0.04                              |
| GBP 3,146,000                           | Pay fixed 2.846% receive floating GBP-SONIA 30/11/2032      | 31                    | 0.03                              |
| GBP 5,073,500                           | Pay fixed 3.741% receive floating GBP-SONIA 29/01/2025      | -                     | -                                 |
| GBP 5,073,500                           | Pay fixed 3.7912% receive floating GBP-SONIA 30/01/2025     | (2)                   | -                                 |
| GBP 5,073,500                           | Pay fixed 3.8117% receive floating GBP-SONIA 29/01/2025     | (3)                   | -                                 |
| AUD 2,219,000                           | Pay floating AUD-BBR-BBSW receive fixed 3.805% 09/08/2032   | (29)                  | (0.03)                            |
| AUD 2,219,000                           | Pay floating AUD-BBR-BBSW receive fixed 3.81% 10/08/2032    | (30)                  | (0.03)                            |
| AUD 1,924,000                           | Pay floating AUD-BBR-BBSW receive fixed 4.4005% 02/09/2032  | (1)                   | -                                 |
| AUD 1,924,000                           | Pay floating AUD-BBR-BBSW receive fixed 4.40175% 02/09/2032 | (1)                   | -                                 |
| AUD 1,924,000                           | Pay floating AUD-BBR-BBSW receive fixed 4.419% 02/09/2032   | -                     | -                                 |
| EUR 1,351,000                           | Pay floating EURIBOR receive fixed 2.84911% 06/01/2036      | 4                     | -                                 |
| EUR 2,702,000                           | Pay floating EURIBOR receive fixed 2.91% 09/01/2036         | 21                    | 0.02                              |
| GBP 2,737,000                           | Pay floating GBP-SONIA receive fixed 0.936% 22/04/2024      | (129)                 | (0.13)                            |
| GBP 5,128,000                           | Pay floating GBP-SONIA receive fixed 1.5933% 01/02/2024     | (134)                 | (0.14)                            |
| GBP 5,128,000                           | Pay floating GBP-SONIA receive fixed 1.6088% 01/02/2024     | (133)                 | (0.14)                            |
| GBP 2,241,000                           | Pay floating GBP-SONIA receive fixed 2.3963% 11/05/2024     | (41)                  | (0.04)                            |
| GBP 8,039,000                           | Pay floating GBP-SONIA receive fixed 2.758% 01/02/2024      | (120)                 | (0.12)                            |
| GBP 9,962,000                           | Pay floating GBP-SONIA receive fixed 2.903% 03/02/2024      | (135)                 | (0.14)                            |
| Total investment assets and liabilities |   | 94,873                | 97.90                             |
| Net other assets                        |   | 2,038                 | 2.10                              |
| <b>Total Net Assets</b>                 |   | <b>96,911</b>         | <b>100.00</b>                     |

All investments (excluding OTC derivatives) are listed on recognised stock exchanges and are approved securities, or are approved derivatives within the meaning of the FCA rules. The percentage figures in brackets show the comparative holding as at 31 July 2022.

# Financial Statements

## Statement of Total Return

For the six months ended 31 January 2023

|   | 31 January 2023 |                | 31 January 2022 |                |
|---|-----------------|----------------|-----------------|----------------|
|   | £'000           | £'000          | £'000           | £'000          |
| Income:   |                 |                |                 |                |
| Net capital losses  |                 | (2,275)        |                 | (1,834)        |
| Revenue   | 800             |                | 118             |                |
| Expenses  | (82)            |                | (144)           |                |
| Interest payable and similar charges  | (2)             |                | (15)            |                |
| Net revenue/(expense) before taxation   | 716             |                | (41)            |                |
| Taxation  | -               |                | -               |                |
| Net revenue/(expense) after taxation  |                 | 716            |                 | (41)           |
| <b>Total return before distributions</b>  |                 | <b>(1,559)</b> |                 | <b>(1,875)</b> |
| Distributions   |                 | (716)          |                 | (2)            |
| <b>Change in net assets attributable to shareholders from investment activities</b> |                 | <b>(2,275)</b> |                 | <b>(1,877)</b> |

## Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 January 2023

|  | 31 January 2023 |               | 31 January 2022 |                |
|--|-----------------|---------------|-----------------|----------------|
|  | £'000           | £'000         | £'000           | £'000          |
| <b>Opening net assets attributable to shareholders</b>                                   |                 | <b>98,606</b> |                 | <b>116,379</b> |
| Amounts receivable on the issue of shares  | 14,178          |               | 11,548          |                |
| Amounts payable on the cancellation of shares  | (14,288)        |               | (58,673)        |                |
|  |                 | (110)         |                 | (47,125)       |
| Dilution adjustment  |                 | 4             |                 | 5              |
| Change in net assets attributable to shareholders from investment activities (see above) |                 | (2,275)       |                 | (1,877)        |
| Retained distribution on accumulation shares   |                 | 686           |                 | 2              |
| <b>Closing net assets attributable to shareholders</b>                                   |                 | <b>96,911</b> |                 | <b>67,384</b>  |

Comparative information is provided for the statement of change in net assets attributable to shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

# Financial Statements

## Continued

### Balance Sheet

As at 31 January 2023

|  | 31 January 2023 |                | 31 July 2022 |                |
|--|-----------------|----------------|--------------|----------------|
|  | £'000           | £'000          | £'000        | £'000          |
| <b>Assets:</b>                                 |                 |                |              |                |
| <b>Fixed assets:</b>                           |                 |                |              |                |
| Investment assets                              |                 | 95,709         |              | 97,096         |
| <b>Current assets:</b>                         |                 |                |              |                |
| Debtors  | 871             |                | 5,004        |                |
| Cash and bank balances                         | 2,294           |                | 3,916        |                |
|  |                 | 3,165          |              | 8,920          |
| <b>Total assets</b>                            |                 | <b>98,874</b>  |              | <b>106,016</b> |
| <b>Liabilities:</b>                            |                 |                |              |                |
| Investment liabilities                         |                 | (836)          |              | (727)          |
| Creditors                                      | (1,102)         |                | (6,680)      |                |
| Distribution payable                           | (25)            |                | (3)          |                |
|  |                 | (1,127)        |              | (6,683)        |
| <b>Total liabilities</b>                       |                 | <b>(1,963)</b> |              | <b>(7,410)</b> |
| <b>Net assets attributable to shareholders</b> |                 | <b>96,911</b>  |              | <b>98,606</b>  |



# Distribution Tables

For the six months ended 31 January 2023 (in pence per share)

## First interim interest distribution

Group 1 – shares purchased prior to 1 August 2022

Group 2 – shares purchased between 1 August 2022 and 31 October 2022

|                       | Revenue | Equalisation | Distribution paid<br>31/01/23 | Distribution paid<br>31/01/22 |
|-----------------------|---------|--------------|-------------------------------|-------------------------------|
| <b>A Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.1962  | -            | 0.1962                        | -                             |
| Group 2               | 0.1402  | 0.0560       | 0.1962                        | -                             |
| <b>A Income</b>       |         |              |                               |                               |
| Group 1               | 0.1789  | -            | 0.1789                        | -                             |
| Group 2               | 0.1279  | 0.0510       | 0.1789                        | -                             |
| <b>I Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.2842  | -            | 0.2842                        | 0.0015                        |
| Group 2               | 0.1399  | 0.1443       | 0.2842                        | 0.0015                        |
| <b>I Income</b>       |         |              |                               |                               |
| Group 1               | 0.2781  | -            | 0.2781                        | 0.0014                        |
| Group 2               | 0.0665  | 0.2116       | 0.2781                        | 0.0014                        |
| <b>M Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.2546  | -            | 0.2546                        | -                             |
| Group 2               | 0.2546  | -            | 0.2546                        | -                             |
| <b>M Income</b>       |         |              |                               |                               |
| Group 1               | 0.2505  | -            | 0.2505                        | -                             |
| Group 2               | 0.2505  | -            | 0.2505                        | -                             |
| <b>P Income</b>       |         |              |                               |                               |
| Group 1               | 0.3213  | -            | 0.3213                        | 0.0018                        |
| Group 2               | 0.1405  | 0.1808       | 0.3213                        | 0.0018                        |
| <b>Z Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.4963  | -            | 0.4963                        | 0.0803                        |
| Group 2               | 0.2554  | 0.2409       | 0.4963                        | 0.0803                        |

# Distribution Tables

For the six months ended 31 January 2023 (in pence per share) continued

## Second interim interest distribution

Group 1 – shares purchased prior to 1 November 2022

Group 2 – shares purchased between 1 November 2022 and 31 January 2023

|                       | Revenue | Equalisation | Distribution paid<br>28/04/23 | Distribution paid<br>29/04/22 |
|-----------------------|---------|--------------|-------------------------------|-------------------------------|
| <b>A Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.3637  | -            | 0.3637                        | -                             |
| Group 2               | 0.2065  | 0.1572       | 0.3637                        | -                             |
| <b>A Income</b>       |         |              |                               |                               |
| Group 1               | 0.3311  | -            | 0.3311                        | -                             |
| Group 2               | 0.1799  | 0.1512       | 0.3311                        | -                             |
| <b>I Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.4222  | -            | 0.4222                        | -                             |
| Group 2               | 0.2516  | 0.1706       | 0.4222                        | -                             |
| <b>I Income</b>       |         |              |                               |                               |
| Group 1               | 0.4118  | -            | 0.4118                        | -                             |
| Group 2               | 0.2502  | 0.1616       | 0.4118                        | -                             |
| <b>M Accumulation</b> |         |              |                               |                               |
| Group 1               | -       | -            | -                             | -                             |
| Group 2               | -       | -            | -                             | -                             |
| <b>M Income</b>       |         |              |                               |                               |
| Group 1               | -       | -            | -                             | -                             |
| Group 2               | -       | -            | -                             | -                             |
| <b>P Income</b>       |         |              |                               |                               |
| Group 1               | 0.4758  | -            | 0.4758                        | -                             |
| Group 2               | 0.3425  | 0.1333       | 0.4758                        | -                             |
| <b>Z Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.7026  | -            | 0.7026                        | 0.0484                        |
| Group 2               | 0.7026  | -            | 0.7026                        | 0.0484                        |

## Equalisation

This applies only to shares purchased during the distribution period (group 2 shares). It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

# abrdn Strategic Bond Fund

For the period ended 31 January 2023

## Investment Objective

To generate income and some growth over the long term (5 years or more) by investing in government and corporate bonds issued anywhere in the world.

Performance Target: To exceed the IA £ Strategic Bond Sector Average return over 1 year (after charges) and be top quartile over rolling three year periods. The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target. It has been chosen as the target as the constituents of the sector have similar aims and objectives.

## Investment Policy

### Portfolio Securities

- The fund will invest at least 80% in bonds issued anywhere in the world by governments, sub-sovereigns and corporations.
- The fund may invest in investment grade, emerging market, high yield, inflation-linked, convertible, asset backed and mortgage-backed bonds.
- At least 80% of the fund's investments will be in Sterling or will be subjected to techniques to reduce (hedge) risk related to currency movements on non-Sterling investments. The fund has some flexibility to seek returns from currencies.
- The fund may also invest in other funds (including those managed by abrdn) and money-market instruments, and cash.

### Management Process

- The management team use their discretion (active management) to identify bonds and derivatives after analysing companies prospects and creditworthiness alongside global economic and market conditions.
- The team also seek to reduce the risk of losses and the expected change (as measured by annual volatility) in the value of the fund, is not ordinarily expected to exceed 8%. Due to the active nature of the management process, the fund's performance profile may deviate significantly from that of the average fund of the IA £ Strategic Bond Sector Average over the long term.

Please Note: The fund's ability to buy and sell bonds and the associated costs can be affected during periods of market stress which could include periods where interest rates move sharply.

## Derivatives and Techniques

- The fund will routinely use derivatives to reduce risk, reduce cost and/or generate extra income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management").
- Derivatives can be used to generate growth, consistent with the fund's risk profile, if market prices are expected to rise ("long positions") or fall ("short positions").
- Derivatives include instruments used to manage expected changes in interest rates, inflation, currencies or creditworthiness of corporations or governments.

## Performance Review

For the six months ended 31 January 2023, the value of abrdn Strategic Bond Fund – A Accumulation Shares increased by 1.00% compared to a decrease of 0.51% in the performance target, the IA £ Strategic Bond Sector Average return over 1 year (after charges).

Source: Lipper; Basis: total return, published NAV to NAV, net of annual charges, UK net income reinvested, GBP. Please note the fund performance is quoted net of fees while the index return is quoted gross and contains no adjustment for fees.

Please remember that past performance is not a guide to future returns. The price of shares and the revenue from them may fall as well as rise. Investors may not get back the amount originally invested.

Companies selected for illustrative purposes only to demonstrate the investment management style described herein and not as an investment recommendation or indication of future performance.

Any data contained herein which is attributed to a third party ("Third Party Data") is the property of (a) third party supplier(s) (the "Owner") and is licensed for use by abrdn\*\*. Third Party Data may not be copied or distributed. Third Party Data is provided "as is" and is not warranted to be accurate, complete or timely. To the extent permitted by applicable law, none of the Owner, abrdn\*\* or any other third party (including any third party involved in providing and/or compiling Third Party Data) shall have any liability for Third Party Data or for any use made of Third Party Data. Neither the Owner nor any other third party sponsors, endorses or promotes the fund or product to which Third Party Data relates.

\*\*abrdn means the relevant member of abrdn group, being abrdn plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

# abrdn Strategic Bond Fund

## Continued

### Market Review

Following two sharply negative quarters earlier in 2022, September was a disaster for bond markets. The trends of rising yields and widening spreads seemed to have subsided until the announcements by the UK government of unfunded tax cuts in a fiscal easing package. The UK currency and government bond markets took flight, and a febrile environment took hold. Due to higher yields leading to margin calls, UK pension funds were forced to liquidate bond holdings. This created a 'death spiral' of even higher yields that threatened to severely disrupt the financial system. The Bank of England was obliged to step in to limit the damage. Ten-year gilt yields were more than 130 basis points higher in September, resulting in some very negative market returns for duration-sensitive asset classes. The UK investment-grade market delivered its worst return in a quarter of a century, falling by over 12.5% in the quarter to 30 September. Happily, corporate bond markets bounced back in the final three months of 2022, providing some relief. A combination of spread tightening and (initially at least) falling government bond yields led to investment-grade markets posting strongly positive returns. High yield also recovered well, and emerging market bonds posted their best quarter since June 2020. While the recovery was global, the new government in the UK resulted in its domestic market turning in one of the stronger performances. Moving into 2023, the year started strongly for fixed income. The trends we saw at the back end of 2022 continued into January. Government bond yields and credit spreads fell as markets sought to price in falling inflation and a slowing of the pace of central bank rate hikes.

### Portfolio Activity and Review

At the beginning of the review period, the portfolio consisted primarily of UK, high-quality and short-dated bonds. This meant it was exposed to the market sell-off and produced a negative return. Duration exposure was largely within the US dollar-related and UK markets, but it remained relatively short. High-yield and emerging market exposure was low, given the uncertain macroeconomic outlook. Some hedges were put in place to protect against further deterioration in credit markets. Exposure to UK banks and the real estate sector had a negative impact on fund performance. Moving into October, the portfolio's high allocations to BBB and BB-rated corporate bonds were beneficial. Banks and insurers performed well. Yields fell sharply in October and November before moving higher once again in December. Adjustments made at the start of December were focused on reducing both duration and credit risk, taking profit in both instances and reducing the overall risk profile of the fund. The investment-grade exposure in the UK and other

comparable markets that had hampered performance early in the summer boosted performance in January. Although some risk has been taken out of the fund, it has significant weightings in both financials and other strong performing sectors, such as real estate and cyclical industrials. These performed well as markets attempted to price in a less aggressive path for policy rates and a soft landing for major economies. Duration was taken higher, with exposure to both sterling rates and dollar bloc markets adding value. Notable performers at the stock level included New River and Hammerson in the real estate sector, and Virgin Money and Credit Suisse in financials.

### Portfolio Outlook and Strategy

Once more, central banks are exerting plenty of influence on financial markets. Despite above-target inflation figures, policymakers are starting to sound more dovish at the start of 2023. The risks of their previous actions (in tightening policy aggressively) remain in play, and some economic slowdown is to be expected. As a result, the fund is maintaining a healthy duration exposure of around five years. Investment-grade credit offers better value than other higher risk markets, given the threat of a slowdown. However, any market volatility should be viewed as a chance to add high-yield risk in Europe or the US markets.

### Sterling IG and Aggregate Team

February 2023

# abrdn Strategic Bond Fund

## Continued

### Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the fund. The table below shows the fund's ranking on the Risk and Reward Indicator. The risk and reward indicator changed from 3 to 4 on 5 December 2022.

| Typically lower rewards, lower risk |   |   | Typically higher rewards, higher risk |   |   |   |
|-------------------------------------|---|---|---------------------------------------|---|---|---|
| ←                                   |   |   | →                                     |   |   |   |
| 1                                   | 2 | 3 | 4                                     | 5 | 6 | 7 |

Risk and reward indicator table as at 31 January 2023.

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

- The fund invests in securities which are subject to the risk that the issuer may default on interest or capital payments.
- The fund price can go up or down daily for a variety of reasons including changes in interest rates, inflation expectations or the perceived credit quality of individual countries or securities.
- The fund invests in emerging market equities and/or bonds. Investing in emerging markets involves a greater risk of loss than investing in more developed markets due to, among other factors, greater political, tax, economic, foreign exchange, liquidity and regulatory risks.
- The fund invests in high yielding bonds which carry a greater risk of default than those with lower yields.
- The fund invests in mortgage and asset-backed securities (which may include collateralised loan, debt or mortgage obligations (respectively CLOs, CDOs or CMOs)). These are subject to prepayment and extension risk and additional liquidity and default risk compared to other credit securities.
- Convertible securities are investments that can be changed into another form upon certain triggers. As such, they can exhibit credit, equity and fixed interest risk. Contingent convertible securities (CoCos) are similar to convertible securities but have additional triggers which mean that they are more vulnerable to losses and volatile price movements and hence become less liquid.

- 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.

All investment involves risk. This fund offers no guarantee against loss or that the fund's objective will be attained.

The price of assets and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

Inflation reduces the buying power of your investment and income.

The value of assets held in the fund may rise and fall as a result of exchange rate fluctuations.

The fund could lose money if an entity (counterparty) with which it does business becomes unwilling or unable to honour its obligations to the fund.

In extreme market conditions some securities may become hard to value or sell at a desired price. This could affect the fund's ability to meet redemptions in a timely manner.

The fund could lose money as the result of a failure or delay in operational processes and systems including but not limited to third party providers failing or going into administration.

# Comparative Tables

| <b>A Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 1,574                  | 1,591               | 1,507               | 683                 |
| Closing number of shares                  | 1,017,097              | 1,037,298           | 866,345             | 424,843             |
| Closing net asset value per share (pence) | 154.76                 | 153.34              | 173.99              | 160.69              |
| Change in net asset value per share       | 0.93%                  | (11.87%)            | 8.28%               | 3.54%               |
| Operating charges                         | 1.05%                  | 1.05%               | 1.07%               | 1.06%               |
| <b>A Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 20                     | 25                  | 26                  | 8                   |
| Closing number of shares                  | 18,894                 | 23,533              | 20,377              | 7,005               |
| Closing net asset value per share (pence) | 106.96                 | 107.94              | 125.79              | 118.80              |
| Change in net asset value per share       | (0.91%)                | (14.19%)            | 5.88%               | 0.92%               |
| Operating charges                         | 1.05%                  | 1.05%               | 1.07%               | 1.06%               |
| <b>I Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 12,367                 | 17,750              | 19,899              | 4,290               |
| Closing number of shares                  | 7,541,609              | 10,949,520          | 10,867,133          | 2,547,813           |
| Closing net asset value per share (pence) | 163.99                 | 162.11              | 183.11              | 168.36              |
| Change in net asset value per share       | 1.16%                  | (11.47%)            | 8.76%               | 4.00%               |
| Operating charges                         | 0.60%                  | 0.60%               | 0.62%               | 0.61%               |
| <b>I Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 3,289                  | 2,924               | 3,696               | 2,837               |
| Closing number of shares                  | 3,084,014              | 2,717,091           | 2,945,787           | 2,394,509           |
| Closing net asset value per share (pence) | 106.66                 | 107.63              | 125.45              | 118.48              |
| Change in net asset value per share       | (0.90%)                | (14.20%)            | 5.88%               | 0.93%               |
| Operating charges                         | 0.60%                  | 0.60%               | 0.62%               | 0.61%               |
| <b>I Gross Accumulation</b>               | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 13,812                 | 15,226              | 17,911              | 727                 |
| Closing number of shares                  | 10,731,669             | 11,967,090          | 12,462,542          | 550,544             |
| Closing net asset value per share (pence) | 128.71                 | 127.23              | 143.72              | 132.14              |
| Change in net asset value per share       | 1.16%                  | (11.47%)            | 8.76%               | 4.01%               |
| Operating charges                         | 0.60%                  | 0.60%               | 0.62%               | 0.61%               |
| <b>I Gross Income</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 11,999                 | 12,270              | 15,178              | 14,378              |
| Closing number of shares                  | 12,925,046             | 13,097,431          | 13,900,362          | 13,942,541          |
| Closing net asset value per share (pence) | 92.83                  | 93.68               | 109.19              | 103.12              |
| Change in net asset value per share       | (0.91%)                | (14.20%)            | 5.89%               | 0.92%               |
| Operating charges                         | 0.60%                  | 0.60%               | 0.62%               | 0.61%               |

# Comparative Tables

## Continued

| <b>K Accumulation<sup>A</sup></b>         | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> |                     |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 72,885                 | 64,504              | 14,369              |                     |
| Closing number of shares                  | 79,667,953             | 71,397,108          | 14,108,415          |                     |
| Closing net asset value per share (pence) | 91.49                  | 90.35               | 101.85              |                     |
| Change in net asset value per share       | 1.26%                  | (11.29%)            | 1.85%               |                     |
| Operating charges                         | 0.40%                  | 0.40%               | 0.42%               |                     |
| <b>K Income<sup>B</sup></b>               | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> |                     |
| Closing net asset value (£'000)           | 2,572                  | 2,204               | 1                   |                     |
| Closing number of shares                  | 3,012,379              | 2,559,002           | 1,000               |                     |
| Closing net asset value per share (pence) | 85.37                  | 86.15               | 100.41              |                     |
| Change in net asset value per share       | (0.91%)                | (14.20%)            | 0.41%               |                     |
| Operating charges                         | 0.40%                  | 0.40%               | 0.42%               |                     |
| <b>M Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 1                      | 1                   | 1                   | 1                   |
| Closing number of shares                  | 929                    | 929                 | 929                 | 929                 |
| Closing net asset value per share (pence) | 108.37                 | 107.11              | 121.03              | 111.27              |
| Change in net asset value per share       | 1.18%                  | (11.50%)            | 8.77%               | 4.16%               |
| Operating charges                         | 0.65%                  | 0.65%               | 0.67%               | 0.66%               |
| <b>M Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 1                      | 1                   | 1                   | 1                   |
| Closing number of shares                  | 953                    | 953                 | 953                 | 953                 |
| Closing net asset value per share (pence) | 94.65                  | 95.49               | 111.32              | 105.14              |
| Change in net asset value per share       | (0.88%)                | (14.22%)            | 5.88%               | 1.30%               |
| Operating charges                         | 0.65%                  | 0.65%               | 0.67%               | 0.66%               |
| <b>Z Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 23,820                 | 21,927              | 30,823              | 63,214              |
| Closing number of shares                  | 13,633,751             | 12,727,996          | 15,918,917          | 35,687,020          |
| Closing net asset value per share (pence) | 174.71                 | 172.27              | 193.62              | 177.13              |
| Change in net asset value per share       | 1.42%                  | (11.03%)            | 9.31%               | 4.52%               |
| Operating charges                         | 0.10%                  | 0.10%               | 0.12%               | 0.11%               |

The closing net asset value (£'000) divided by the closing number of shares may not calculate to the closing net asset value per share (pence) due to rounding differences. The published closing net asset value per share (pence) is based on unrounded values and represents the actual price.

The change in the net asset value per share is the change from the beginning of the period to the close of the period.

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

<sup>A</sup> K Accumulation share class was launched on 04 February 2021.

<sup>B</sup> K Income share class was launched on 04 February 2021.

# Portfolio Statement

As at 31 January 2023

| Holding                                    | Investment   | Market value<br>£'000 | Percentage of<br>total net assets |
|--|--|-----------------------|-----------------------------------|
| <b>Bonds (92.25%)</b>                      |  | <b>129,838</b>        | <b>91.22</b>                      |
| <b>Euro Denominated Bonds (10.67%)</b>     |  | <b>11,574</b>         | <b>8.13</b>                       |
| <b>Corporate Bonds (10.67%)</b>            |  | <b>11,574</b>         | <b>8.13</b>                       |
| less than 5 years to maturity              |  |                       |                                   |
| 1,700,000                                  | Cromwell EREIT 2.125% 2025                                     | 1,276                 | 0.90                              |
| 400,000                                    | Global Switch 2.25% 2027                                       | 331                   | 0.23                              |
| between 5 and 10 years to maturity         |  |                       |                                   |
| 400,000                                    | CaixaBank 3.75% fixed to floating 2029                         | 349                   | 0.25                              |
| 1,900,000                                  | Novo Banco FRN 2028  | 1,624                 | 1.14                              |
| greater than 25 years to maturity          |  |                       |                                   |
| 470,000                                    | Channel Link Enterprises Finance 2.706% fixed to floating 2050 | 375                   | 0.26                              |
| 1,450,000                                  | Vodafone 3% fixed to floating 2080                             | 1,049                 | 0.74                              |
| Perpetual                                  |  |                       |                                   |
| 400,000                                    | Athora Netherlands 7% fixed to floating Perpetual              | 347                   | 0.24                              |
| 900,000                                    | BNP Paribas FRN Perpetual                                      | 602                   | 0.42                              |
| 2,000,000                                  | CaixaBank 3.625% fixed to floating Perpetual                   | 1,302                 | 0.91                              |
| 600,000                                    | CaixaBank 5.25% fixed to floating Perpetual                    | 478                   | 0.34                              |
| 2,000,000                                  | Deutsche Bank 10% fixed to floating Perpetual                  | 1,886                 | 1.33                              |
| 1,276,207                                  | Stichting 6.5% Perpetual                                       | 1,124                 | 0.79                              |
| 1,000,000                                  | Van Lanschot Kempen 6.75% fixed to floating Perpetual          | 831                   | 0.58                              |
| <b>Sterling Denominated Bonds (68.27%)</b> |  | <b>96,157</b>         | <b>67.56</b>                      |
| <b>Corporate Bonds (50.97%)</b>            |  | <b>90,430</b>         | <b>63.53</b>                      |
| less than 5 years to maturity              |  |                       |                                   |
| 2,032,000                                  | ABP Finance 6.25% 2026   | 2,107                 | 1.48                              |
| 1,850,000                                  | America Movil 5% 2026  | 1,865                 | 1.31                              |
| 1,000,000                                  | Anglian Water Osprey Financing 4% 2026                         | 947                   | 0.66                              |
| 809,000                                    | Co-Operative Bank Finance 6% fixed to floating 2027            | 747                   | 0.52                              |
| 1,300,000                                  | CPUK Finance 3.588% 2025                                       | 1,224                 | 0.86                              |
| 800,000                                    | Credit Agricole 5.75% fixed to floating 2027                   | 814                   | 0.57                              |
| 1,355,000                                  | Credit Suisse 7% fixed to floating 2027                        | 1,320                 | 0.93                              |
| 1,088,000                                  | Credit Suisse 7.75% 2026                                       | 1,123                 | 0.79                              |
| 1,200,000                                  | Deutsche Bank 2.625% 2024                                      | 1,136                 | 0.80                              |



# Portfolio Statement

As at 31 January 2023 continued

| Holding                            | Investment  | Market value<br>£'000 | Percentage of<br>total net assets |
|------------------------------------|---|-----------------------|-----------------------------------|
| 1,000,000                          | FirstGroup 6.875% 2024  | 1,004                 | 0.70                              |
| 508,000                            | Garfunkelux Holdco 3 7.75% 2025                               | 382                   | 0.27                              |
| 900,000                            | Go-Ahead 2.5% 2024  | 865                   | 0.61                              |
| 800,000                            | Hammerson REIT 3.5% 2025                                      | 713                   | 0.50                              |
| 800,000                            | Hammerson REIT 6% 2026  | 758                   | 0.53                              |
| 1,250,000                          | Heathrow Funding 6.75% 2026                                   | 1,311                 | 0.92                              |
| 389,000                            | Jerrold Finco 5.25% 2027                                      | 329                   | 0.23                              |
| 500,000                            | Kraft Heinz Foods 4.125% 2027                                 | 489                   | 0.34                              |
| 950,000                            | Metrocentre Finance REIT 8.75% 2023                           | 466                   | 0.33                              |
| 650,000                            | National Grid Electricity Distribution West Midlands 6% 2025  | 663                   | 0.47                              |
| 386,000                            | Nationwide Building Society 6.178% fixed to floating 2027     | 399                   | 0.28                              |
| 650,000                            | Pension Insurance 6.5% 2024                                   | 651                   | 0.46                              |
| 887,000                            | Phoenix 6.625% 2025   | 905                   | 0.64                              |
| 1,000,000                          | Pinewood Finance 3.625% 2027                                  | 894                   | 0.63                              |
| 1,000,000                          | Stagecoach 4% 2025  | 948                   | 0.67                              |
| 631,000                            | TalkTalk Telecom 3.875% 2025                                  | 521                   | 0.37                              |
| 520,000                            | Thames Water Kemble Finance 4.625% 2026                       | 453                   | 0.32                              |
| 800,000                            | Thames Water Utilities Finance 2.375% 2023                    | 791                   | 0.56                              |
| 800,000                            | Thames Water Utilities Finance 2.875% 2027                    | 701                   | 0.49                              |
| 726,000                            | Virgin Media Secured Finance 5% 2027                          | 666                   | 0.47                              |
| 700,000                            | Virgin Money UK 4% fixed to floating 2026                     | 671                   | 0.47                              |
| between 5 and 10 years to maturity |   |                       |                                   |
| 200,000                            | AA Bond 8.45% 2028  | 204                   | 0.14                              |
| 600,000                            | APA Infrastructure 3.125% 2031                                | 501                   | 0.35                              |
| 786,000                            | AT&T 4.375% 2029  | 762                   | 0.53                              |
| 911,000                            | Australia & New Zealand Banking 1.809% fixed to floating 2031 | 776                   | 0.54                              |
| 1,900,000                          | Banco Bilbao Vizcaya Argentaria 3.104% fixed to floating 2031 | 1,681                 | 1.18                              |
| 2,000,000                          | Banco Santander 2.25% fixed to floating 2032                  | 1,673                 | 1.18                              |
| 214,000                            | Blackstone Property Partners Europe 4.875% 2032               | 179                   | 0.13                              |
| 2,400,000                          | BNP Paribas 2% fixed to floating 2031                         | 2,102                 | 1.48                              |
| 700,000                            | CaixaBank 3.5% fixed to floating 2028                         | 645                   | 0.45                              |
| 515,000                            | Co-Operative Bank Finance 9.5% fixed to floating 2029         | 502                   | 0.35                              |
| 900,000                            | Digital Stout REIT 3.3% 2029                                  | 788                   | 0.55                              |
| 900,000                            | E.ON International Finance 6.25% 2030                         | 969                   | 0.68                              |
| 887,000                            | E.ON International Finance 6.375% 2032                        | 978                   | 0.69                              |
| 2,342,000                          | Enel Finance International 2.875% 2029                        | 2,080                 | 1.46                              |
| 753,000                            | ENW Finance 4.893% 2032                                       | 756                   | 0.53                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                             | Investment  | Market value<br>£'000 | Percentage of<br>total net assets |
|-------------------------------------|---|-----------------------|-----------------------------------|
| 1,125,000                           | Goldman Sachs 3.625% fixed to floating 2029           | 1,037                 | 0.73                              |
| 1,500,000                           | Heathrow Funding 2.625% 2028                          | 1,263                 | 0.89                              |
| 578,000                             | MPT Operating Partnership REIT 3.375% 2030            | 379                   | 0.27                              |
| 484,000                             | National Australia Bank 1.699% fixed to floating 2031 | 410                   | 0.29                              |
| 1,600,000                           | NatWest 2.105% fixed to floating 2031                 | 1,376                 | 0.97                              |
| 1,785,000                           | NewRiver REIT 3.5% 2028                               | 1,522                 | 1.07                              |
| 1,200,000                           | Next 3.625% 2028                                      | 1,123                 | 0.79                              |
| 348,000                             | Pension Insurance 3.625% 2032                         | 274                   | 0.19                              |
| 1,314,000                           | Pension Insurance 4.625% 2031                         | 1,140                 | 0.80                              |
| 520,000                             | Premiertel 6.175% 2032                                | 388                   | 0.27                              |
| 573,000                             | Prologis International Funding II 2.75% 2032          | 485                   | 0.34                              |
| 500,000                             | RL Finance Bonds No 3 6.125% 2028                     | 500                   | 0.35                              |
| 2,420,000                           | Santander UK 2.421% fixed to floating 2029            | 2,093                 | 1.47                              |
| 600,000                             | Trafford Centre Finance 7.03%% 2029                   | 212                   | 0.15                              |
| 1,500,000                           | Unite REIT 3.5% 2028                                  | 1,335                 | 0.94                              |
| 1,538,000                           | Virgin Money UK 5.125% fixed to floating 2030         | 1,462                 | 1.03                              |
| 850,000                             | Vmed O2 UK Financing I 4% 2029                        | 701                   | 0.49                              |
| 1,000,000                           | Workspace REIT 2.25% 2028                             | 774                   | 0.54                              |
| between 10 and 15 years to maturity |   |                       |                                   |
| 760,000                             | Annington Funding 3.685% 2034                         | 629                   | 0.44                              |
| 1,700,000                           | Associated British Foods 2.5% 2034                    | 1,403                 | 0.99                              |
| 478,000                             | BG Energy Capital 5% 2036                             | 484                   | 0.34                              |
| 600,000                             | Broadgate Financing 5.098% 2033                       | 497                   | 0.35                              |
| 800,000                             | CaixaBank 6.875% fixed to floating 2033               | 803                   | 0.56                              |
| 800,000                             | Gatwick Funding 4.625% 2034                           | 746                   | 0.52                              |
| 2,900,000                           | Lloyds Banking 2.707% fixed to floating 2035          | 2,278                 | 1.60                              |
| 750,000                             | Manchester Airport 4.75% 2034                         | 726                   | 0.51                              |
| 594,000                             | Morgan Stanley 5.789% fixed to floating 2033          | 621                   | 0.44                              |
| 1,242,000                           | Northumbrian Water Finance 6.375% 2034                | 1,383                 | 0.97                              |
| 572,000                             | Orsted 5.125% 2034                                    | 587                   | 0.41                              |
| between 15 and 25 years to maturity |   |                       |                                   |
| 1,212,000                           | Eversholt Funding 2.742% 2040                         | 887                   | 0.62                              |
| 1,851,000                           | Eversholt Funding 3.529% 2042                         | 1,404                 | 0.99                              |
| 1,500,000                           | Legal & General 5.375% fixed to floating 2045         | 1,488                 | 1.04                              |
| 1,200,000                           | RL Finance No 2 FRN 2043                              | 1,194                 | 0.84                              |
| 2,114,000                           | Tesco Property Finance 3 5.744% 2040                  | 1,917                 | 1.35                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                     | Investment   | Market value<br>£'000 | Percentage of<br>total net assets |
|---|--|-----------------------|-----------------------------------|
| greater than 25 years to maturity           |  |                       |                                   |
| 700,000                                     | Aviva 4% fixed to floating 2055  | 566                   | 0.40                              |
| 1,500,000                                   | Aviva 4.375% fixed to floating 2049                                      | 1,367                 | 0.96                              |
| 371,000                                     | AXA 5.625% fixed to floating 2054  | 363                   | 0.25                              |
| 170,000                                     | Channel Link Enterprises Finance 3.043% fixed to floating 2050           | 146                   | 0.10                              |
| 1,400,000                                   | NGG Finance 5.625% fixed to floating 2073                                | 1,360                 | 0.96                              |
| 1,119,000                                   | Ørsted 2.5% fixed to floating 3021                                       | 784                   | 0.55                              |
| 182,000                                     | Vattenfall 2.5% fixed to floating 2083 (German listing)                  | 147                   | 0.10                              |
| 331,000                                     | Vattenfall 2.5% fixed to floating 2083 (Swedish listing)                 | 267                   | 0.19                              |
| 650,000                                     | Zurich Finance Ireland Designated Activity 5.125% fixed to floating 2052 | 611                   | 0.43                              |
| Perpetual                                   |  |                       |                                   |
| 2,029,000                                   | AXA 6.6862% fixed to floating Perpetual                                  | 2,060                 | 1.45                              |
| 675,000                                     | Barclays 5.875% fixed to floating Perpetual                              | 639                   | 0.45                              |
| 791,000                                     | Barclays 6.375% fixed to floating Perpetual                              | 742                   | 0.52                              |
| 1,025,000                                   | Barclays 7.125% fixed to floating Perpetual                              | 995                   | 0.70                              |
| 460,000                                     | Barclays Bank 9% Perpetual   | 469                   | 0.33                              |
| 500,000                                     | Credit Agricole 7.5% fixed to floating Perpetual                         | 497                   | 0.35                              |
| 2,400,000                                   | EDF 5.875% fixed to floating Perpetual                                   | 2,049                 | 1.44                              |
| 850,000                                     | Lloyds Bank 11.75% Perpetual   | 1,210                 | 0.85                              |
| 489,000                                     | National Express 4.25% fixed to floating Perpetual                       | 431                   | 0.30                              |
| 987,000                                     | NatWest 4.5% fixed to floating Perpetual                                 | 813                   | 0.57                              |
| 1,050,000                                   | NatWest 5.125% fixed to floating Perpetual                               | 934                   | 0.66                              |
| <b>Government Bonds (17.30%)</b>            |  | <b>5,727</b>          | <b>4.03</b>                       |
| less than 5 years to maturity               |  |                       |                                   |
| 4,300,000                                   | UK (Govt of) 1.25% 2027  | 3,952                 | 2.78                              |
| between 5 and 10 years to maturity          |  |                       |                                   |
| 2,295,700                                   | UK (Govt of) 0.25% 2031  | 1,775                 | 1.25                              |
| <b>US Dollar Denominated Bonds (13.31%)</b> |  | <b>22,107</b>         | <b>15.53</b>                      |
| <b>Corporate Bonds (12.44%)</b>             |  | <b>7,699</b>          | <b>5.41</b>                       |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                      | Investment  | Market value<br>£'000 | Percentage of<br>total net assets |
|--|---|-----------------------|-----------------------------------|
| between 5 and 10 years to maturity           |   |                       |                                   |
| 1,546,000                                    | Howmet Aerospace 3% 2029                              | 1,096                 | 0.77                              |
| 375,000                                      | Oracle 6.15% 2029                                     | 326                   | 0.23                              |
| 1,400,000                                    | Petroleos Mexicanos 5.95% 2031                        | 911                   | 0.64                              |
| between 10 and 15 years to maturity          |   |                       |                                   |
| 341,000                                      | Omega Healthcare Investors REIT 3.25% 2033            | 208                   | 0.15                              |
| between 15 and 25 years to maturity          |   |                       |                                   |
| 510,000                                      | Broadcom 3.5% 2041                                    | 317                   | 0.22                              |
| greater than 25 years to maturity            |   |                       |                                   |
| 650,000                                      | Rogers Communications 5.25% fixed to floating 2082    | 477                   | 0.34                              |
| Perpetual                                    |   |                       |                                   |
| 880,000                                      | Australia & New Zealand Banking FRN Perpetual         | 507                   | 0.36                              |
| 1,500,000                                    | Credit Suisse 6.25% fixed to floating Perpetual       | 1,072                 | 0.75                              |
| 1,400,000                                    | ING 3.875% fixed to floating Perpetual                | 923                   | 0.65                              |
| 597,000                                      | Societe Generale 4.75% fixed to floating Perpetual    | 433                   | 0.30                              |
| 1,000,000                                    | Standard Chartered 7.014% fixed to floating Perpetual | 816                   | 0.57                              |
| 1,100,000                                    | Westpac Banking FRN Perpetual                         | 613                   | 0.43                              |
| <b>Government Bonds (0.87%)</b>              |   | <b>14,408</b>         | <b>10.12</b>                      |
| less than 5 years to maturity                |   |                       |                                   |
| 16,734,600                                   | US Treasury 3.25% 2024                                | 13,348                | 9.38                              |
| greater than 25 years to maturity            |   |                       |                                   |
| 1,900,000                                    | US Treasury 1.875% 2051                               | 1,060                 | 0.74                              |
| <b>Collective Investment Schemes (2.59%)</b> |   | <b>-</b>              | <b>-</b>                          |
| <b>Derivatives (-3.41%)</b>                  |   | <b>(2,229)</b>        | <b>(1.57)</b>                     |
| <b>Credit Default Swaps (0.01%)</b>          |   | <b>(456)</b>          | <b>(0.32)</b>                     |
| EUR 3,800,000                                | Buy iTraxx Europe Series 38 20/12/2027 5%             | (130)                 | (0.09)                            |
| EUR 4,500,000                                | Buy iTraxx Europe Series 38 20/12/2027 5%             | (154)                 | (0.11)                            |
| EUR 5,000,000                                | Buy iTraxx Europe Series 38 20/12/2027 5%             | (172)                 | (0.12)                            |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                             | Investment                                      | Market value<br>£'000 | Percentage of<br>total net assets |
|-------------------------------------|---|-----------------------|-----------------------------------|
| Forward Currency Contracts (-0.46%) |   | 382                   | 0.27                              |
|                                     | Buy AUD 30,857 Sell GBP 17,619 08/03/2023       | -                     | -                                 |
|                                     | Buy AUD 38,286 Sell GBP 21,151 08/03/2023       | 1                     | -                                 |
|                                     | Buy AUD 40,261 Sell GBP 22,983 08/03/2023       | -                     | -                                 |
|                                     | Buy AUD 44,516 Sell GBP 24,648 08/03/2023       | 1                     | -                                 |
|                                     | Buy AUD 45,443 Sell GBP 25,514 08/03/2023       | -                     | -                                 |
|                                     | Buy AUD 55,371 Sell GBP 31,421 08/03/2023       | -                     | -                                 |
|                                     | Buy AUD 63,955 Sell GBP 36,754 08/03/2023       | -                     | -                                 |
|                                     | Buy AUD 64,098 Sell GBP 35,417 08/03/2023       | 1                     | -                                 |
|                                     | Buy AUD 68,911 Sell GBP 38,623 08/03/2023       | 1                     | -                                 |
|                                     | Buy AUD 77,416 Sell GBP 43,138 08/03/2023       | 1                     | -                                 |
|                                     | Buy AUD 94,789 Sell GBP 53,578 08/03/2023       | -                     | -                                 |
|                                     | Buy AUD 96,638 Sell GBP 54,992 08/03/2023       | -                     | -                                 |
|                                     | Buy AUD 100,542 Sell GBP 55,251 08/03/2023      | 2                     | -                                 |
|                                     | Buy AUD 105,282 Sell GBP 57,782 08/03/2023      | 2                     | -                                 |
|                                     | Buy AUD 115,539 Sell GBP 64,082 08/03/2023      | 2                     | -                                 |
|                                     | Buy AUD 122,911 Sell GBP 69,949 08/03/2023      | -                     | -                                 |
|                                     | Buy AUD 134,209 Sell GBP 74,691 08/03/2023      | 2                     | -                                 |
|                                     | Buy AUD 134,711 Sell GBP 73,895 08/03/2023      | 3                     | -                                 |
|                                     | Buy AUD 135,641 Sell GBP 78,042 08/03/2023      | (1)                   | -                                 |
|                                     | Buy AUD 212,055 Sell GBP 120,482 08/03/2023     | -                     | -                                 |
|                                     | Buy AUD 327,083 Sell GBP 182,850 08/03/2023     | 3                     | -                                 |
|                                     | Buy AUD 918,561 Sell GBP 515,582 08/03/2023     | 7                     | 0.01                              |
|                                     | Buy CAD 16,272 Sell GBP 9,872 08/03/2023        | -                     | -                                 |
|                                     | Buy CAD 28,800 Sell GBP 17,422 08/03/2023       | -                     | -                                 |
|                                     | Buy CAD 472,340 Sell GBP 291,072 08/03/2023     | (7)                   | -                                 |
|                                     | Buy EUR 124,527 Sell GBP 107,611 08/03/2023     | 2                     | -                                 |
|                                     | Buy EUR 312,150 Sell GBP 274,013 08/03/2023     | 1                     | -                                 |
|                                     | Buy EUR 449,181 Sell GBP 396,551 08/03/2023     | (1)                   | -                                 |
|                                     | Buy EUR 554,700 Sell GBP 488,052 08/03/2023     | -                     | -                                 |
|                                     | Buy EUR 1,591,234 Sell GBP 1,403,753 08/03/2023 | (3)                   | -                                 |
|                                     | Buy EUR 1,601,473 Sell GBP 1,412,561 08/03/2023 | (3)                   | -                                 |
|                                     | Buy GBP 7,509 Sell AUD 13,527 08/03/2023        | -                     | -                                 |
|                                     | Buy GBP 8,698 Sell AUD 15,775 08/03/2023        | -                     | -                                 |
|                                     | Buy GBP 23,671 Sell AUD 42,584 08/03/2023       | (1)                   | -                                 |
|                                     | Buy GBP 33,986 Sell AUD 61,330 08/03/2023       | (1)                   | -                                 |
|                                     | Buy GBP 42,179 Sell AUD 76,431 08/03/2023       | (1)                   | -                                 |

# Portfolio Statement

As at 31 January 2023 continued

| Holding | Investment  | Market value<br>£'000 | Percentage of<br>total net assets |
|---------|---|-----------------------|-----------------------------------|
|         | Buy GBP 50,981 Sell AUD 90,274 08/03/2023         | -                     | -                                 |
|         | Buy GBP 60,061 Sell AUD 108,173 08/03/2023        | (2)                   | -                                 |
|         | Buy GBP 61,869 Sell AUD 107,764 08/03/2023        | 1                     | -                                 |
|         | Buy GBP 72,795 Sell AUD 131,666 08/03/2023        | (2)                   | -                                 |
|         | Buy GBP 78,145 Sell AUD 137,708 08/03/2023        | -                     | -                                 |
|         | Buy GBP 93,370 Sell AUD 163,664 08/03/2023        | -                     | -                                 |
|         | Buy GBP 107,917 Sell AUD 189,582 08/03/2023       | -                     | -                                 |
|         | Buy GBP 116,325 Sell AUD 204,330 08/03/2023       | -                     | -                                 |
|         | Buy GBP 122,711 Sell AUD 219,062 08/03/2023       | (2)                   | -                                 |
|         | Buy GBP 126,904 Sell AUD 222,539 08/03/2023       | -                     | -                                 |
|         | Buy GBP 148,373 Sell AUD 260,949 08/03/2023       | -                     | -                                 |
|         | Buy GBP 9,692 Sell CAD 16,016 08/03/2023          | -                     | -                                 |
|         | Buy GBP 11,913 Sell CAD 19,615 08/03/2023         | -                     | -                                 |
|         | Buy GBP 14,092 Sell CAD 23,323 08/03/2023         | -                     | -                                 |
|         | Buy GBP 15,219 Sell CAD 25,119 08/03/2023         | -                     | -                                 |
|         | Buy GBP 18,131 Sell CAD 29,931 08/03/2023         | -                     | -                                 |
|         | Buy GBP 277,596 Sell EUR 320,431 08/03/2023       | (5)                   | -                                 |
|         | Buy GBP 300,129 Sell EUR 339,806 08/03/2023       | 1                     | -                                 |
|         | Buy GBP 339,183 Sell EUR 384,826 08/03/2023       | -                     | -                                 |
|         | Buy GBP 1,647,845 Sell EUR 1,870,753 08/03/2023   | 1                     | -                                 |
|         | Buy GBP 13,575,869 Sell EUR 15,621,904 08/03/2023 | (180)                 | (0.13)                            |
|         | Buy GBP 1,622,403 Sell NZD 3,118,184 08/03/2023   | (4)                   | -                                 |
|         | Buy GBP 459,862 Sell USD 559,731 08/03/2023       | 6                     | -                                 |
|         | Buy GBP 23,772,623 Sell USD 28,631,105 08/03/2023 | 559                   | 0.39                              |
|         | Buy NZD 57,788 Sell GBP 30,045 08/03/2023         | -                     | -                                 |
|         | Buy NZD 87,884 Sell GBP 45,808 08/03/2023         | -                     | -                                 |
|         | Buy NZD 91,154 Sell GBP 47,771 08/03/2023         | -                     | -                                 |
|         | Buy NZD 91,942 Sell GBP 47,945 08/03/2023         | -                     | -                                 |
|         | Buy NZD 93,971 Sell GBP 48,870 08/03/2023         | -                     | -                                 |
|         | Buy NZD 95,325 Sell GBP 49,596 08/03/2023         | -                     | -                                 |
|         | Buy NZD 95,626 Sell GBP 50,008 08/03/2023         | -                     | -                                 |
|         | Buy NZD 106,757 Sell GBP 55,490 08/03/2023        | -                     | -                                 |
|         | Buy NZD 147,581 Sell GBP 77,182 08/03/2023        | -                     | -                                 |
|         | Buy NZD 154,159 Sell GBP 80,780 08/03/2023        | -                     | -                                 |
|         | Buy NZD 158,839 Sell GBP 83,211 08/03/2023        | -                     | -                                 |
|         | Buy NZD 167,271 Sell GBP 87,649 08/03/2023        | -                     | -                                 |
|         | Buy NZD 168,390 Sell GBP 87,828 08/03/2023        | -                     | -                                 |
|         | Buy NZD 185,244 Sell GBP 96,802 08/03/2023        | -                     | -                                 |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                 | Investment  | Market value<br>£'000 | Percentage of<br>total net assets |
|---|---|-----------------------|-----------------------------------|
|   | Buy NZD 192,882 Sell GBP 100,390 08/03/2023               | -                     | -                                 |
|   | Buy NZD 199,767 Sell GBP 104,800 08/03/2023               | (1)                   | -                                 |
|   | Buy NZD 200,151 Sell GBP 104,505 08/03/2023               | -                     | -                                 |
|   | Buy NZD 237,035 Sell GBP 124,000 08/03/2023               | -                     | -                                 |
|   | Buy NZD 4,925,892 Sell GBP 2,553,396 08/03/2023           | 16                    | 0.01                              |
|   | Buy USD 260,847 Sell GBP 211,122 08/03/2023               | -                     | -                                 |
|   | Buy USD 1,354,769 Sell GBP 1,115,333 08/03/2023           | (17)                  | (0.01)                            |
| <b>Futures (-1.16%)</b>                 |   | <b>620</b>            | <b>0.43</b>                       |
| 195                                     | Long US 10 Year Note (CBT) Future 22/03/2023              | 164                   | 0.11                              |
| 85                                      | Long US 2 Year Note (CBT) Future 31/03/2023               | 50                    | 0.03                              |
| (42)                                    | Short Euro-BTP Future 08/03/2023                          | (59)                  | (0.04)                            |
| (34)                                    | Short Euro-Buxl 30 Year Future 08/03/2023                 | 270                   | 0.19                              |
| (104)                                   | Short Long Gilt Future 29/03/2023                         | 195                   | 0.14                              |
| <b>Inflation Swaps (-0.51%)</b>         |   | <b>-</b>              | <b>-</b>                          |
| <b>Interest Rate Swaps (-1.29%)</b>     |   | <b>(2,775)</b>        | <b>(1.95)</b>                     |
| GBP 1,400,000                           | Pay fixed 0.366% receive floating GBP-SONIA 26/09/2069    | 380                   | 0.27                              |
| GBP 14,800,000                          | Pay fixed 2.725% receive floating GBP-SONIA 29/11/2032    | 216                   | 0.15                              |
| AUD 19,800,000                          | Pay floating AUD-BBR-BBSW receive fixed 2.705% 03/03/2032 | (737)                 | (0.52)                            |
| AUD 20,000,000                          | Pay floating AUD-BBR-BBSW receive fixed 4.87% 09/11/2032  | 185                   | 0.13                              |
| CAD 32,300,000                          | Pay floating CAD-BA-CDOR receive fixed 1.295% 03/03/2023  | (292)                 | (0.21)                            |
| EUR 7,300,000                           | Pay floating EURIBOR receive fixed 3.21% 05/10/2032       | 109                   | 0.08                              |
| GBP 4,240,000                           | Pay floating GBP-SONIA receive fixed 0.42% 12/08/2026     | (500)                 | (0.35)                            |
| GBP 17,710,000                          | Pay floating GBP-SONIA receive fixed 1.049% 07/12/2024    | (1,000)               | (0.70)                            |
| GBP 16,600,000                          | Pay floating GBP-SONIA receive fixed 2.543% 06/06/2024    | (326)                 | (0.23)                            |
| NZD 12,800,000                          | Pay floating NZD-BKBM receive fixed 2.02% 09/09/2027      | (640)                 | (0.45)                            |
| NZD 4,810,000                           | Pay floating NZD-BKBM receive fixed 2.845% 02/11/2027     | (170)                 | (0.12)                            |
| Total investment assets and liabilities |   | 127,609               | 89.65                             |
| Net other assets                        |   | 14,731                | 10.35                             |
| <b>Total Net Assets</b>                 |   | <b>142,340</b>        | <b>100.00</b>                     |

All investments (excluding OTC derivatives) are listed on recognised stock exchanges and are approved securities, or are approved derivatives within the meaning of the FCA rules. The percentage figures in brackets show the comparative holding as at 31 July 2022.

# Financial Statements

## Statement of Total Return

For the six months ended 31 January 2023

|   | 31 January 2023 |                | 31 January 2022 |                |
|---|-----------------|----------------|-----------------|----------------|
|   | £'000           | £'000          | £'000           | £'000          |
| Income:   |                 |                |                 |                |
| Net capital losses  |                 | (1,123)        |                 | (4,544)        |
| Revenue   | 3,218           |                | 1,839           |                |
| Expenses  | (279)           |                | (238)           |                |
| Interest payable and similar charges  | (1)             |                | (40)            |                |
| Net revenue before taxation   | 2,938           |                | 1,561           |                |
| Taxation  | 2               |                | (3)             |                |
| Net revenue after taxation  |                 | 2,940          |                 | 1,558          |
| <b>Total return before distributions</b>  |                 | <b>1,817</b>   |                 | <b>(2,986)</b> |
| Distributions   |                 | (2,940)        |                 | (1,558)        |
| <b>Change in net assets attributable to shareholders from investment activities</b> |                 | <b>(1,123)</b> |                 | <b>(4,544)</b> |

## Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 January 2023

|  | 31 January 2023 |                | 31 January 2022 |                |
|--|-----------------|----------------|-----------------|----------------|
|  | £'000           | £'000          | £'000           | £'000          |
| <b>Opening net assets attributable to shareholders</b>                                   |                 | <b>138,423</b> |                 | <b>103,412</b> |
| Amounts receivable on the issue of shares  | 13,930          |                | 30,076          |                |
| Amounts payable on the cancellation of shares  | (11,491)        |                | (13,064)        |                |
|  |                 | 2,439          |                 | 17,012         |
| Dilution adjustment  |                 | 10             |                 | 34             |
| Change in net assets attributable to shareholders from investment activities (see above) |                 | (1,123)        |                 | (4,544)        |
| Retained distribution on accumulation shares   |                 | 2,591          |                 | 1,366          |
| <b>Closing net assets attributable to shareholders</b>                                   |                 | <b>142,340</b> |                 | <b>117,280</b> |

Comparative information is provided for the statement of change in net assets attributable to shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.



# Financial Statements

## Continued

### Balance Sheet

As at 31 January 2023

|  | 31 January 2023 |                | 31 July 2022 |                |
|--|-----------------|----------------|--------------|----------------|
|  | £'000           | £'000          | £'000        | £'000          |
| <b>Assets:</b>                                 |                 |                |              |                |
| <b>Fixed assets:</b>                           |                 |                |              |                |
| Investment assets                              |                 | 132,020        |              | 132,457        |
| <b>Current assets:</b>                         |                 |                |              |                |
| Debtors  | 3,737           |                | 4,535        |                |
| Cash and bank balances                         | 12,267          |                | 9,866        |                |
|  |                 | 16,004         |              | 14,401         |
| <b>Total assets</b>                            |                 | <b>148,024</b> |              | <b>146,858</b> |
| <b>Liabilities:</b>                            |                 |                |              |                |
| Investment liabilities                         |                 | (4,411)        |              | (5,896)        |
| Bank overdrafts                                | (99)            |                | -            |                |
| Creditors                                      | (983)           |                | (2,391)      |                |
| Distribution payable                           | (191)           |                | (148)        |                |
|  |                 | (1,273)        |              | (2,539)        |
| <b>Total liabilities</b>                       |                 | <b>(5,684)</b> |              | <b>(8,435)</b> |
| <b>Net assets attributable to shareholders</b> |                 | <b>142,340</b> |              | <b>138,423</b> |

# Distribution Tables

For the six months ended 31 January 2023 (in pence per share)

## First interim interest distribution

Group 1 – shares purchased prior to 1 August 2022

Group 2 – shares purchased between 1 August 2022 and 31 October 2022

|                             | Revenue | Equalisation | Distribution paid<br>31/01/23 | Distribution paid<br>31/01/22 |
|-----------------------------|---------|--------------|-------------------------------|-------------------------------|
| <b>A Accumulation</b>       |         |              |                               |                               |
| Group 1                     | 1.2914  | -            | 1.2914                        | 0.9511                        |
| Group 2                     | 0.5974  | 0.6940       | 1.2914                        | 0.9511                        |
| <b>A Income</b>             |         |              |                               |                               |
| Group 1                     | 0.9113  | -            | 0.9113                        | 0.6888                        |
| Group 2                     | -       | 0.9113       | 0.9113                        | 0.6888                        |
| <b>I Accumulation</b>       |         |              |                               |                               |
| Group 1                     | 1.5429  | -            | 1.5429                        | 1.2096                        |
| Group 2                     | 0.8901  | 0.6528       | 1.5429                        | 1.2096                        |
| <b>I Income</b>             |         |              |                               |                               |
| Group 1                     | 1.0247  | -            | 1.0247                        | 0.8288                        |
| Group 2                     | 0.6427  | 0.3820       | 1.0247                        | 0.8288                        |
| <b>I Gross Accumulation</b> |         |              |                               |                               |
| Group 1                     | 1.2109  | -            | 1.2109                        | 0.9495                        |
| Group 2                     | 0.7929  | 0.4180       | 1.2109                        | 0.9495                        |
| <b>I Gross Income</b>       |         |              |                               |                               |
| Group 1                     | 0.8918  | -            | 0.8918                        | 0.7213                        |
| Group 2                     | 0.3930  | 0.4988       | 0.8918                        | 0.7213                        |
| <b>K Accumulation</b>       |         |              |                               |                               |
| Group 1                     | 0.9040  | -            | 0.9040                        | 0.7243                        |
| Group 2                     | 0.4476  | 0.4564       | 0.9040                        | 0.7243                        |
| <b>K Income</b>             |         |              |                               |                               |
| Group 1                     | 0.8622  | -            | 0.8622                        | 0.7068                        |
| Group 2                     | 0.4453  | 0.4169       | 0.8622                        | 0.7068                        |
| <b>M Accumulation</b>       |         |              |                               |                               |
| Group 1                     | 1.0234  | -            | 1.0234                        | 0.7770                        |
| Group 2                     | 1.0234  | -            | 1.0234                        | 0.7770                        |
| <b>M Income</b>             |         |              |                               |                               |
| Group 1                     | 0.9148  | -            | 0.9148                        | 0.7553                        |
| Group 2                     | 0.9148  | -            | 0.9148                        | 0.7553                        |
| <b>Z Accumulation</b>       |         |              |                               |                               |
| Group 1                     | 1.8501  | -            | 1.8501                        | 1.5249                        |
| Group 2                     | 0.3804  | 1.4697       | 1.8501                        | 1.5249                        |

# Distribution Tables

For the six months ended 31 January 2023 (in pence per share) continued

## Second interim interest distribution

Group 1 – shares purchased prior to 1 November 2022

Group 2 – shares purchased between 1 November 2022 and 31 January 2023

|                             | Revenue | Equalisation | Distribution paid<br>28/04/23 | Distribution paid<br>29/04/22 |
|-----------------------------|---------|--------------|-------------------------------|-------------------------------|
| <b>A Accumulation</b>       |         |              |                               |                               |
| Group 1                     | 1.4520  | -            | 1.4520                        | 0.9422                        |
| Group 2                     | 0.7776  | 0.6744       | 1.4520                        | 0.9422                        |
| <b>A Income</b>             |         |              |                               |                               |
| Group 1                     | 1.0146  | -            | 1.0146                        | 0.6759                        |
| Group 2                     | 0.0050  | 1.0096       | 1.0146                        | 0.6759                        |
| <b>I Accumulation</b>       |         |              |                               |                               |
| Group 1                     | 1.7176  | -            | 1.7176                        | 1.2048                        |
| Group 2                     | 1.0655  | 0.6521       | 1.7176                        | 1.2048                        |
| <b>I Income</b>             |         |              |                               |                               |
| Group 1                     | 1.1286  | -            | 1.1286                        | 0.8185                        |
| Group 2                     | 0.7793  | 0.3493       | 1.1286                        | 0.8185                        |
| <b>I Gross Accumulation</b> |         |              |                               |                               |
| Group 1                     | 1.3483  | -            | 1.3483                        | 0.9429                        |
| Group 2                     | 1.3483  | -            | 1.3483                        | 0.9429                        |
| <b>I Gross Income</b>       |         |              |                               |                               |
| Group 1                     | 0.9827  | -            | 0.9827                        | 0.7112                        |
| Group 2                     | 0.3294  | 0.6533       | 0.9827                        | 0.7112                        |
| <b>K Accumulation</b>       |         |              |                               |                               |
| Group 1                     | 1.0028  | -            | 1.0028                        | 0.7234                        |
| Group 2                     | 0.5335  | 0.4693       | 1.0028                        | 0.7234                        |
| <b>K Income</b>             |         |              |                               |                               |
| Group 1                     | 0.9461  | -            | 0.9461                        | 0.7202                        |
| Group 2                     | 0.4682  | 0.4779       | 0.9461                        | 0.7202                        |
| <b>M Accumulation</b>       |         |              |                               |                               |
| Group 1                     | 1.1493  | -            | 1.1493                        | 0.7576                        |
| Group 2                     | 1.1493  | -            | 1.1493                        | 0.7576                        |
| <b>M Income</b>             |         |              |                               |                               |
| Group 1                     | 1.0050  | -            | 1.0050                        | 0.7543                        |
| Group 2                     | 1.0050  | -            | 1.0050                        | 0.7543                        |
| <b>Z Accumulation</b>       |         |              |                               |                               |
| Group 1                     | 2.0420  | -            | 2.0420                        | 1.5102                        |
| Group 2                     | 1.4202  | 0.6218       | 2.0420                        | 1.5102                        |

# Distribution Tables

For the six months ended 31 January 2023 (in pence per share) continued

## Equalisation

This applies only to shares purchased during the distribution period (group 2 shares). It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

# abrdn UK Equity Fund

For the period ended 31 January 2023

## Investment Objective

To generate growth over the long term (5 years or more) by investing in UK equities (company shares).

**Performance Target:** To achieve the return of the FTSE All-Share Index plus 3% per annum over rolling three year periods (before charges). The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target.

The ACD believes this is an appropriate target for the fund based on the investment policy of the fund and the constituents of the index.

## Investment Policy

### Portfolio Securities

- The fund will invest at least 70% in equities and equity related securities of companies listed, incorporated or domiciled in the UK or companies that derive a significant proportion of their revenues or profits from UK operations or have a significant proportion of their assets there.
- The fund may also invest in other funds (including those managed by abrdn), money-market instruments and cash.

### Management Process

- The management team use their discretion (active management) to maintain a diverse asset mix at sector and stock level.
- Their primary focus is on stock selection using research techniques to select individual holdings. The research process is focused on finding high quality companies at attractive valuations that can be held for the long term.
- In seeking to achieve the Performance Target, the FTSE All-Share Index is used as a reference point for portfolio construction and as a basis for setting risk constraints. The expected variation ("tracking error") between the returns of the fund and the index is not ordinarily expected to exceed 9%. Due to the active nature of the management process, the fund's performance profile may deviate significantly from that of the index.

### Derivatives and Techniques

- The fund may use derivatives to reduce risk, reduce cost and/or generate additional income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management").

- Derivative usage in the fund is expected to be very limited. Where derivatives are used, this would mainly be in response to significant inflows into the fund so that in these instances, cash can be invested while maintaining the fund's existing allocations to company shares.

## Performance Review

For the six months ended 31 January 2023, the value of abrdn UK Equity Fund – A Accumulation Shares increased by 0.76%, compared with an increase of 5.29% in the benchmark, the FTSE All-Share Index.

Source: Lipper; Basis: total return, published NAV to NAV, net of annual charges, UK net income reinvested, GBP.

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\*\*abrdn means the relevant member of abrdn group, being abrdn plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

## Market Review

UK equities advanced strongly over the period as commodity prices remained strong and inflation concerns started to ease. These gains came despite losses in August and September as fears grew that the tighter monetary policy introduced by central banks around the world to combat rising prices could spark a global recession.

# abrdn UK Equity Fund

## Continued

Markets bounced back in October and November after Liz Truss, Boris Johnson's successor as prime minister, resigned in the wake of her disastrous mini-Budget. Hopes that peaking inflation could lead to a slowdown in interest-rate rises also underpinned share-price gains.

Annual inflation in Britain reached 11.1% in October, a 40-year high, before falling back in the months that followed. The Bank of England continued to tighten monetary policy over the period by raising the base rate in August, September, November and December. The UK market fell in December after officials said rates would continue to increase until inflation was significantly closer to the 2% long-term target, regardless of the short-term economic impact. However, share prices recovered in January as fears of a prolonged recession receded to some degree. China's reopening following the end of its zero-Covid policy also boosted sentiment. As had been the case earlier in 2022, the relatively large number of London-listed businesses exposed to commodity prices helped UK equities to outperform several other major markets over the period.

### Portfolio Activity and Review

The fund's underweight exposure to the energy and basic materials sectors continued to act as a drag on performance over the period, as did our overweight holding of businesses in the telecommunications sector. However, our overweight exposure to technology names was positive.

In stock-specific terms, the main detractor from performance was Moonpig Group: its shares fell at the end of 2022 after releasing results which indicated that, while its core greetings-card business remained solid, the more discretionary gifting element had weakened. Marshalls was also negative after facing downgrades from its exposure to residential property markets and discretionary spending. The fund's lack of holding in Rio Tinto and BP detracted from performance as both companies' shares made solid gains on the back of buoyant commodities prices.

Conversely, our holding in AVEVA Group was positive as the company accepted a takeover offer from Schneider Electric. Shares in Prudential advanced after the Chinese government announced the reopening of the border between the mainland and Hong Kong, an important market for the firm. Our lack of exposure to GSK was also beneficial as the company's shares lagged the market rally.

In terms of activity, we initiated new positions in Bellway and Hargreaves Lansdown over the period. We also introduced Sage Group, a world-leading accounting software provider that benefits from strong, recurring

customer relationships, as well as NatWest Group. To fund these purchases, we exited our holdings in Standard Chartered, Countryside Partnerships and AVEVA, among other businesses. We also trimmed several of the fund's positions including those in Moonpig, Diageo, Prudential and London Stock Exchange Group.

### Portfolio Outlook and Strategy

The market surge at the start of 2023 belied the somewhat weaker economic backdrop, with inflation persisting and monetary policy tightening. Companies reporting have broadly pointed to reasonable trading and limited signs of deep economic pain being felt by their customers, although with pockets of weakness.

The market reaction to some extent highlights the discounted valuations of many high-quality companies we saw emerging over the course of 2022. Modest valuations allow for strong share-price performance when conditions turn out to be less bad than feared. We remain mindful, however, of the ongoing risks and feel a focus on companies able to deliver in a range of scenarios is a sensible basis upon which to construct our portfolio. Pleasingly, many of our holdings have reported good progress over the final months of 2022 and we continue to view the businesses in the fund as capable of managing whatever scenario unfolds.

Our belief remains that companies with high margins and healthy returns on capital are well placed to navigate periods of high inflation. Those that are soundly financed have the ability to avoid some of the risks when unforeseen circumstances arise. We also believe that investing in high-quality companies affords exposure to just these characteristics. On this basis, we remain optimistic about the prospects for our investments and will continue working hard to identify and invest in some of the best businesses listed in the UK.

### UK Equity Team

February 2023

# abrdn UK Equity Fund

## Continued

### Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the fund. The table below shows the fund's ranking on the Risk and Reward Indicator.

| Typically lower rewards, lower risk |   |   |   | Typically higher rewards, higher risk |   |   |
|-------------------------------------|---|---|---|---------------------------------------|---|---|
| ←                                   |   |   |   | →                                     |   |   |
| 1                                   | 2 | 3 | 4 | 5                                     | 6 | 7 |

Risk and reward indicator table as at 31 January 2023.

The fund is rated as 6 because of the extent to which the following risk factors apply:

- The fund invests in equity 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.
- A concentrated portfolio may be more volatile and less liquid than a more broadly diversified one. The fund's investments are concentrated in a particular country or sector.
- 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.

All investment involves risk. This fund offers no guarantee against loss or that the fund's objective will be attained.

The price of assets and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

Inflation reduces the buying power of your investment and income.

The value of assets held in the fund may rise and fall as a result of exchange rate fluctuations.

The fund could lose money if an entity (counterparty) with which it does business becomes unwilling or unable to honour its obligations to the fund.

In extreme market conditions some securities may become hard to value or sell at a desired price. This could affect the fund's ability to meet redemptions in a timely manner.

The fund could lose money as the result of a failure or delay in operational processes and systems including but not limited to third party providers failing or going into administration.

# Comparative Tables

| <b>A Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 70,054                 | 75,091              | 89,925              | 76,542              |
| Closing number of shares                  | 30,728,510             | 33,127,322          | 35,740,575          | 37,920,768          |
| Closing net asset value per share (pence) | 227.98                 | 226.68              | 251.61              | 201.85              |
| Change in net asset value per share       | 0.57%                  | (9.91%)             | 24.65%              | (7.93%)             |
| Operating charges                         | 1.28%                  | 1.28%               | 1.30%               | 1.30%               |
| <b>A Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 25,568                 | 28,640              | 34,029              | 28,796              |
| Closing number of shares                  | 14,622,508             | 16,394,417          | 17,433,743          | 18,327,350          |
| Closing net asset value per share (pence) | 174.86                 | 174.69              | 195.19              | 157.12              |
| Change in net asset value per share       | 0.10%                  | (10.50%)            | 24.23%              | (8.44%)             |
| Operating charges                         | 1.28%                  | 1.28%               | 1.30%               | 1.30%               |
| <b>I Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 311,925                | 344,929             | 366,614             | 288,014             |
| Closing number of shares                  | 123,604,026            | 137,778,973         | 132,526,992         | 130,364,641         |
| Closing net asset value per share (pence) | 252.36                 | 250.35              | 276.63              | 220.93              |
| Change in net asset value per share       | 0.80%                  | (9.50%)             | 25.21%              | (7.51%)             |
| Operating charges                         | 0.83%                  | 0.83%               | 0.85%               | 0.85%               |
| <b>I Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 10,821                 | 10,163              | 11,619              | 9,853               |
| Closing number of shares                  | 6,191,267              | 5,820,624           | 5,954,997           | 6,275,169           |
| Closing net asset value per share (pence) | 174.77                 | 174.60              | 195.10              | 157.02              |
| Change in net asset value per share       | 0.10%                  | (10.51%)            | 24.25%              | (8.44%)             |
| Operating charges                         | 0.83%                  | 0.83%               | 0.85%               | 0.85%               |
| <b>K Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 931                    | 933                 | 1,241               | 922                 |
| Closing number of shares                  | 612,879                | 619,381             | 746,339             | 694,467             |
| Closing net asset value per share (pence) | 151.86                 | 150.60              | 166.28              | 132.70              |
| Change in net asset value per share       | 0.84%                  | (9.43%)             | 25.31%              | (7.44%)             |
| Operating charges                         | 0.76%                  | 0.76%               | 0.78%               | 0.78%               |
| <b>L Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 137                    | 146                 | 161                 | 140                 |
| Closing number of shares                  | 99,576                 | 107,076             | 107,076             | 116,576             |
| Closing net asset value per share (pence) | 138.05                 | 136.78              | 150.76              | 120.10              |
| Change in net asset value per share       | 0.93%                  | (9.27%)             | 25.53%              | (7.28%)             |
| Operating charges                         | 0.58%                  | 0.58%               | 0.60%               | 0.60%               |



# Comparative Tables

## Continued

| <b>L Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 12                     | 39                  | 43                  | 35                  |
| Closing number of shares                  | 9,294                  | 31,267              | 31,267              | 31,267              |
| Closing net asset value per share (pence) | 124.15                 | 124.01              | 138.58              | 111.53              |
| Change in net asset value per share       | 0.11%                  | (10.51%)            | 24.25%              | (8.42%)             |
| Operating charges                         | 0.58%                  | 0.58%               | 0.60%               | 0.60%               |
| <b>M Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 324                    | 365                 | 337                 | 281                 |
| Closing number of shares                  | 261,163                | 296,763             | 247,812             | 258,664             |
| Closing net asset value per share (pence) | 123.96                 | 123.01              | 135.99              | 108.66              |
| Change in net asset value per share       | 0.77%                  | (9.54%)             | 25.15%              | (7.41%)             |
| Operating charges                         | 0.88%                  | 0.88%               | 0.90%               | 0.90%               |
| <b>M Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 32                     | 32                  | 36                  | 29                  |
| Closing number of shares                  | 27,318                 | 27,173              | 27,062              | 26,985              |
| Closing net asset value per share (pence) | 118.43                 | 118.31              | 132.21              | 106.41              |
| Change in net asset value per share       | 0.10%                  | (10.51%)            | 24.25%              | (8.28%)             |
| Operating charges                         | 0.88%                  | 0.88%               | 0.90%               | 0.90%               |

The closing net asset value (£'000) divided by the closing number of shares may not calculate to the closing net asset value per share (pence) due to rounding differences. The published closing net asset value per share (pence) is based on unrounded values and represents the actual price.

The change in the net asset value per share is the change from the beginning of the period to the close of the period.

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

# Portfolio Statement

As at 31 January 2023

| Holding                                | Investment             | Market value<br>£'000 | Percentage of<br>total net assets |
|--|------------------------|-----------------------|-----------------------------------|
| <b>Equities (98.57%)</b>               |                        | <b>413,795</b>        | <b>98.57</b>                      |
| <b>UK Equities (98.57%)</b>            |                        | <b>413,795</b>        | <b>98.57</b>                      |
| <b>Basic Materials (3.82%)</b>         |                        | <b>16,200</b>         | <b>3.86</b>                       |
| 1,199,849                              | Bodycote               | 7,805                 | 1.86                              |
| 121,949                                | Croda International    | 8,395                 | 2.00                              |
| <b>Consumer Discretionary (13.66%)</b> |                        | <b>64,578</b>         | <b>15.38</b>                      |
| 424,980                                | Bellway                | 8,997                 | 2.14                              |
| 1,144,244                              | Howden Joinery         | 7,898                 | 1.88                              |
| 3,898,710                              | Moonpig                | 4,694                 | 1.12                              |
| 2,985,998                              | Pets at Home           | 10,517                | 2.51                              |
| 846,900                                | RELX                   | 20,334                | 4.84                              |
| 1,281,085                              | Watches of Switzerland | 12,138                | 2.89                              |
| <b>Consumer Staples (11.54%)</b>       |                        | <b>52,929</b>         | <b>12.61</b>                      |
| 462,840                                | Coca-Cola HBC          | 9,076                 | 2.16                              |
| 672,181                                | Diageo                 | 23,657                | 5.64                              |
| 491,623                                | Unilever               | 20,196                | 4.81                              |
| <b>Financials (18.47%)</b>             |                        | <b>92,572</b>         | <b>22.05</b>                      |
| 1,458,216                              | Close Brothers         | 14,123                | 3.36                              |
| 1,026,824                              | Hargreaves Lansdown    | 9,126                 | 2.17                              |
| 6,075                                  | HIE VenturesΩ          | -                     | -                                 |
| 920,702                                | Hiscox                 | 10,349                | 2.47                              |
| 176,701                                | London Stock Exchange  | 13,083                | 3.12                              |
| 5,024,366                              | NatWest                | 15,470                | 3.68                              |
| 1,918,241                              | OSB                    | 10,454                | 2.49                              |
| 1,491,183                              | Prudential             | 19,967                | 4.76                              |
| <b>Health Care (13.00%)</b>            |                        | <b>49,152</b>         | <b>11.71</b>                      |
| 314,494                                | AstraZeneca            | 33,299                | 7.93                              |
| 208,276                                | Dechra Pharmaceuticals | 5,965                 | 1.42                              |
| 341,660                                | Genus                  | 9,888                 | 2.36                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                           | Investment         | Market value<br>£'000 | Percentage of<br>total net assets |
|-----------------------------------|--------------------|-----------------------|-----------------------------------|
| <b>Industrials (23.65%)</b>       |                    | <b>85,099</b>         | <b>20.27</b>                      |
| 187,617                           | Ashtead            | 9,966                 | 2.37                              |
| 372,825                           | Experian           | 11,006                | 2.62                              |
| 339,445                           | Halma              | 7,288                 | 1.74                              |
| 1,718,993                         | Marshalls          | 5,838                 | 1.39                              |
| 565,846                           | Mondi              | 8,615                 | 2.05                              |
| 403,754                           | Oxford Instruments | 9,448                 | 2.25                              |
| 1,868,523                         | Rentokil Initial   | 9,167                 | 2.18                              |
| 892,638                           | RS                 | 8,386                 | 2.00                              |
| 863,596                           | Weir               | 15,385                | 3.67                              |
| <b>Real Estate (2.15%)</b>        |                    | <b>7,850</b>          | <b>1.87</b>                       |
| 787,811                           | Unite REIT         | 7,850                 | 1.87                              |
| <b>Technology (8.37%)</b>         |                    | <b>30,555</b>         | <b>7.28</b>                       |
| 2,209,245                         | Auto Trader        | 13,848                | 3.30                              |
| 1,110,116                         | Sage               | 8,621                 | 2.05                              |
| 671,068                           | Softcat            | 8,086                 | 1.93                              |
| <b>Telecommunications (3.91%)</b> |                    | <b>14,860</b>         | <b>3.54</b>                       |
| 744,486                           | Telecom Plus       | 14,860                | 3.54                              |
| Total investment assets           |                    | 413,795               | 98.57                             |
| Net other assets                  |                    | 6,009                 | 1.43                              |
| <b>Total Net Assets</b>           |                    | <b>419,804</b>        | <b>100.00</b>                     |

All investments are listed on recognised stock exchanges and are approved securities within the meaning of the FCA rules.  
The percentage figures in brackets show the comparative holding as at 31 July 2022.  
Ω Unapproved/unquoted security.

# Financial Statements

## Statement of Total Return

For the six months ended 31 January 2023

|   | 31 January 2023 |              | 31 January 2022 |                 |
|---|-----------------|--------------|-----------------|-----------------|
|   | £'000           | £'000        | £'000           | £'000           |
| Income:   |                 |              |                 |                 |
| Net capital losses  |                 | (785)        |                 | (38,173)        |
| Revenue   | 4,938           |              | 3,834           |                 |
| Expenses  | (2,013)         |              | (2,368)         |                 |
| Net revenue before taxation   | 2,925           |              | 1,466           |                 |
| Taxation  | 48              |              | (2)             |                 |
| Net revenue after taxation  |                 | 2,973        |                 | 1,464           |
| <b>Total return before distributions</b>  |                 | <b>2,188</b> |                 | <b>(36,709)</b> |
| Distributions   |                 | (2,973)      |                 | (1,464)         |
| <b>Change in net assets attributable to shareholders from investment activities</b> |                 | <b>(785)</b> |                 | <b>(38,173)</b> |

## Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 January 2023

|  | 31 January 2023 |                | 31 January 2022 |                |
|--|-----------------|----------------|-----------------|----------------|
|  | £'000           | £'000          | £'000           | £'000          |
| <b>Opening net assets attributable to shareholders</b>                                   |                 | <b>460,338</b> |                 | <b>504,005</b> |
| Amounts receivable on the issue of shares  | 13,108          |                | 4,373           |                |
| Amounts payable on the cancellation of shares  | (55,450)        |                | (11,195)        |                |
|  |                 | (42,342)       |                 | (6,822)        |
| Dilution adjustment  |                 | 61             |                 |                |
| Change in net assets attributable to shareholders from investment activities (see above) |                 | (785)          |                 | (38,173)       |
| Retained distribution on accumulation shares   |                 | 2,506          |                 | 1,377          |
| Unclaimed distributions  |                 | 26             |                 | 40             |
| <b>Closing net assets attributable to shareholders</b>                                   |                 | <b>419,804</b> |                 | <b>460,427</b> |

Comparative information is provided for the statement of change in net assets attributable to shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

# Financial Statements

## Continued

### Balance Sheet

As at 31 January 2023

|  | 31 January 2023 |                | 31 July 2022 |                |
|--|-----------------|----------------|--------------|----------------|
|  | £'000           | £'000          | £'000        | £'000          |
| <b>Assets:</b>                                 |                 |                |              |                |
| <b>Fixed assets:</b>                           |                 |                |              |                |
| Investment assets                              |                 | 413,795        |              | 453,768        |
| <b>Current assets:</b>                         |                 |                |              |                |
| Debtors  | 158             |                | 769          |                |
| Cash and bank balances                         | 7,345           |                | 6,675        |                |
|  |                 | 7,503          |              | 7,444          |
| <b>Total assets</b>                            |                 | <b>421,298</b> |              | <b>461,212</b> |
| <b>Liabilities:</b>                            |                 |                |              |                |
| Creditors                                      | (1,296)         |                | (647)        |                |
| Distribution payable                           | (198)           |                | (227)        |                |
|  |                 | (1,494)        |              | (874)          |
| <b>Total liabilities</b>                       |                 | <b>(1,494)</b> |              | <b>(874)</b>   |
| <b>Net assets attributable to shareholders</b> |                 | <b>419,804</b> |              | <b>460,338</b> |

# Distribution Table

For the six months ended 31 January 2023 (in pence per share)

## Interim dividend distribution

Group 1 – shares purchased prior to 1 August 2022

Group 2 – shares purchased between 1 August 2022 and 31 January 2023

|                       | Revenue | Equalisation | Distribution paid<br>28/04/23 | Distribution paid<br>29/04/22 |
|-----------------------|---------|--------------|-------------------------------|-------------------------------|
| <b>A Accumulation</b> |         |              |                               |                               |
| Group 1               | 1.0878  | –            | 1.0878                        | 0.3048                        |
| Group 2               | 0.3160  | 0.7718       | 1.0878                        | 0.3048                        |
| <b>A Income</b>       |         |              |                               |                               |
| Group 1               | 0.8383  | –            | 0.8383                        | 0.2365                        |
| Group 2               | 0.0820  | 0.7563       | 0.8383                        | 0.2365                        |
| <b>I Accumulation</b> |         |              |                               |                               |
| Group 1               | 1.7492  | –            | 1.7492                        | 0.9615                        |
| Group 2               | 0.4847  | 1.2645       | 1.7492                        | 0.9615                        |
| <b>I Income</b>       |         |              |                               |                               |
| Group 1               | 1.2198  | –            | 1.2198                        | 0.6781                        |
| Group 2               | 0.6633  | 0.5565       | 1.2198                        | 0.6781                        |
| <b>K Accumulation</b> |         |              |                               |                               |
| Group 1               | 1.1072  | –            | 1.1072                        | 0.6403                        |
| Group 2               | 1.1072  | –            | 1.1072                        | 0.6403                        |
| <b>L Accumulation</b> |         |              |                               |                               |
| Group 1               | 1.1221  | –            | 1.1221                        | 0.7140                        |
| Group 2               | 1.1221  | –            | 1.1221                        | 0.7140                        |
| <b>L Income</b>       |         |              |                               |                               |
| Group 1               | 1.0173  | –            | 1.0173                        | 0.6573                        |
| Group 2               | 1.0173  | –            | 1.0173                        | 0.6573                        |
| <b>M Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.8296  | –            | 0.8296                        | 0.4388                        |
| Group 2               | 0.2873  | 0.5423       | 0.8296                        | 0.4388                        |
| <b>M Income</b>       |         |              |                               |                               |
| Group 1               | 0.7989  | –            | 0.7989                        | 0.4269                        |
| Group 2               | 0.1447  | 0.6542       | 0.7989                        | 0.4269                        |

## Equalisation

This applies only to shares purchased during the distribution period (group 2 shares). It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

# abrdn UK Income Equity Fund

For the period ended 31 January 2023

## Investment Objective

To generate income and some capital over the long term (5 years or more) by investing in UK equities (company shares).

**Performance Target:** To deliver a yield greater than that of the FTSE All Share Index over a rolling five year period (before charges) and achieve a return in excess of the FTSE All Share Index over a rolling five year period (before charges). The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target.

**Performance Comparator:** IA UK Equity Income sector average.

The ACD believes this is an appropriate target/comparator for the fund based on the investment policy of the fund and the constituents of the index.

## Investment Policy

### Portfolio Securities

- The fund will invest at least 70% in equities and equity related securities of companies incorporated or domiciled in the UK or having significant operations and/or exposure to the UK.
- The fund may invest up to 20% in non-UK listed Companies.
- The fund may also invest in other funds (including those managed by abrdn), money-market instruments, and cash.

### Management Process

- The management team use their discretion (active management) to maintain a diverse asset mix at sector and stock level.
- Their primary focus is on stock selection using research techniques to select individual holdings. The research process is focused on finding high quality companies at attractive valuations that can be held for the long term.
- In seeking to achieve the Performance Target, the FTSE All-Share Index is used as a reference point for portfolio construction and as a basis for setting risk constraints. The expected variation ("tracking error") between the returns of the fund and the index is not ordinarily expected to exceed 9%. Due to the active nature of the management process, the fund's performance profile may deviate significantly from that of the index.

## Derivatives and Techniques

- The fund may use derivatives to reduce risk, reduce cost and/or generate additional income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management").
- Derivative usage in the fund is expected to be very limited.

## Performance Review

For the six months ended 31 January 2023, the value of abrdn UK Income Equity Fund – A Accumulation Shares increased by 0.52%, compared with an increase of 5.29% in the benchmark, the FTSE All-Share Index.

Source: Lipper; Basis: total return, published NAV to NAV, net of annual charges, UK net income reinvested, GBP.

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Please remember that past performance is not a guide to future returns. The price of shares and the revenue from them may fall as well as rise. Investors may not get back the amount originally invested.

Companies selected for illustrative purposes only to demonstrate the investment management style described herein and not as an investment recommendation or indication of future performance.

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\*\*abrdn means the relevant member of abrdn group, being abrdn plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

## Market Review

UK equities advanced strongly over the period as a whole as commodity prices remained strong and inflation concerns started to ease. These gains came despite losses in August and September as fears grew that the tighter monetary policy introduced by central banks around the world to combat rising prices could spark

# abrdn UK Income Equity Fund

## Continued

a global recession. Markets bounced back in October and November after Liz Truss, Boris Johnson's successor as prime minister, resigned in the wake of a disastrous mini-Budget. Hopes that peaking inflation could lead to a slowdown in interest-rate rises also underpinned share-price gains.

Annual inflation in Britain reached 11.1% in October, a 40-year high, before falling back in the months that followed. The Bank of England continued to tighten monetary policy over the period by raising the base rate in August, September, November and December. The UK market fell in December after officials said rates would continue to increase until inflation was significantly closer to the 2% long-term target, regardless of the short-term economic impact. However, share prices recovered in January as fears of a prolonged recession receded to some degree. China's reopening following the end of its zero-Covid policy also boosted sentiment. As had been the case earlier in 2022, the relatively large number of London-listed businesses exposed to commodity prices helped UK equities to outperform many other major markets over the period.

### Portfolio Activity and Review

At a stock level, Marshalls contributed negatively to returns, with the company facing downgrades from its exposure to residential property markets and discretionary spending. The fund's lack of holding in Rio Tinto and HSBC weighed on performance as both firms benefited from improving sentiment. Conversely, our holding in BHP Group added to returns thanks to strength in global commodities markets, while AVEVA Group was positive as the company accepted a takeover offer from Schneider Electric. Shares in TotalEnergies also advanced on the back of resilient oil prices and a well-received capital markets day in September.

In terms of activity, the fund initiated a new position in Games Workshop Group, which we see as a unique asset with strong quality credentials and an attractive yield. We also took new positions in Microsoft, LVMH and Roche over the period, and added to existing holdings in Oxford Instruments, Close Brothers Group and London Stock Exchange Group, among others. The holding in AVEVA was exited following acceptance of the Schneider Electric takeover offer and we closed the fund's positions in several other businesses including Watkin Jones, Countryside Partnerships, Sirius Real Estate and Assura. We also reduced our holding in Ashmore Group.

### Portfolio Outlook and Strategy

The outlook for equities continues to be difficult with a tightening policy backdrop and significant inflationary challenges combining with the implications of the conflict in Ukraine to create a slower global growth dynamic. In addition, the UK faces a challenging domestic economic environment. However, we take comfort that the valuations of UK-listed companies remain attractive on a relative, absolute and cyclically-adjusted basis and, as such, we believe a fair proportion of the portfolio may be vulnerable to corporate activity. Moreover, the dividend yield of the UK market remains at an appealing premium to other regional equity markets. Furthermore, international investors have maintained an underweight exposure to the UK, providing further potential upside. Therefore, we feel very comfortable maintaining our long-term focus on investments in quality companies with robust competitive positions and strong balance sheets, and which are led by experienced management teams capable of delivering sustainable earnings and dividend growth.

### UK Equity Team

February 2023



# abrdn UK Income Equity Fund

## Continued

### Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the fund. The table below shows the fund's ranking on the Risk and Reward Indicator.

| Typically lower rewards, lower risk |   |   |   | Typically higher rewards, higher risk |   |   |
|-------------------------------------|---|---|---|---------------------------------------|---|---|
| ←                                   |   |   |   | →                                     |   |   |
| 1                                   | 2 | 3 | 4 | 5                                     | 6 | 7 |

Risk and reward indicator table as at 31 January 2023.

The fund is rated as 6 because of the extent to which the following risk factors apply:

- The fund invests in equity 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.
- A concentrated portfolio may be more volatile and less liquid than a more broadly diversified one. The fund's investments are concentrated in a particular country or sector.
- The shares of small and mid-cap companies may be less liquid and more volatile than those of larger companies.
- 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.

All investment involves risk. This fund offers no guarantee against loss or that the fund's objective will be attained.

The price of assets and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

Inflation reduces the buying power of your investment and income.

The value of assets held in the fund may rise and fall as a result of exchange rate fluctuations.

The fund could lose money if an entity (counterparty) with which it does business becomes unwilling or unable to honour its obligations to the fund.

In extreme market conditions some securities may become hard to value or sell at a desired price. This could affect the fund's ability to meet redemptions in a timely manner.

The fund could lose money as the result of a failure or delay in operational processes and systems including but not limited to third party providers failing or going into administration.

# Comparative Tables

| <b>A Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 50,163                 | 55,181              | 59,010              | 50,026              |
| Closing number of shares                  | 3,459,429              | 3,835,059           | 4,047,479           | 4,275,993           |
| Closing net asset value per share (pence) | 1,450.04               | 1,438.86            | 1,457.95            | 1,169.92            |
| Change in net asset value per share       | 0.78%                  | (1.31%)             | 24.62%              | (9.04%)             |
| Operating charges                         | 1.29%                  | 1.29%               | 1.30%               | 1.30%               |
| <b>A Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 49,233                 | 51,981              | 57,928              | 50,825              |
| Closing number of shares                  | 13,193,172             | 13,794,285          | 14,538,970          | 15,351,430          |
| Closing net asset value per share (pence) | 373.17                 | 376.83              | 398.43              | 331.07              |
| Change in net asset value per share       | (0.97%)                | (5.42%)             | 20.35%              | (12.55%)            |
| Operating charges                         | 1.29%                  | 1.29%               | 1.30%               | 1.30%               |
| <b>I Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 38,986                 | 42,593              | 38,143              | 22,114              |
| Closing number of shares                  | 2,395,880              | 2,643,866           | 2,347,079           | 1,703,296           |
| Closing net asset value per share (pence) | 1,627.19               | 1,611.01            | 1,625.12            | 1,298.29            |
| Change in net asset value per share       | 1.00%                  | (0.87%)             | 25.17%              | (8.63%)             |
| Operating charges                         | 0.84%                  | 0.84%               | 0.85%               | 0.85%               |
| <b>I Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 16,454                 | 15,507              | 16,772              | 13,008              |
| Closing number of shares                  | 3,906,829              | 3,654,361           | 3,755,205           | 3,520,669           |
| Closing net asset value per share (pence) | 421.16                 | 424.33              | 446.64              | 369.49              |
| Change in net asset value per share       | (0.75%)                | (5.00%)             | 20.88%              | (12.15%)            |
| Operating charges                         | 0.84%                  | 0.84%               | 0.85%               | 0.85%               |
| <b>K Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 95                     | 96                  | 164                 | 355                 |
| Closing number of shares                  | 81,034                 | 81,139              | 131,782             | 345,248             |
| Closing net asset value per share (pence) | 117.40                 | 118.23              | 124.37              | 102.80              |
| Change in net asset value per share       | (0.70%)                | (4.94%)             | 20.98%              | (12.09%)            |
| Operating charges                         | 0.77%                  | 0.76%               | 0.78%               | 0.78%               |
| <b>M Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 29                     | 28                  | 27                  | 34                  |
| Closing number of shares                  | 22,017                 | 22,047              | 20,994              | 33,625              |
| Closing net asset value per share (pence) | 129.75                 | 128.46              | 129.58              | 103.60              |
| Change in net asset value per share       | 1.00%                  | (0.86%)             | 25.08%              | (8.55%)             |
| Operating charges                         | 0.89%                  | 0.89%               | 0.90%               | 0.90%               |

# Comparative Tables

## Continued

| <b>M Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 39                     | 39                  | 39                  | 47                  |
| Closing number of shares                  | 35,219                 | 34,446              | 33,204              | 48,554              |
| Closing net asset value per share (pence) | 111.40                 | 112.24              | 118.13              | 97.84               |
| Change in net asset value per share       | (0.75%)                | (4.99%)             | 20.74%              | (11.46%)            |
| Operating charges                         | 0.89%                  | 0.89%               | 0.90%               | 0.90%               |
| <b>Z Income<sup>A</sup></b>               | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 7,151                  | 8,245               | 10,466              | 7,233               |
| Closing number of shares                  | 6,191,028              | 7,108,815           | 8,632,853           | 7,260,428           |
| Closing net asset value per share (pence) | 115.51                 | 115.98              | 121.23              | 99.62               |
| Change in net asset value per share       | (0.41%)                | (4.33%)             | 21.69%              | (0.38%)             |
| Operating charges                         | 0.09%                  | 0.09%               | 0.10%               | 0.10%               |

The closing net asset value (£'000) divided by the closing number of shares may not calculate to the closing net asset value per share (pence) due to rounding differences. The published closing net asset value per share (pence) is based on unrounded values and represents the actual price.

The change in the net asset value per share is the change from the beginning of the period to the close of the period.

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

<sup>A</sup>Z Income share class was launched on 29 April 2020.

# Portfolio Statement

As at 31 January 2023

| Holding                               | Investment                       | Market value<br>£'000 | Percentage of<br>total net assets |
|---------------------------------------|----------------------------------|-----------------------|-----------------------------------|
| <b>Equities (97.58%)</b>              |                                  | <b>162,225</b>        | <b>100.04</b>                     |
| <b>UK Equities (97.58%)</b>           |                                  | <b>162,225</b>        | <b>100.04</b>                     |
| <b>Basic Materials (6.93%)</b>        |                                  | <b>14,884</b>         | <b>9.18</b>                       |
| 161,307                               | Anglo American                   | 5,591                 | 3.45                              |
| 233,600                               | BHP                              | 6,600                 | 4.07                              |
| 39,121                                | Croda International              | 2,693                 | 1.66                              |
| <b>Consumer Discretionary (9.26%)</b> |                                  | <b>17,474</b>         | <b>10.78</b>                      |
| 16,963                                | Games Workshop                   | 1,590                 | 0.98                              |
| 470,932                               | Howden Joinery                   | 3,250                 | 2.00                              |
| 2,746                                 | LVMH Moet Hennessy Louis Vuitton | 1,938                 | 1.20                              |
| 483,465                               | Moonpig                          | 582                   | 0.36                              |
| 316,474                               | RELX                             | 7,599                 | 4.69                              |
| 337,980                               | Vistry                           | 2,515                 | 1.55                              |
| <b>Consumer Staples (12.16%)</b>      |                                  | <b>20,477</b>         | <b>12.63</b>                      |
| 179,894                               | Coca-Cola HBC                    | 3,528                 | 2.18                              |
| 226,890                               | Diageo                           | 7,985                 | 4.92                              |
| 16,809                                | Nestle                           | 1,657                 | 1.02                              |
| 177,884                               | Unilever                         | 7,307                 | 4.51                              |
| <b>Energy (5.81%)</b>                 |                                  | <b>11,906</b>         | <b>7.34</b>                       |
| 1,165,328                             | BP                               | 5,696                 | 3.51                              |
| 123,550                               | TotalEnergies                    | 6,210                 | 3.83                              |
| <b>Financials (16.82%)</b>            |                                  | <b>30,631</b>         | <b>18.89</b>                      |
| 148,460                               | Ashmore                          | 395                   | 0.24                              |
| 474,800                               | Chesnara                         | 1,353                 | 0.84                              |
| 387,959                               | Close Brothers                   | 3,757                 | 2.32                              |
| 1,107,300                             | Direct Line Insurance            | 1,964                 | 1.21                              |
| 184,862                               | Hiscox                           | 2,078                 | 1.28                              |
| 215,447                               | Intermediate Capital             | 2,989                 | 1.84                              |
| 45,561                                | London Stock Exchange            | 3,373                 | 2.08                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                     | Investment                        | Market value<br>£'000 | Percentage of<br>total net assets |
|-----------------------------|-----------------------------------|-----------------------|-----------------------------------|
| 1,689,100                   | M&G                               | 3,409                 | 2.10                              |
| 288,291                     | Nordea Bank                       | 2,724                 | 1.68                              |
| 446,047                     | OSB                               | 2,431                 | 1.50                              |
| 324,700                     | Oversea-Chinese Banking           | 2,593                 | 1.60                              |
| 525,048                     | Standard Chartered                | 3,565                 | 2.20                              |
| <b>Health Care (11.64%)</b> |                                   | <b>19,846</b>         | <b>12.24</b>                      |
| 78,604                      | AstraZeneca                       | 8,323                 | 5.13                              |
| 1,067,842                   | ConvaTec                          | 2,499                 | 1.54                              |
| 33,193                      | Dechra Pharmaceuticals            | 951                   | 0.59                              |
| 132,480                     | GSK                               | 1,885                 | 1.16                              |
| 25,900                      | Novo Nordisk                      | 2,898                 | 1.79                              |
| 5,974                       | Roche (Participating certificate) | 1,506                 | 0.93                              |
| 160,183                     | Smith & Nephew                    | 1,784                 | 1.10                              |
| <b>Industrials (17.56%)</b> |                                   | <b>23,527</b>         | <b>14.51</b>                      |
| 125,736                     | Experian                          | 3,712                 | 2.29                              |
| 400,340                     | Genuit                            | 1,307                 | 0.81                              |
| 473,030                     | Inchcape                          | 4,312                 | 2.66                              |
| 48,164                      | Kone                              | 2,132                 | 1.31                              |
| 505,242                     | Marshalls                         | 1,716                 | 1.06                              |
| 112,442                     | Mondi                             | 1,712                 | 1.06                              |
| 71,364                      | Oxford Instruments                | 1,670                 | 1.03                              |
| 629,624                     | Rentokil Initial                  | 3,089                 | 1.91                              |
| 174,900                     | RS                                | 1,643                 | 1.01                              |
| 5,734                       | VAT                               | 1,435                 | 0.88                              |
| 33,000                      | XP Power                          | 799                   | 0.49                              |
| <b>Real Estate (5.74%)</b>  |                                   | <b>5,324</b>          | <b>3.28</b>                       |
| 1,616,361                   | Industrials REIT                  | 2,037                 | 1.25                              |
| 327,085                     | Safestore REIT                    | 3,287                 | 2.03                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                      | Investment   | Market value<br>£'000 | Percentage of<br>total net assets |
|--|--|-----------------------|-----------------------------------|
| <b>Technology (3.20%)</b>                    |  | <b>4,702</b>          | <b>2.90</b>                       |
| 7,340  | Microsoft  | 1,477                 | 0.91                              |
| 415,281                                      | Sage   | 3,225                 | 1.99                              |
| <b>Telecommunications (1.44%)</b>            |  | <b>2,227</b>          | <b>1.37</b>                       |
| 120,000                                      | Accton Technology  | 789                   | 0.48                              |
| 169,925                                      | Telenor  | 1,438                 | 0.89                              |
| <b>Utilities (7.02%)</b>                     |  | <b>11,227</b>         | <b>6.92</b>                       |
| 322,740                                      | Drax   | 2,083                 | 1.28                              |
| 340,129                                      | National Grid  | 3,485                 | 2.15                              |
| 328,470                                      | SSE  | 5,659                 | 3.49                              |
| <b>Collective Investment Schemes (1.92%)</b> |  | <b>3</b>              | <b>-</b>                          |
| 3  | Aberdeen Standard Liquidity Fund (Lux) – Sterling Fund Z1 Inc+ | 3                     | -                                 |
| <b>Derivatives (0.00%)</b>                   |  | <b>(234)</b>          | <b>(0.14)</b>                     |
| <b>Equity Options (0.00%)</b>                |  | <b>(10)</b>           | <b>-</b>                          |
| (148,460)                                    | Sell Call Ashmore 17/03/2023                                   | (10)                  | -                                 |
| <b>Exchange Traded Options (0.00%)</b>       |  | <b>(224)</b>          | <b>(0.14)</b>                     |
| (12)   | Call Anglo American 17/03/2023                                 | (15)                  | (0.01)                            |
| (12)   | Call Anglo American 19/05/2023                                 | (18)                  | (0.01)                            |
| (4)  | Call Astrazeneca 17/03/2023                                    | -                     | -                                 |
| (3)  | Call Astrazeneca 17/03/2023                                    | (1)                   | -                                 |
| (15)   | Call BHP 17/03/2023  | (12)                  | (0.01)                            |
| (11)   | Call Diageo 17/03/2023   | -                     | -                                 |
| (209)  | Call M&G 21/04/2023  | (6)                   | -                                 |
| (450)  | Call Nordea Bank 16/06/2023                                    | (4)                   | -                                 |
| (38)   | Call Novo Nordisk 17/03/2023                                   | (35)                  | (0.02)                            |
| (22)   | Call SSE 17/02/2023  | (3)                   | -                                 |
| (48)   | Call SSE 17/03/2023  | (24)                  | (0.02)                            |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                 | Investment                         | Market value<br>£'000 | Percentage of<br>total net assets |
|---|------------------------------------|-----------------------|-----------------------------------|
| (64)                                    | Call Standard Chartered 17/03/2023 | (58)                  | (0.04)                            |
| (63)                                    | Call Standard Chartered 17/03/2023 | (36)                  | (0.02)                            |
| (59)                                    | Call Standard Chartered 17/03/2023 | (10)                  | (0.01)                            |
| (21)                                    | Put Coca-Cola 17/02/2023           | (2)                   | -                                 |
| Total investment assets and liabilities |                                    | 161,994               | 99.90                             |
| Net other assets                        |                                    | 156                   | 0.10                              |
| <b>Total Net Assets</b>                 |                                    | <b>162,150</b>        | <b>100.00</b>                     |

All investments (excluding OTC derivatives) are listed on recognised stock exchanges and are approved securities, or are regulated collective investment schemes or are approved derivatives within the meaning of the FCA rules.

The percentage figures in brackets show the comparative holding as at 31 July 2022.

\* Managed by subsidiaries of abrdn plc.

# Financial Statements

## Statement of Total Return

For the six months ended 31 January 2023

|   | 31 January 2023 |                | 31 January 2022 |                |
|---|-----------------|----------------|-----------------|----------------|
|   | £'000           | £'000          | £'000           | £'000          |
| Income:   |                 |                |                 |                |
| Net capital losses  |                 | (1,093)        |                 | (3,723)        |
| Revenue   | 3,033           |                | 3,319           |                |
| Expenses  | (884)           |                | (999)           |                |
| Interest payable and similar charges  | (1)             |                | -               |                |
| Net revenue before taxation   | 2,148           |                | 2,320           |                |
| Taxation  | (5)             |                | 45              |                |
| Net revenue after taxation  |                 | 2,143          |                 | 2,365          |
| <b>Total return before distributions</b>  |                 | <b>1,050</b>   |                 | <b>(1,358)</b> |
| Distributions   |                 | (2,952)        |                 | (3,308)        |
| <b>Change in net assets attributable to shareholders from investment activities</b> |                 | <b>(1,902)</b> |                 | <b>(4,666)</b> |

## Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 January 2023

|  | 31 January 2023 |                | 31 January 2022 |                |
|--|-----------------|----------------|-----------------|----------------|
|  | £'000           | £'000          | £'000           | £'000          |
| <b>Opening net assets attributable to shareholders</b>                                   |                 | <b>173,670</b> |                 | <b>182,549</b> |
| Amounts receivable on the issue of shares  | 2,258           |                | 5,285           |                |
| Amounts payable on the cancellation of shares  | (13,435)        |                | (6,718)         |                |
|  |                 | (11,177)       |                 | (1,433)        |
| Change in net assets attributable to shareholders from investment activities (see above) |                 | (1,902)        |                 | (4,666)        |
| Retained distribution on accumulation shares   |                 | 1,538          |                 | 1,791          |
| Unclaimed distributions  |                 | 21             |                 | 33             |
| <b>Closing net assets attributable to shareholders</b>                                   |                 | <b>162,150</b> |                 | <b>178,274</b> |

Comparative information is provided for the statement of change in net assets attributable to shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.



# Financial Statements

## Continued

### Balance Sheet

As at 31 January 2023

|  | 31 January 2023 |                | 31 July 2022 |                |
|--|-----------------|----------------|--------------|----------------|
|  | £'000           | £'000          | £'000        | £'000          |
| <b>Assets:</b>                                 |                 |                |              |                |
| <b>Fixed assets:</b>                           |                 |                |              |                |
| Investment assets                              |                 | 162,228        |              | 172,799        |
| <b>Current assets:</b>                         |                 |                |              |                |
| Debtors  | 563             |                | 1,000        |                |
| Cash and bank balances                         | 1,666           |                | 2,044        |                |
|  |                 | 2,229          |              | 3,044          |
| <b>Total assets</b>                            |                 | <b>164,457</b> |              | <b>175,843</b> |
| <b>Liabilities:</b>                            |                 |                |              |                |
| Investment liabilities                         |                 | (234)          |              |                |
| Bank overdrafts                                | -               |                | (23)         |                |
| Creditors                                      | (792)           |                | (320)        |                |
| Distribution payable                           | (1,281)         |                | (1,830)      |                |
|  |                 | (2,073)        |              | (2,173)        |
| <b>Total liabilities</b>                       |                 | <b>(2,307)</b> |              | <b>(2,173)</b> |
| <b>Net assets attributable to shareholders</b> |                 | <b>162,150</b> |              | <b>173,670</b> |

# Distribution Table

For the six months ended 31 January 2023 (in pence per share)

## Interim dividend distribution

Group 1 – shares purchased prior to 1 August 2022

Group 2 – shares purchased between 1 August 2022 and 31 January 2023

|                       | Revenue | Equalisation | Distribution paid<br>28/04/23 | Distribution paid<br>29/04/22 |
|-----------------------|---------|--------------|-------------------------------|-------------------------------|
| <b>A Accumulation</b> |         |              |                               |                               |
| Group 1               | 25.0278 | –            | 25.0278                       | 26.5830                       |
| Group 2               | 13.5629 | 11.4649      | 25.0278                       | 26.5830                       |
| <b>A Income</b>       |         |              |                               |                               |
| Group 1               | 6.5543  | –            | 6.5543                        | 7.2678                        |
| Group 2               | 1.8676  | 4.6867       | 6.5543                        | 7.2678                        |
| <b>I Accumulation</b> |         |              |                               |                               |
| Group 1               | 28.0453 | –            | 28.0453                       | 29.6519                       |
| Group 2               | 16.1027 | 11.9426      | 28.0453                       | 29.6519                       |
| <b>I Income</b>       |         |              |                               |                               |
| Group 1               | 7.3868  | –            | 7.3868                        | 8.1529                        |
| Group 2               | 1.8911  | 5.4957       | 7.3868                        | 8.1529                        |
| <b>K Income</b>       |         |              |                               |                               |
| Group 1               | 2.0586  | –            | 2.0586                        | 2.2707                        |
| Group 2               | 2.0586  | –            | 2.0586                        | 2.2707                        |
| <b>M Accumulation</b> |         |              |                               |                               |
| Group 1               | 2.2370  | –            | 2.2370                        | 2.3671                        |
| Group 2               | 0.6440  | 1.5930       | 2.2370                        | 2.3671                        |
| <b>M Income</b>       |         |              |                               |                               |
| Group 1               | 1.9552  | –            | 1.9552                        | 2.1701                        |
| Group 2               | 0.5610  | 1.3942       | 1.9552                        | 2.1701                        |
| <b>Z Income</b>       |         |              |                               |                               |
| Group 1               | 2.0217  | –            | 2.0217                        | 2.2158                        |
| Group 2               | 2.0217  | –            | 2.0217                        | 2.2158                        |

## Equalisation

This applies only to shares purchased during the distribution period (group 2 shares). It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

# abrdn UK Mid-Cap Equity Fund

For the period ended 31 January 2023

## Investment Objective

To generate growth over the long term (5 years or more) by investing in UK mid-capitalisation equities (company shares).

Performance Target: To achieve the return of the FTSE 250 (ex Investment Trusts) Index plus 3% per annum over rolling three year periods (before charges). The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target.

The ACD believes this is an appropriate target for the fund based on the investment policy of the fund and the constituents of the index.

## Investment Policy

### Portfolio Securities

- The fund will invest at least 60% in mid-capitalisation equities and equity related securities of companies listed, incorporated or domiciled in the UK or companies that derive a significant proportion of their revenues or profits from UK operations or have a significant proportion of their assets there.
- Mid capitalisation companies are defined as any stock included in the FTSE 250 (ex Investment Trusts) Index or, if not included within the index, any stock having a market capitalisation smaller than that of the stock with the largest market capitalisation in such index.
- The fund may also invest in smaller and larger capitalisation companies listed, incorporated or domiciled in the UK.
- The fund may also invest in other funds (including those managed by abrdn), money-market instruments, and cash.

### Management Process

- The management team use their discretion (active management) to maintain a diverse asset mix at sector and stock level.
- Their primary focus is on stock selection using the management team's quality, growth and momentum approach. It aims to identify companies that show a range of high quality characteristics, operate in growing markets and display positive business momentum.
- In seeking to achieve the Performance Target, the FTSE 250 (ex Investment Trusts) Index is used as a reference point for portfolio construction and as a basis for setting risk constraints. The expected variation ("tracking error") between the returns of the fund and the index

is not ordinarily expected to exceed 9%. Due to the active nature of the management process, the fund's performance profile may deviate significantly from that of the index.

- Please note: The fund's ability to buy and sell small and mid-capitalisation shares and the associated costs can be affected during periods of market stress. In certain circumstances investors in the fund may not be able to sell their investment when they want to.

### Derivatives and Techniques

- The fund may use derivatives to reduce risk, reduce cost and/or generate additional income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management"). Derivative usage in the fund is expected to be very limited. Where derivatives are used, this would mainly be in response to significant inflows into the fund so that in these instances, cash can be invested while maintaining the fund's existing allocations to company shares.

## Performance Review

For the six months ended 31 January 2023, the value of abrdn UK Mid-Cap Equity Fund – A Accumulation Shares decreased by 5.77%, compared to an increase of 0.37% in the performance target, the FTSE 250 ex Investment Trusts Index.

Source: Lipper; Basis: total return, published NAV to NAV, net of annual charges, UK net income reinvested, GBP. Please note the fund performance is quoted net of fees while the index return is quoted gross and contains no adjustment for fees.

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Please remember that past performance is not a guide to future returns. The price of shares and the revenue from them may fall as well as rise. Investors may not get back the amount originally invested.

Companies selected for illustrative purposes only to demonstrate the investment management style described herein and not as an investment recommendation or indication of future performance.

Any data contained herein which is attributed to a third party ("Third Party Data") is the property of (a) third party supplier(s) (the "Owner") and is licensed for use by abrdn\*\*. Third Party Data may not be copied or distributed. Third Party Data is provided "as is" and is not warranted to be accurate, complete or timely. To the extent permitted by applicable law, none of the Owner, abrdn\*\* or any other third party (including any third party involved in providing and/or compiling Third Party Data) shall have

# abrdn UK Mid-Cap Equity Fund

## Continued

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\*\*abrdn means the relevant member of abrdn group, being abrdn plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

### Market Review

UK equities advanced strongly over the period as a whole as commodity prices remained strong and inflation concerns started to ease. These gains came despite losses in August and September as fears grew that the tighter monetary policy introduced by central banks around the world to combat rising prices could spark a global recession. Markets bounced back in October and November after Liz Truss, Boris Johnson's successor as prime minister, resigned in the wake of her disastrous mini-Budget. Hopes that peaking inflation could lead to a slowdown in interest-rate rises also underpinned share-price gains.

Annual inflation in Britain reached 11.1% in October, a 40-year high, before falling back in the months that followed. The Bank of England continued to tighten monetary policy over the period by raising the base rate in August, September, November and December. The UK market fell in December after officials said rates would continue to increase until inflation was significantly closer to the 2% long-term target, regardless of the short-term economic impact. However, share prices rebounded in January as fears of a prolonged recession receded to some degree. China's reopening following the end of its zero-Covid policy also boosted sentiment.

Although they recovered towards the end of the year, UK small- and mid-cap stocks were particularly lacklustre in the early weeks of the period. Data showed a decline in consumer spending and business activity, as well as growing fears over winter energy bills. Meanwhile, the spike in mortgage rates that followed the mini-Budget added to pressures in the housing market and construction sector. On the whole, value stocks continued to perform relatively well over the period as investors remained cautious about growth businesses given rising interest rates and persistently high inflation.

### Portfolio Activity and Review

Looking at individual holdings, Auction Technology Group was the main detractor from performance. Its shares were downgraded on weakness in its arts and antiques business given a deteriorating consumer environment. Shares in Marshalls lost value after the company faced downgrades from its exposure to residential property markets and discretionary spending. Serica Energy underperformed

after the British government expanded the scope of its windfall tax on energy companies. It also completed a highly accretive deal with Tailwind, but because the sellers were keen to remain invested, had to use a cash and share format. Investors had hoped the company would fund the acquisition on a cash-only basis.

Conversely, the fund's holding in Hollywood Bowl Group was beneficial. It published an excellent full-year update despite the challenging trading backdrop. The company's success has been based on strong demand and effective cost control. Shares in Greggs were also positive, with its value-for-money offering helping to support trading dynamics despite concerns around footfall and consumer spending. CVS Group added to returns as investors viewed its resilient business model as being capable of withstanding a period of economic slowdown.

In terms of activity, we initiated positions in Coats Group and Energean. We are confident in the medium-term dominance of market leader Coats, while Energean is founder-run and has a strong track record of growing reserves and resources. We added to the fund's existing holdings in Telecom Plus, Spirent Communications, Craneware and AJ Bell, among others, and trimmed positions in a number of companies including DiscoverIE Group, Games Workshop Group, Safestore and Greggs. We sold out of several holdings, among them Genuit Group, Synthomer, Dr Martens, Alphawave IP Group and Hotel Chocolat Group.

### Portfolio Outlook and Strategy

Having derated significantly in recent months, UK valuations are currently at appealing levels relative to other regions, and the UK's small-cap and mid-cap sectors look particularly attractive in comparison to large-cap holdings. The significant divergence seen over most of 2022 was driven by the strong sector focus in the FTSE 100 Index combined with general risk-off sentiment. However, towards the end of the year, the market tested some of these levels and we saw a strong bounce in UK small-cap and mid-cap stocks in October and November. Although January's positive performance was welcome after markets fell back in December, we believe volatility may continue before we see a more sustained recovery.

# abrdn UK Mid-Cap Equity Fund

## Continued

While the UK domestic picture is far from clear, there are some signs pointing towards a shallower and perhaps shorter recession than many expected. Indeed, the Bank of England has recently relaxed the highly pessimistic stance it originally outlined in November. We have seen strong reporting from UK retailers and travel businesses in recent weeks, giving some optimism that the British consumer is not as cash-strapped as media reports might suggest. Although 2023 is expected to be another uncertain year, we feel many of the most painful changes in market conditions are behind us.

In a recession, we believe our focus on quality will prove relatively resilient. In late 2022, we saw broad areas of downgrades across the market, but many areas of resilience and strength in the portfolio. With the derating of growth businesses throughout 2022, many of our quality-growth businesses are trading on significantly lower valuations than has historically been the case, and have been taking part strongly in the recent rally. This gives us some confidence over relative performance potential in a market recovery.

### **Smaller Companies Equity Team**

February 2023

# abrdn UK Mid-Cap Equity Fund

## Continued

### Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the fund. The table below shows the fund's ranking on the Risk and Reward Indicator.

| Typically lower rewards, lower risk |   |   |   | Typically higher rewards, higher risk |   |   |
|-------------------------------------|---|---|---|---------------------------------------|---|---|
| ←                                   |   |   |   | →                                     |   |   |
| 1                                   | 2 | 3 | 4 | 5                                     | 6 | 7 |

Risk and reward indicator table as at 31 January 2023.

The fund is rated as 6 because of the extent to which the following risk factors apply:

- The fund invests in equity 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.
- The shares of small and mid-cap companies may be less liquid and more volatile than those of larger companies.
- A concentrated portfolio may be more volatile and less liquid than a more broadly diversified one. The fund's investments are concentrated in a particular country or sector.
- 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.

All investment involves risk. This fund offers no guarantee against loss or that the fund's objective will be attained.

The price of assets and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

Inflation reduces the buying power of your investment and income.

The value of assets held in the fund may rise and fall as a result of exchange rate fluctuations.

The fund could lose money if an entity (counterparty) with which it does business becomes unwilling or unable to honour its obligations to the fund.

In extreme market conditions some securities may become hard to value or sell at a desired price. This could affect the fund's ability to meet redemptions in a timely manner.

The fund could lose money as the result of a failure or delay in operational processes and systems including but not limited to third party providers failing or going into administration.

# Comparative Tables

| <b>A Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 14,950                 | 17,881              | 26,104              | 18,697              |
| Closing number of shares                  | 6,315,895              | 7,159,276           | 7,369,622           | 7,218,252           |
| Closing net asset value per share (pence) | 236.70                 | 249.75              | 354.21              | 259.03              |
| Change in net asset value per share       | (5.23%)                | (29.49%)            | 36.74%              | 1.51%               |
| Operating charges                         | 1.29%                  | 1.29%               | 1.30%               | 1.30%               |
| <b>A Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 2,842                  | 3,373               | 5,339               | 4,101               |
| Closing number of shares                  | 1,450,531              | 1,626,869           | 1,803,463           | 1,893,056           |
| Closing net asset value per share (pence) | 195.95                 | 207.35              | 296.04              | 216.62              |
| Change in net asset value per share       | (5.50%)                | (29.96%)            | 36.66%              | 1.13%               |
| Operating charges                         | 1.29%                  | 1.29%               | 1.30%               | 1.30%               |
| <b>I Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 70,278                 | 91,240              | 126,138             | 38,105              |
| Closing number of shares                  | 35,666,423             | 43,984,635          | 43,069,995          | 17,872,471          |
| Closing net asset value per share (pence) | 197.04                 | 207.44              | 292.87              | 213.21              |
| Change in net asset value per share       | (5.01%)                | (29.17%)            | 37.36%              | 1.97%               |
| Operating charges                         | 0.84%                  | 0.84%               | 0.85%               | 0.85%               |
| <b>I Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 21,153                 | 22,317              | 12,411              | 4,355               |
| Closing number of shares                  | 12,422,444             | 12,386,233          | 4,822,418           | 2,313,080           |
| Closing net asset value per share (pence) | 170.28                 | 180.18              | 257.37              | 188.27              |
| Change in net asset value per share       | (5.49%)                | (29.99%)            | 36.70%              | 1.25%               |
| Operating charges                         | 0.84%                  | 0.84%               | 0.85%               | 0.85%               |
| <b>K Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 27,725                 | 49,784              | 18,665              | 1,344               |
| Closing number of shares                  | 19,700,549             | 33,615,544          | 8,933,630           | 884,296             |
| Closing net asset value per share (pence) | 140.73                 | 148.10              | 208.93              | 152.00              |
| Change in net asset value per share       | (4.98%)                | (29.12%)            | 37.45%              | 2.05%               |
| Operating charges                         | 0.77%                  | 0.76%               | 0.78%               | 0.78%               |
| <b>K Income<sup>A</sup></b>               | <b>31 January 2023</b> | <b>31 July 2022</b> |                     |                     |
| Closing net asset value (£'000)           | 2,528                  | 1,193               |                     |                     |
| Closing number of shares                  | 3,100,350              | 1,382,767           |                     |                     |
| Closing net asset value per share (pence) | 81.54                  | 86.28               |                     |                     |
| Change in net asset value per share       | (5.49%)                | (13.72%)            |                     |                     |
| Operating charges                         | 0.77%                  | 0.76%               |                     |                     |

# Comparative Tables

## Continued

| <b>M Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 24                     | 25                  | 34                  | 23                  |
| Closing number of shares                  | 21,991                 | 21,454              | 20,644              | 19,118              |
| Closing net asset value per share (pence) | 110.64                 | 116.50              | 164.56              | 119.87              |
| Change in net asset value per share       | (5.03%)                | (29.21%)            | 37.28%              | 2.03%               |
| Operating charges                         | 0.89%                  | 0.89%               | 0.90%               | 0.90%               |
| <b>M Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 1                      | 1                   | 2                   | 1                   |
| Closing number of shares                  | 885                    | 885                 | 885                 | 885                 |
| Closing net asset value per share (pence) | 106.48                 | 112.68              | 160.95              | 117.74              |
| Change in net asset value per share       | (5.50%)                | (29.99%)            | 36.70%              | 1.40%               |
| Operating charges                         | 0.89%                  | 0.89%               | 0.89%               | 0.90%               |
| <b>Z Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 11,436                 | 27,445              | 44,034              | 59,953              |
| Closing number of shares                  | 3,830,277              | 8,764,376           | 10,035,277          | 18,908,573          |
| Closing net asset value per share (pence) | 298.57                 | 313.14              | 438.80              | 317.07              |
| Change in net asset value per share       | (4.65%)                | (28.64%)            | 38.39%              | 2.73%               |
| Operating charges                         | 0.09%                  | 0.09%               | 0.10%               | 0.10%               |

The closing net asset value (£'000) divided by the closing number of shares may not calculate to the closing net asset value per share (pence) due to rounding differences. The published closing net asset value per share (pence) is based on unrounded values and represents the actual price.

The change in the net asset value per share is the change from the beginning of the period to the close of the period.

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

<sup>A</sup> K Income share class was launched on 30 March 2022.



# Portfolio Statement

As at 31 January 2023

| Holding                                | Investment                    | Market value<br>£'000 | Percentage of<br>total net assets |
|--|-------------------------------|-----------------------|-----------------------------------|
| <b>Equities (95.93%)</b>               |                               | <b>146,363</b>        | <b>96.97</b>                      |
| <b>UK Equities (95.93%)</b>            |                               | <b>146,363</b>        | <b>96.97</b>                      |
| <b>Basic Materials (1.63%)</b>         |                               | <b>2,371</b>          | <b>1.57</b>                       |
| 188,479                                | Hill & Smith                  | 2,371                 | 1.57                              |
| <b>Consumer Discretionary (26.69%)</b> |                               | <b>41,816</b>         | <b>27.71</b>                      |
| 227,619                                | CVS++                         | 4,584                 | 3.04                              |
| 207,942                                | Dunelm                        | 2,420                 | 1.60                              |
| 238,013                                | Focusrite++                   | 1,923                 | 1.28                              |
| 178,465                                | Future                        | 2,684                 | 1.78                              |
| 33,545                                 | Games Workshop                | 3,145                 | 2.08                              |
| 162,569                                | GlobalData++                  | 2,032                 | 1.35                              |
| 1,495,818                              | Hollywood Bowl                | 3,927                 | 2.60                              |
| 1,695,523                              | JD Sports Fashion             | 2,759                 | 1.83                              |
| 198,997                                | Keywords Studios++            | 5,648                 | 3.74                              |
| 296,996                                | Next Fifteen Communications++ | 2,970                 | 1.97                              |
| 869,998                                | Pets at Home                  | 3,064                 | 2.03                              |
| 363,782                                | Team17++                      | 1,708                 | 1.13                              |
| 522,671                                | Watches of Switzerland        | 4,952                 | 3.28                              |
| <b>Consumer Staples (5.83%)</b>        |                               | <b>8,911</b>          | <b>5.90</b>                       |
| 74,572                                 | Cranswick                     | 2,371                 | 1.57                              |
| 176,123                                | Greggs                        | 4,741                 | 3.14                              |
| 272,180                                | Hilton Food                   | 1,799                 | 1.19                              |
| <b>Energy (0.98%)</b>                  |                               | <b>3,886</b>          | <b>2.58</b>                       |
| 163,023                                | Energean                      | 1,898                 | 1.26                              |
| 787,212                                | Serica Energy++               | 1,988                 | 1.32                              |
| <b>Financials (12.66%)</b>             |                               | <b>22,781</b>         | <b>15.09</b>                      |
| 1,218,797                              | AJ Bell                       | 4,100                 | 2.72                              |
| 167,072                                | Alpha++                       | 3,099                 | 2.05                              |
| 440,326                                | Impax Asset Management++      | 3,413                 | 2.26                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                     | Investment                 | Market value<br>£'000 | Percentage of<br>total net assets |
|-----------------------------|----------------------------|-----------------------|-----------------------------------|
| 166,540                     | Intermediate Capital       | 2,311                 | 1.53                              |
| 666,750                     | JTC                        | 4,787                 | 3.17                              |
| 194,430                     | Liontrust Asset Management | 2,248                 | 1.49                              |
| 518,023                     | OSB                        | 2,823                 | 1.87                              |
| <b>Health Care (3.30%)</b>  |                            | <b>6,554</b>          | <b>4.34</b>                       |
| 117,484                     | Craneware++                | 1,698                 | 1.12                              |
| 84,598                      | Dechra Pharmaceuticals     | 2,423                 | 1.61                              |
| 84,085                      | Genus                      | 2,433                 | 1.61                              |
| <b>Industrials (12.45%)</b> |                            | <b>19,486</b>         | <b>12.91</b>                      |
| 1,361,293                   | Chemring                   | 3,832                 | 2.54                              |
| 3,997,823                   | Coats                      | 2,902                 | 1.92                              |
| 475,265                     | DiscoverIE                 | 4,083                 | 2.70                              |
| 257,228                     | FDM                        | 2,017                 | 1.34                              |
| 837,870                     | Marshalls                  | 2,845                 | 1.89                              |
| 770,675                     | Midwich++                  | 3,807                 | 2.52                              |
| <b>Real Estate (4.95%)</b>  |                            | <b>4,982</b>          | <b>3.30</b>                       |
| 237,900                     | Safestore REIT             | 2,391                 | 1.58                              |
| 3,069,838                   | Sirius Real Estate         | 2,591                 | 1.72                              |
| <b>Technology (21.82%)</b>  |                            | <b>22,974</b>         | <b>15.22</b>                      |
| 423,470                     | Auction Technology         | 2,977                 | 1.97                              |
| 327,596                     | Auto Trader                | 2,053                 | 1.36                              |
| 915,536                     | Big Technologies++         | 2,257                 | 1.49                              |
| 791,668                     | Bytes Technology           | 3,062                 | 2.03                              |
| 193,864                     | Computacenter              | 4,296                 | 2.85                              |
| 452,496                     | GB++                       | 1,596                 | 1.06                              |
| 343,468                     | Kainos                     | 5,056                 | 3.35                              |
| 139,153                     | Softcat                    | 1,677                 | 1.11                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                      | Investment   | Market value<br>£'000 | Percentage of<br>total net assets |
|--|--|-----------------------|-----------------------------------|
| <b>Telecommunications (5.62%)</b>            |  | <b>12,602</b>         | <b>8.35</b>                       |
| 357,583                                      | Gamma Communication <sup>++</sup>  | 4,205                 | 2.79                              |
| 1,159,153                                    | Spirent Communications   | 2,541                 | 1.68                              |
| 293,373                                      | Telecom Plus   | 5,856                 | 3.88                              |
| <b>Collective Investment Schemes (3.70%)</b> |  | <b>4,701</b>          | <b>3.11</b>                       |
| 4,701  | Aberdeen Standard Liquidity Fund (Lux) – Sterling Fund Z1 Inc <sup>+</sup> | 4,701                 | 3.11                              |
| Total investment assets                      |  | 151,064               | 100.08                            |
| Net other liabilities                        |  | (127)                 | (0.08)                            |
| <b>Total Net Assets</b>                      |  | <b>150,937</b>        | <b>100.00</b>                     |

All investments are listed on recognised stock exchanges and are approved securities, or are regulated collective investment schemes within the meaning of the FCA rules.

The percentage figures in brackets show the comparative holding as at 31 July 2022.

<sup>+</sup> Managed by subsidiaries of abrdn plc.

<sup>++</sup> AIM listed.

# Financial Statements

## Statement of Total Return

For the six months ended 31 January 2023

|   | 31 January 2023 |                 | 31 January 2022 |                 |
|---|-----------------|-----------------|-----------------|-----------------|
|   | £'000           | £'000           | £'000           | £'000           |
| Income:   |                 |                 |                 |                 |
| Net capital losses  |                 | (14,565)        |                 | (39,251)        |
| Revenue   | 1,614           |                 | 1,741           |                 |
| Expenses  | (670)           |                 | (986)           |                 |
| Interest payable and similar charges  | (18)            |                 | -               |                 |
| Net revenue before taxation   | 926             |                 | 755             |                 |
| Taxation  | -               |                 | -               |                 |
| Net revenue after taxation  |                 | 926             |                 | 755             |
| <b>Total return before distributions</b>  |                 | <b>(13,639)</b> |                 | <b>(38,496)</b> |
| Distributions   |                 | (926)           |                 | (755)           |
| <b>Change in net assets attributable to shareholders from investment activities</b> |                 | <b>(14,565)</b> |                 | <b>(39,251)</b> |

## Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 January 2023

|  | 31 January 2023 |                | 31 January 2022 |                |
|--|-----------------|----------------|-----------------|----------------|
|  | £'000           | £'000          | £'000           | £'000          |
| <b>Opening net assets attributable to shareholders</b>                                   |                 | <b>213,259</b> |                 | <b>232,727</b> |
| Amounts receivable on the issue of shares  | 10,178          |                | 87,779          |                |
| Amounts payable on the cancellation of shares  | (58,670)        |                | (25,735)        |                |
|  |                 | (48,492)       |                 | 62,044         |
| Dilution adjustment  |                 | 86             |                 | 310            |
| Change in net assets attributable to shareholders from investment activities (see above) |                 | (14,565)       |                 | (39,251)       |
| Retained distribution on accumulation shares   |                 | 649            |                 | 844            |
| Unclaimed distributions  |                 | -              |                 | 1              |
| <b>Closing net assets attributable to shareholders</b>                                   |                 | <b>150,937</b> |                 | <b>256,675</b> |

Comparative information is provided for the statement of change in net assets attributable to shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

# Financial Statements

## Continued

### Balance Sheet

As at 31 January 2023

|  | 31 January 2023 |                | 31 July 2022 |                |
|--|-----------------|----------------|--------------|----------------|
|  | £'000           | £'000          | £'000        | £'000          |
| <b>Assets:</b>                                 |                 |                |              |                |
| <b>Fixed assets:</b>                           |                 |                |              |                |
| Investment assets                              |                 | 151,064        |              | 212,460        |
| <b>Current assets:</b>                         |                 |                |              |                |
| Debtors  | 410             |                | 3,346        |                |
| Cash and bank balances                         | 301             |                | 310          |                |
|  |                 | 711            |              | 3,656          |
| <b>Total assets</b>                            |                 | <b>151,775</b> |              | <b>216,116</b> |
| <b>Liabilities:</b>                            |                 |                |              |                |
| Creditors                                      | (708)           |                | (2,631)      |                |
| Distribution payable                           | (130)           |                | (226)        |                |
|  |                 | (838)          |              | (2,857)        |
| <b>Total liabilities</b>                       |                 | <b>(838)</b>   |              | <b>(2,857)</b> |
| <b>Net assets attributable to shareholders</b> |                 | <b>150,937</b> |              | <b>213,259</b> |

# Distribution Table

For the six months ended 31 January 2023 (in pence per share)

## Interim dividend distribution

Group 1 – shares purchased prior to 1 August 2022

Group 2 – shares purchased between 1 August 2022 and 31 January 2023

|                       | Revenue | Equalisation | Distribution paid<br>28/04/23 | Distribution paid<br>29/04/22 |
|-----------------------|---------|--------------|-------------------------------|-------------------------------|
| <b>A Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.6810  | –            | 0.6810                        | 0.0938                        |
| Group 2               | 0.3844  | 0.2966       | 0.6810                        | 0.0938                        |
| <b>A Income</b>       |         |              |                               |                               |
| Group 1               | 0.5656  | –            | 0.5656                        | 0.0784                        |
| Group 2               | 0.4656  | 0.1000       | 0.5656                        | 0.0784                        |
| <b>I Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.9974  | –            | 0.9974                        | 0.7378                        |
| Group 2               | 0.5960  | 0.4014       | 0.9974                        | 0.7378                        |
| <b>I Income</b>       |         |              |                               |                               |
| Group 1               | 0.8663  | –            | 0.8663                        | 0.6482                        |
| Group 2               | 0.4242  | 0.4421       | 0.8663                        | 0.6482                        |
| <b>K Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.7635  | –            | 0.7635                        | 0.6072                        |
| Group 2               | 0.4985  | 0.2650       | 0.7635                        | 0.6072                        |
| <b>K Income</b>       |         |              |                               |                               |
| Group 1               | 0.4447  | –            | 0.4447                        | –                             |
| Group 2               | 0.0680  | 0.3767       | 0.4447                        | –                             |
| <b>M Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.5346  | –            | 0.5346                        | 0.3724                        |
| Group 2               | 0.2834  | 0.2512       | 0.5346                        | 0.3724                        |
| <b>M Income</b>       |         |              |                               |                               |
| Group 1               | 0.5207  | –            | 0.5207                        | 0.3660                        |
| Group 2               | 0.5207  | –            | 0.5207                        | 0.3660                        |
| <b>Z Accumulation</b> |         |              |                               |                               |
| Group 1               | 2.5945  | –            | 2.5945                        | 2.7548                        |
| Group 2               | 1.3916  | 1.2029       | 2.5945                        | 2.7548                        |

## Equalisation

This applies only to shares purchased during the distribution period (group 2 shares). It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

# abrdn UK Real Estate Share Fund

For the period ended 31 January 2023

## Investment Objective

To generate income and some growth over the long term (5 years or more) by investing in UK property-related equities (company shares) including listed closed ended real estate investment trusts ("REITs").

Performance Target: To achieve the return of the FTSE 350 Real Estate Index plus 3% per annum (before charges) over rolling three year periods. The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target.

The ACD believes this is an appropriate target for the fund based on the investment policy of the fund and the constituents of the index.

## Investment Policy

### Portfolio Securities

- The fund invests in equities and equity-related securities of companies that derive a significant proportion of their revenues or profits from real estate operations or have a significant proportion of their assets in real estate.
- At least 80% of the fund must be invested in UK listed securities, while up to 20% may be invested overseas.
- The fund may also invest in other funds (including those managed by abrdn), money-market instruments and cash.

### Management Process

- The management team use their discretion (active management) to maintain a concentrated asset mix at sector and stock level.
- Their primary focus is on stock selection using research techniques to select individual holdings. The research process is focused on finding high quality companies at attractive valuations that can be held for the long term.
- The FTSE 350 Real Estate Index is used as a reference point for portfolio construction and as a basis for setting risk constraints. The expected variation ("tracking error") between the returns of the fund and the index is not ordinarily expected to exceed 12%. Due to the active nature of the management process, the fund's performance profile may deviate significantly from that of the index over the long term.

## Derivatives and Techniques

- The fund may use derivatives to reduce risk, reduce cost and/or generate additional income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management").
- Derivative usage in the fund is expected to be very limited. Where derivatives are used, this would mainly be in response to significant inflows into the fund so that in these instances, cash can be invested while maintaining the fund's existing allocations to company shares.

## Performance Review

For the six months ended 31 January 2023, the value of abrdn UK Real Estate Share Fund – A Accumulation Shares decreased by 15.31% compared to a decrease of 16.09% in the performance target, the FTSE 350 Real Estate Index.

Source: Lipper; Basis: total return, published NAV to NAV, net of annual charges, UK net income reinvested, GBP. Please note that fund performance is quoted net of fees while the index return is quoted gross and contains no adjustment for fees.

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Please remember that past performance is not a guide to future returns. The price of shares and the revenue from them may fall as well as rise. Investors may not get back the amount originally invested.

Companies selected for illustrative purposes only to demonstrate the investment management style described herein and not as an investment recommendation or indication of future performance.

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\*\*abrdn means the relevant member of abrdn group, being abrdn plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

# abrdn UK Real Estate Share Fund

## Continued

### Market Review

The FTSE 350 Real Estate Index declined steeply in the first half of the period, mirroring falls in both bond and equity markets globally. The UK fared badly after the poorly received mini-budget in September, which disrupted borrowing costs for the UK Government, and in turn for corporates and households. Although the large majority of property equities were insulated against higher rates due to their long-term, typically fixed-rate or hedged borrowings, investors were concerned over the future trajectory of borrowing costs while market data showing declining property values further weighed on share prices.

The Index performed better in the second half of the period, offering some partial relief to a torrid 2022, which was the single worst annual return since the financial crisis. This improvement reflected an easing in the disruption from the UK Government's September 'mini-budget', after a change in political leadership and the reversal of most of the proposed changes, and better equity market performance at home and abroad, as expectations around the level of interest rates needed to tackle inflation began to recede. The modest improvement in debt market conditions was, however, insufficient to stem what had become a rout in the direct property market to which our equities are exposed. Valuer CBRE reported that values in the second half of 2022 for commercial property were off by 19%, which is a faster decline than that witnessed in the early 1990s or 2007-09 downturns.

Within the sector, leadership was largely reversed, with previous stalwart industrial/logistics landlords, such as SEGRO, falling on lower property values and defensive real estate investment trusts (REITs), such as Supermarket Income and Primary Health, falling due to interest rate sensitivity. The relative winners were typically more cyclically exposed but less interest rate sensitive names, which, in most cases, had previously underperformed and went into this downturn at cheaper valuations – in particular, the former 'majors' British Land, LandSec and Hammerson, which for once benefitted from above average exposure to retail premises that had already been heavily marked down in value.

### Portfolio Activity and Review

The fund outperformed its benchmark over the period. A key driver of positive relative performance was the contribution from our exposure to overseas listed securities. These positions, worth approximately 10% of the fund, helped to mitigate some of the UK-specific market disruption, particularly the performances from self-storage player Shurgard and logistics landlords Catena and CTP NV. At the stock level, the largest positive contributions came from owning Whitbread,

whose budget Premier Inn brand proved popular; the underweight to logistics giant SEGRO; and from having never owned Home REIT – a stock that came under attack from a short-seller report.

Per the above market commentary, some of the strongest performers in the sector were the former office and retail-focused 'majors' British Land, LandSec and Hammerson. Not owning any of these names in recent years has been the right decision. However, over the last six months, the lack of exposure dragged on fund performance, as these companies proved relatively resilient due to starting the period on undemanding valuations and from having exposure to the already very hard-hit retail segment.

The fund also has the flexibility to invest in real estate backed equities in adjacent sectors – most notably in housebuilders. Over the long term, this flexibility has helped diversify the fund and has been additive to performance. Over the recent six-month period, it had a largely neutral impact, with our housebuilder positions typically lagging due to disruption from the mini-budget. However, this was offset by a strong contribution from hotel landlord Whitbread.

Share price volatility in the first half of the period spurred a number of portfolio changes. We exited the position in Capital & Counties, an owner of mixed-use premises in central London, as we felt that other names with better balance sheets and prospects were available at similar valuations. We added to the position in office landlord Workspace and made smaller additions to a number of the fund's industrial positions. We also parred back the position in Supermarket Income REIT as a source of capital after it held up well in the market sell-off. In the latter part of the period, we exited CLS Holdings and Countryside Partnerships and introduced Lok'nStore. In the relatively short two-and-a-half-year period that we owned CLS, it was a relative outperformer. We took the opportunity to rotate the capital into more attractively valued peers with stronger balance sheets, such as Workspace. Countryside has not been an outperformer since introducing the company four years ago. After a number of recent management challenges, we decided to exit the position and focused most of the proceeds on our position in housebuilder Bellway, which trades at a cheaper valuation and offers a robust net-cash balance sheet. Lok'nStore operates and develops self-storage units and closely matches what we look for in a company: exposure to a relatively attractive segment of the property market, a founder-led management team with significant skin-in-the-game and a consistently conservative approach to balance-sheet management.

Reviewing the fund over the 2022 year as a whole, the key change in positioning was our overweight industrial



# abrdn UK Real Estate Share Fund

## Continued

position, which now forms the fund's largest absolute single sub-sector exposure. The change was in response to the rapidly improved valuation opportunity that prompted us to add to positions such as SEGRO, Tritax Big Box and LondonMetric. The main area of reduction was to approximately halve the fund's housebuilding exposure, in recognition of what we see as a very challenged near-term outlook. We achieved this largely by exiting the position in Countryside. The fund remains underweight in the office and retail segments of the market and overweight in segments such as residential-to-rent landlords, healthcare, student, self-storage and hotels.

## Portfolio Outlook and Strategy

We are positive on the outlook for shareholder returns from listed property.

The economic outlook is grim in the near term, with abrdn forecasting interest rates to reach a peak of 4.25% (from 4.0% presently) and for the UK economy to shrink by over 1% this year. However, these dual headwinds of higher borrowing costs and lower economic activity are now well understood by investors and reflected in both listed real estate and increasingly also in direct real estate valuations post the recent declines.

Looking beyond the next few months, our house forecasts are that inflation will continue to moderate to a still painful 6% figure this year before falling yet further, allowing interest rates similarly to decline back to very low historic levels in 2024. Given what is priced into listed property valuations and the sector's tendency to move ahead of the direct market (typically by six-to-nine months), we anticipate this will provide a supportive backdrop for shareholder returns.

An area of specific opportunity is the industrial/logistics segment of the market. Underlying assets in the sector have declined in value to levels that we find relatively attractive. In the short run, this will likely make for some poor headline numbers (when the listed landlords report their results), but on a longer-term horizon, a starting point now of share prices trading at a discount to those heavily marked-down values could well provide some very attractive returns.

The fund remains both well diversified and liquid and reflects our sub-sector preferences. With the flexibility to modestly invest in both overseas and real estate backed alternatives, we have confidence in its positioning for the years ahead.

### UK Equity Team

February 2023

# abrdn UK Real Estate Share Fund

## Continued

### Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the fund. The table below shows the fund's ranking on the Risk and Reward Indicator.

| Typically lower rewards, lower risk |   |   |   | Typically higher rewards, higher risk |   |   |
|-------------------------------------|---|---|---|---------------------------------------|---|---|
| ←                                   |   |   |   | →                                     |   |   |
| 1                                   | 2 | 3 | 4 | 5                                     | 6 | 7 |

Risk and reward indicator table as at 31 January 2023.

The fund is rated as 6 because of the extent to which the following risk factors apply:

- The fund invests in equity 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.
- A concentrated portfolio may be more volatile and less liquid than a more broadly diversified one. The fund's investments are concentrated in a particular country or sector.
- Dividend payment policies of the REITs in which the fund invests are not representative of the dividend payment policy of the fund.
- 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.

All investment involves risk. This fund offers no guarantee against loss or that the fund's objective will be attained.

The price of assets and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

Inflation reduces the buying power of your investment and income.

The value of assets held in the fund may rise and fall as a result of exchange rate fluctuations.

The fund could lose money if an entity (counterparty) with which it does business becomes unwilling or unable to honour its obligations to the fund.

In extreme market conditions some securities may become hard to value or sell at a desired price. This could affect the fund's ability to meet redemptions in a timely manner.

The fund could lose money as the result of a failure or delay in operational processes and systems including but not limited to third party providers failing or going into administration.

# Comparative Tables

| <b>A Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 60,034                 | 79,715              | 93,429              | 81,197              |
| Closing number of shares                  | 44,661,952             | 49,905,352          | 53,448,815          | 61,118,713          |
| Closing net asset value per share (pence) | 134.42                 | 159.73              | 174.80              | 132.85              |
| Change in net asset value per share       | (15.85%)               | (8.62%)             | 31.58%              | 3.37%               |
| Operating charges                         | 1.36%                  | 1.36%               | 1.30%               | 1.30%               |
| <b>I Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 194,719                | 251,081             | 297,574             | 237,326             |
| Closing number of shares                  | 85,971,069             | 92,985,502          | 100,519,027         | 105,634,038         |
| Closing net asset value per share (pence) | 226.49                 | 270.02              | 296.04              | 224.67              |
| Change in net asset value per share       | (16.12%)               | (8.79%)             | 31.77%              | 3.49%               |
| Operating charges                         | 0.91%                  | 0.91%               | 0.85%               | 0.85%               |
| <b>K Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 66,782                 | 78,499              | 45,562              | 14,345              |
| Closing number of shares                  | 50,035,690             | 49,349,692          | 26,142,598          | 10,851,905          |
| Closing net asset value per share (pence) | 133.47                 | 159.07              | 174.28              | 132.19              |
| Change in net asset value per share       | (16.09%)               | (8.73%)             | 31.84%              | 3.55%               |
| Operating charges                         | 0.84%                  | 0.83%               | 0.78%               | 0.78%               |
| <b>M Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 146                    | 173                 | 52                  | 38                  |
| Closing number of shares                  | 129,229                | 128,339             | 34,831              | 33,723              |
| Closing net asset value per share (pence) | 113.17                 | 134.94              | 148.00              | 112.37              |
| Change in net asset value per share       | (16.13%)               | (8.82%)             | 31.71%              | 3.58%               |
| Operating charges                         | 0.96%                  | 0.96%               | 0.90%               | 0.90%               |
| <b>Z Accumulation<sup>A</sup></b>         | <b>31 January 2023</b> | <b>31 July 2022</b> |                     |                     |
| Closing net asset value (£'000)           | 2,249                  | 2,659               |                     |                     |
| Closing number of shares                  | 3,016,842              | 3,000,498           |                     |                     |
| Closing net asset value per share (pence) | 74.56                  | 88.62               |                     |                     |
| Change in net asset value per share       | (15.87%)               | (11.38%)            |                     |                     |
| Operating charges                         | 0.16%                  | 0.16%               |                     |                     |

The closing net asset value (£'000) divided by the closing number of shares may not calculate to the closing net asset value per share (pence) due to rounding differences. The published closing net asset value per share (pence) is based on unrounded values and represents the actual price.

The change in the net asset value per share is the change from the beginning of the period to the close of the period.

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

Due to new guidance that came into force from 30 June 2022, the charges for underlying Closed Ended Funds held on the fund have now been included in the Operating Charges.

<sup>A</sup> Z Accumulation share class was launched on 13 August 2021.

# Portfolio Statement

As at 31 January 2023

| Holding                                | Investment                  | Market value<br>£'000 | Percentage of<br>total net assets |
|--|-----------------------------|-----------------------|-----------------------------------|
| <b>Equities (98.87%)</b>               |                             | <b>321,105</b>        | <b>99.13</b>                      |
| <b>European Equities (15.41%)</b>      |                             | <b>50,770</b>         | <b>15.67</b>                      |
| <b>Belgium (1.81%)</b>                 |                             | -                     | -                                 |
| <b>Germany (7.15%)</b>                 |                             | <b>25,576</b>         | <b>7.90</b>                       |
| 143,000                                | LEG Immobilien              | 9,017                 | 2.79                              |
| 19,620,000                             | Sirius Real Estate          | 16,559                | 5.11                              |
| <b>Netherlands (2.47%)</b>             |                             | <b>8,142</b>          | <b>2.51</b>                       |
| 696,000                                | CTP                         | 8,142                 | 2.51                              |
| <b>Spain (1.71%)</b>                   |                             | <b>6,932</b>          | <b>2.14</b>                       |
| 219,000                                | Cellnex Telecom             | 6,932                 | 2.14                              |
| <b>Sweden (2.27%)</b>                  |                             | <b>10,120</b>         | <b>3.12</b>                       |
| 300,000                                | Catena                      | 10,120                | 3.12                              |
| <b>UK Equities (83.46%)</b>            |                             | <b>270,335</b>        | <b>83.46</b>                      |
| <b>Consumer Discretionary (12.46%)</b> |                             | <b>31,665</b>         | <b>9.78</b>                       |
| 511,400                                | Bellway                     | 10,826                | 3.34                              |
| 730,130                                | Fuller Smith & Turner       | 3,570                 | 1.10                              |
| 4,934,118                              | Watkin Jones++              | 5,595                 | 1.73                              |
| 384,000                                | Whitbread                   | 11,674                | 3.61                              |
| <b>Real Estate (71.00%)</b>            |                             | <b>238,670</b>        | <b>73.68</b>                      |
| 34,017,500                             | Assura REIT                 | 18,948                | 5.85                              |
| 1,280,100                              | Big Yellow REIT             | 15,464                | 4.77                              |
| 279,500                                | Derwent London REIT         | 7,211                 | 2.23                              |
| 4,541,000                              | Grainger                    | 11,779                | 3.64                              |
| 852,000                                | Great Portland Estates REIT | 4,848                 | 1.50                              |
| 8,510,000                              | Industrials REIT            | 10,723                | 3.31                              |
| 664,000                                | Lok'nStore++                | 6,295                 | 1.94                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                      | Investment   | Market value<br>£'000 | Percentage of<br>total net assets |
|--|--|-----------------------|-----------------------------------|
| 10,080,000                                   | LondonMetric Property REIT   | 18,971                | 5.86                              |
| 6,019,000                                    | Primary Health Properties REIT   | 6,741                 | 2.08                              |
| 1,633,000                                    | Rightmove  | 9,579                 | 2.96                              |
| 1,635,000                                    | Safestore REIT   | 16,432                | 5.07                              |
| 760,943                                      | Savills  | 7,419                 | 2.29                              |
| 3,500,000                                    | Segro REIT   | 29,050                | 8.97                              |
| 9,924,001                                    | Supermarket Income REIT  | 9,527                 | 2.94                              |
| 11,960,000                                   | Tritax Big Box REIT  | 18,622                | 5.75                              |
| 2,045,000                                    | Unite REIT   | 20,378                | 6.29                              |
| 8,640,000                                    | Urban Logistics REIT   | 12,355                | 3.81                              |
| 2,840,000                                    | Workspace REIT   | 14,328                | 4.42                              |
| <b>Collective Investment Schemes (0.07%)</b> |  | <b>3,331</b>          | <b>1.03</b>                       |
| 3,331  | Aberdeen Standard Liquidity Fund (Lux) – Sterling Fund Z1 Inc <sup>+</sup> | 3,331                 | 1.03                              |
| Total investment assets                      |  | 324,436               | 100.16                            |
| Net other liabilities                        |  | (506)                 | (0.16)                            |
| <b>Total Net Assets</b>                      |  | <b>323,930</b>        | <b>100.00</b>                     |

All investments are listed on recognised stock exchanges and are approved securities, or are regulated collective investment schemes within the meaning of the FCA rules. The percentage figures in brackets show the comparative holding as at 31 July 2022.

<sup>+</sup> Managed by subsidiaries of abrdn plc.

<sup>++</sup> AIM listed.

# Financial Statements

## Statement of Total Return

For the six months ended 31 January 2023

|   | 31 January 2023 |                 | 31 January 2022 |                 |
|---|-----------------|-----------------|-----------------|-----------------|
|   | £'000           | £'000           | £'000           | £'000           |
| Income:   |                 |                 |                 |                 |
| Net capital losses  |                 | (70,206)        |                 | (11,362)        |
| Revenue   | 5,469           |                 | 4,926           |                 |
| Expenses  | (1,503)         |                 | (2,204)         |                 |
| Interest payable and similar charges  | (21)            |                 | -               |                 |
| Net revenue before taxation   | 3,945           |                 | 2,722           |                 |
| Taxation  | (38)            |                 | (17)            |                 |
| Net revenue after taxation  |                 | 3,907           |                 | 2,705           |
| <b>Total return before distributions</b>  |                 | <b>(66,299)</b> |                 | <b>(8,657)</b>  |
| Distributions   |                 | (3,907)         |                 | (2,704)         |
| <b>Change in net assets attributable to shareholders from investment activities</b> |                 | <b>(70,206)</b> |                 | <b>(11,361)</b> |

## Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 January 2023

|  | 31 January 2023 |                | 31 January 2022 |                |
|--|-----------------|----------------|-----------------|----------------|
|  | £'000           | £'000          | £'000           | £'000          |
| <b>Opening net assets attributable to shareholders</b>                                   |                 | <b>412,127</b> |                 | <b>436,617</b> |
| Amounts receivable on the issue of shares  | 11,131          |                | 85,789          |                |
| Amounts payable on the cancellation of shares  | (32,888)        |                | (43,020)        |                |
|  |                 | (21,757)       |                 | 42,769         |
| Dilution adjustment  |                 | -              |                 | 68             |
| Change in net assets attributable to shareholders from investment activities (see above) |                 | (70,206)       |                 | (11,361)       |
| Retained distribution on accumulation shares   |                 | 3,766          |                 | 2,722          |
| <b>Closing net assets attributable to shareholders</b>                                   |                 | <b>323,930</b> |                 | <b>470,815</b> |

Comparative information is provided for the statement of change in net assets attributable to shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

# Financial Statements

## Continued

### Balance Sheet

As at 31 January 2023

|  | 31 January 2023 |                | 31 July 2022 |                |
|--|-----------------|----------------|--------------|----------------|
|  | £'000           | £'000          | £'000        | £'000          |
| <b>Assets:</b>                                 |                 |                |              |                |
| <b>Fixed assets:</b>                           |                 |                |              |                |
| Investment assets                              |                 | 324,436        |              | 407,759        |
| <b>Current assets:</b>                         |                 |                |              |                |
| Debtors  | 998             |                | 3,306        |                |
| Cash and bank balances                         | 1,705           |                | 1,905        |                |
|  |                 | 2,703          |              | 5,211          |
| <b>Total assets</b>                            |                 | <b>327,139</b> |              | <b>412,970</b> |
| <b>Liabilities:</b>                            |                 |                |              |                |
| Creditors                                      | (3,209)         |                | (843)        |                |
|  |                 | (3,209)        |              | (843)          |
| <b>Total liabilities</b>                       |                 | <b>(3,209)</b> |              | <b>(843)</b>   |
| <b>Net assets attributable to shareholders</b> |                 | <b>323,930</b> |              | <b>412,127</b> |

# Distribution Table

For the six months ended 31 January 2023 (in pence per share)

## Interim dividend distribution

Group 1 – shares purchased prior to 1 August 2022

Group 2 – shares purchased between 1 August 2022 and 31 January 2023

|                       | Revenue | Equalisation | Distribution paid<br>28/04/23 | Distribution paid<br>29/04/22 |
|-----------------------|---------|--------------|-------------------------------|-------------------------------|
| <b>A Accumulation</b> |         |              |                               |                               |
| Group 1               | 1.8719  | –            | 1.8719                        | 0.7630                        |
| Group 2               | 1.0758  | 0.7961       | 1.8719                        | 0.7630                        |
| <b>I Accumulation</b> |         |              |                               |                               |
| Group 1               | 2.4923  | –            | 2.4923                        | 1.7464                        |
| Group 2               | 1.5905  | 0.9018       | 2.4923                        | 1.7464                        |
| <b>K Accumulation</b> |         |              |                               |                               |
| Group 1               | 1.5081  | –            | 1.5081                        | 1.0825                        |
| Group 2               | 1.0367  | 0.4714       | 1.5081                        | 1.0825                        |
| <b>M Accumulation</b> |         |              |                               |                               |
| Group 1               | 1.2229  | –            | 1.2229                        | 0.8434                        |
| Group 2               | 0.7330  | 0.4899       | 1.2229                        | 0.8434                        |
| <b>Z Accumulation</b> |         |              |                               |                               |
| Group 1               | 1.0404  | –            | 1.0404                        | 0.7758                        |
| Group 2               | 0.6936  | 0.3468       | 1.0404                        | 0.7758                        |

## Equalisation

This applies only to shares purchased during the distribution period (group 2 shares). It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.



# abrdn UK Sustainable and Responsible Investment Equity Fund

For the period ended 31 January 2023

## Investment Objective

To generate growth over the long term (5 years or more) by investing in UK equities (company shares), which adhere to the abrdn Sustainable and Responsible Investment Equity Approach.

**Performance Target:** To achieve the return of the FTSE All-Share Index plus 3% per annum over rolling five year periods (before charges). The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target.

The ACD believes this is an appropriate target for the fund based on the investment policy of the fund and the constituents of the index.

## Investment Policy

### Portfolio Securities

- The fund will invest at least 70% in equities and equity related securities of companies, incorporated or domiciled in the UK or companies having significant operations and/or exposure to the UK.
- The fund may also invest in other funds (including those managed by abrdn), money-market instruments and cash.
- All equity and equity related securities will adhere to the abrdn Sustainable and Responsible Investment Equity Approach available on [www.abrdn.com](http://www.abrdn.com) under "Sustainable Investing".
- The abrdn Sustainable and Responsible Investment Equity Approach applies the investment manager's equity investment process, where companies invested in are given an overall quality rating, a component of which is the ESG Quality Rating which enables management teams to identify sustainable leaders and improvers. Leaders are viewed as companies with the best in class ESG credentials or products and services which address global environmental and societal challenges, whilst improvers are typically companies with average governance, ESG management practices and disclosure with potential for improvement.
- An abrdn ESG House Score is also used to identify and exclude companies exposed to the highest ESG risks within high and medium risk sectors.
- In addition a set of company exclusions are applied relating to the principles of the UN Global Compact, tobacco manufacturing, thermal coal, gambling, oil & gas and weapons.

## Management Process

- The management team use their discretion (active management) to maintain a diverse asset mix at sector and stock level.
- Engagement with external company management teams is part of the investment process and ongoing stewardship programme which evaluates ownership structures, governance and management quality of those companies.
- Through the application of our abrdn Sustainable and Responsible Investment Equity Approach, the fund is expected to have a lower carbon footprint compared to the FTSE All-Share Index.
- In seeking to achieve the performance target, the FTSE All-Share Index is used as a reference point for portfolio construction and as a basis for setting risk constraints. The expected variation ("tracking error") between the returns of the fund and the index is not ordinarily expected to exceed 10%. Due to the active and sustainable and responsible nature of the management process, the fund will not invest in a material number of stocks and sectors in the FTSE All-Share Index. This means the fund's performance profile may deviate significantly from that of the FTSE All-Share Index.

## Derivatives and Techniques

- The fund may use derivatives to reduce risk, reduce cost and/or generate additional income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management").
- Derivative usage in the fund is expected to be very limited. Where derivatives are used, this would mainly be in response to significant inflows into the fund so that in these instances, cash can be invested while maintaining the fund's existing allocations to company shares.
- Derivatives are exempt from the abrdn Sustainable and Responsible Investment Equity Approach.

## Performance Review

For the six months ended 31 January 2023, the value of abrdn UK Responsible Equity Fund – A Accumulation Shares increased by 0.80% compared to an increase of 5.29% in the performance target, the FTSE All Share Index.

Source: Lipper; Basis: total return, published NAV to NAV, net of annual charges, UK net income reinvested, GBP.

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# abrdn UK Sustainable and Responsible Investment Equity Fund

## Continued

Please remember that past performance is not a guide to future returns. The price of shares and the revenue from them may fall as well as rise. Investors may not get back the amount originally invested.

Companies selected for illustrative purposes only to demonstrate the investment management style described herein and not as an investment recommendation or indication of future performance.

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\*\*abrdn means the relevant member of abrdn group, being abrdn plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

## Market Review

UK equities advanced strongly over the period as a whole as commodity prices remained strong and inflation concerns started to ease. These gains came despite losses in August and September as fears grew that the tighter monetary policy introduced by central banks around the world to combat rising prices could spark a global recession. Markets bounced back in October and November after Liz Truss, Boris Johnson's successor as prime minister, resigned in the wake of a disastrous mini-Budget. Hopes that peaking inflation could lead to a slowdown in interest-rate rises also underpinned share-price gains.

Annual inflation in Britain reached 11.1% in October, a 40-year high, before falling back in the months that followed. The Bank of England continued to tighten monetary policy over the period by raising the base rate in August, September, November and December. The UK market fell in December after officials said rates would continue to increase until inflation was significantly closer to the 2% long-term target, regardless of the short-term economic impact. However, share prices recovered in January as fears of a prolonged recession receded to some degree. China's reopening following the end of its zero-Covid policy also boosted sentiment. As had been the case earlier in 2022, the relatively large number of London-listed businesses exposed to commodity prices helped UK equities to outperform many other major markets over the period.

## Portfolio Activity and Review

At the stock level, the fund's lack of holding in Rio Tinto and BP detracted from performance as both companies' shares made solid gains on the back of buoyant commodities prices. Shares in Marshalls were negative after the company faced downgrades from its exposure to residential property markets and weakening discretionary spending. Countryside Partnerships also weighed on returns due to operational issues and significant management churn. This led us to exit our holding in the company ahead of its acquisition by Vistry.

On the flip side, our holding in AVEVA Group was positive after it accepted a takeover bid from Schneider Electric. We sold out of the company as a result of the deal. Shares in Dunelm Group added to performance after rallying on improved sentiment on the UK market, as investors recognised its value proposition and market-share opportunity. Prudential was also positive thanks to the boost to its Hong Kong business provided by China's reopening.

In terms of additional activity, the fund initiated a position in Unilever, a business that has demonstrated good pricing power in the recent inflationary environment, a testament to its investment in brands and products. We introduced investment platform Hargreaves Lansdown and Sage Group, a world-leading accounting software provider that benefits from strong, recurring customer relationships. New positions were also taken in Greggs and NatWest Group during the period. As well as our exits from AVEVA and Countryside Partnerships, we closed our positions in several firms including Homeserve, Ashmore Group, ASOS and Standard Chartered.

## Portfolio Outlook and Strategy

We remain cautious about the near-term economic environment, particularly in the UK. But too great a focus on short-term issues can mask potentially very attractive investment opportunities among high-quality companies. We firmly believe the returns to shareholders from investing in sustainable, high-quality, growing companies will, over time, track the path of earnings, and we continue to work to identify the businesses that can deliver such long-term growth. Helpfully, after 2022's falls, the valuations for such businesses are materially lower than in recent years, providing the opportunity for greater prospective returns.

While we remain mindful of the macroeconomic backdrop and risks present in the fund, we continue to focus on bottom-up stock-picking and environmental, social and governance (ESG) integration. We believe companies that actively consider and manage their key ESG impacts will be well placed to navigate uncertain times and

# abrdn UK Sustainable and Responsible Investment Equity Fund

## Continued

harness opportunities. The fund is looking for high-quality, sustainable leaders and ESG improvers across the UK market and has a three to five year time horizon. We continue to engage with holdings to understand the key ESG risks and opportunities they face, as well as to support positive change. We remain optimistic for the prospects of our investments and will continue working hard to identify and invest in some of the best businesses listed in the UK.

### UK Equity Team

February 2023

# abrdn UK Sustainable and Responsible Investment Equity Fund

## Continued

### Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the fund. The table below shows the fund's ranking on the Risk and Reward Indicator.

| Typically lower rewards, lower risk |   |   |   | Typically higher rewards, higher risk |   |   |
|-------------------------------------|---|---|---|---------------------------------------|---|---|
| ←                                   |   |   |   | →                                     |   |   |
| 1                                   | 2 | 3 | 4 | 5                                     | 6 | 7 |

Risk and reward indicator table as at 31 January 2023.

The fund is rated as 6 because of the extent to which the following risk factors apply:

- The fund invests in equity 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.
- Applying ESG and sustainability criteria in the investment process may result in the exclusion of securities within the fund's benchmark or universe of potential investments. The interpretation of ESG and sustainability criteria is subjective meaning that the fund may invest in companies which similar funds do not (and thus perform differently) and which do not align with the personal views of any individual investor.
- A concentrated portfolio may be more volatile and less liquid than a more broadly diversified one. The fund's investments are concentrated in a particular country or sector.
- The shares of small and mid-cap companies may be less liquid and more volatile than those of larger companies.
- 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.

All investment involves risk. This fund offers no guarantee against loss or that the fund's objective will be attained.

The price of assets and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

Inflation reduces the buying power of your investment and income.

The value of assets held in the fund may rise and fall as a result of exchange rate fluctuations.

The fund could lose money if an entity (counterparty) with which it does business becomes unwilling or unable to honour its obligations to the fund.

In extreme market conditions some securities may become hard to value or sell at a desired price. This could affect the fund's ability to meet redemptions in a timely manner.

The fund could lose money as the result of a failure or delay in operational processes and systems including but not limited to third party providers failing or going into administration.

# Comparative Tables

| <b>A Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 20,416                 | 20,691              | 24,022              | 18,193              |
| Closing number of shares                  | 8,899,233              | 9,111,109           | 9,301,516           | 9,543,219           |
| Closing net asset value per share (pence) | 229.42                 | 227.10              | 258.25              | 190.64              |
| Change in net asset value per share       | 1.02%                  | (12.06%)            | 35.46%              | (8.24%)             |
| Operating charges                         | 1.29%                  | 1.29%               | 1.32%               | 1.32%               |
| <b>A Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 214                    | 227                 | 227                 | 68                  |
| Closing number of shares                  | 123,198                | 131,555             | 114,772             | 46,291              |
| Closing net asset value per share (pence) | 173.18                 | 172.51              | 198.07              | 147.23              |
| Change in net asset value per share       | 0.39%                  | (12.90%)            | 34.53%              | (9.08%)             |
| Operating charges                         | 1.29%                  | 1.29%               | 1.32%               | 1.32%               |
| <b>I Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 26,091                 | 27,877              | 34,650              | 15,370              |
| Closing number of shares                  | 12,845,001             | 13,895,356          | 15,256,495          | 9,209,455           |
| Closing net asset value per share (pence) | 203.12                 | 200.62              | 227.11              | 166.89              |
| Change in net asset value per share       | 1.25%                  | (11.66%)            | 36.08%              | (7.84%)             |
| Operating charges                         | 0.84%                  | 0.84%               | 0.87%               | 0.87%               |
| <b>I Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 6,339                  | 13,071              | 20,345              | 4,182               |
| Closing number of shares                  | 3,816,499              | 7,901,512           | 10,708,242          | 2,962,049           |
| Closing net asset value per share (pence) | 166.10                 | 165.43              | 190.00              | 141.20              |
| Change in net asset value per share       | 0.41%                  | (12.93%)            | 34.56%              | (9.07%)             |
| Operating charges                         | 0.84%                  | 0.84%               | 0.87%               | 0.87%               |
| <b>K Accumulation<sup>A</sup></b>         | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> |                     |
| Closing net asset value (£'000)           | 1                      | 1                   | 1                   |                     |
| Closing number of shares                  | 994                    | 994                 | 994                 |                     |
| Closing net asset value per share (pence) | 92.71                  | 91.39               | 103.08              |                     |
| Change in net asset value per share       | 1.44%                  | (11.34%)            | 3.08%               |                     |
| Operating charges                         | 0.47%                  | 0.46%               | 0.41%               |                     |
| <b>M Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 1                      | 1                   | 1                   | 1                   |
| Closing number of shares                  | 881                    | 881                 | 881                 | 881                 |
| Closing net asset value per share (pence) | 131.95                 | 130.26              | 147.49              | 108.46              |
| Change in net asset value per share       | 1.30%                  | (11.68%)            | 35.99%              | (7.75%)             |
| Operating charges                         | 0.89%                  | 0.89%               | 0.95%               | 0.92%               |

# Comparative Tables

## Continued

| M Income                                  | 31 January 2023 | 31 July 2022 | 31 July 2021 | 31 July 2020 |
|---|-----------------|--------------|--------------|--------------|
| Closing net asset value (£'000)           | 1               | 1            | 1            | 1            |
| Closing number of shares                  | 892             | 892          | 892          | 892          |
| Closing net asset value per share (pence) | 124.37          | 123.87       | 142.23       | 105.69       |
| Change in net asset value per share       | 0.40%           | (12.91%)     | 34.57%       | (8.90%)      |
| Operating charges                         | 0.89%           | 0.88%        | 0.94%        | 0.92%        |

The closing net asset value (£'000) divided by the closing number of shares may not calculate to the closing net asset value per share (pence) due to rounding differences. The published closing net asset value per share (pence) is based on unrounded values and represents the actual price.

The change in the net asset value per share is the change from the beginning of the period to the close of the period.

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

<sup>A</sup>K Accumulation share class was launched on 29 June 2021.

# Portfolio Statement

As at 31 January 2023

| Holding                                | Investment             | Market value<br>£'000 | Percentage of<br>total net assets |
|--|------------------------|-----------------------|-----------------------------------|
| <b>UK Equities (97.80%)</b>            |                        | <b>53,047</b>         | <b>99.97</b>                      |
| <b>Basic Materials (3.22%)</b>         |                        | <b>1,767</b>          | <b>3.33</b>                       |
| 158,526                                | Bodycote               | 1,031                 | 1.94                              |
| 10,685                                 | Croda International    | 736                   | 1.39                              |
| <b>Consumer Discretionary (17.71%)</b> |                        | <b>8,101</b>          | <b>15.27</b>                      |
| 76,045                                 | Bellway                | 1,610                 | 3.03                              |
| 95,955                                 | Dunelm                 | 1,117                 | 2.11                              |
| 191,417                                | Howden Joinery         | 1,321                 | 2.49                              |
| 288,141                                | Moonpig                | 347                   | 0.65                              |
| 102,485                                | RELX                   | 2,461                 | 4.64                              |
| 131,380                                | Watches of Switzerland | 1,245                 | 2.35                              |
| <b>Consumer Staples (4.83%)</b>        |                        | <b>5,440</b>          | <b>10.25</b>                      |
| 44,963                                 | Coca-Cola HBC          | 882                   | 1.66                              |
| 44,323                                 | Diageo                 | 1,560                 | 2.94                              |
| 20,488                                 | Greggs                 | 552                   | 1.04                              |
| 59,548                                 | Unilever               | 2,446                 | 4.61                              |
| <b>Financials (22.61%)</b>             |                        | <b>12,295</b>         | <b>23.17</b>                      |
| 165,642                                | Close Brothers         | 1,604                 | 3.02                              |
| 125,228                                | Hargreaves Lansdown    | 1,113                 | 2.10                              |
| 104,373                                | Hiscox                 | 1,173                 | 2.21                              |
| 43,436                                 | Intermediate Capital   | 603                   | 1.14                              |
| 76,064                                 | JTC                    | 546                   | 1.03                              |
| 2,069,855                              | Lloyds Banking         | 1,088                 | 2.05                              |
| 16,199                                 | London Stock Exchange  | 1,199                 | 2.26                              |
| 599,369                                | NatWest                | 1,846                 | 3.48                              |
| 194,021                                | OSB                    | 1,057                 | 1.99                              |
| 154,330                                | Prudential             | 2,066                 | 3.89                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                     | Investment             | Market value<br>£'000 | Percentage of<br>total net assets |
|-----------------------------|------------------------|-----------------------|-----------------------------------|
| <b>Health Care (13.72%)</b> |                        | <b>6,737</b>          | <b>12.70</b>                      |
| 37,890                      | AstraZeneca            | 4,012                 | 7.56                              |
| 559,941                     | ConvaTec               | 1,310                 | 2.47                              |
| 26,637                      | Dechra Pharmaceuticals | 763                   | 1.44                              |
| 22,513                      | Genus                  | 652                   | 1.23                              |
| <b>Industrials (19.27%)</b> |                        | <b>11,204</b>         | <b>21.11</b>                      |
| 33,811                      | Ashtead                | 1,796                 | 3.38                              |
| 1,497,851                   | Coats                  | 1,087                 | 2.05                              |
| 206,059                     | DS Smith               | 728                   | 1.37                              |
| 113,886                     | FDM                    | 893                   | 1.68                              |
| 211,843                     | Genuit                 | 692                   | 1.30                              |
| 21,100                      | Halma                  | 453                   | 0.85                              |
| 198,455                     | Marshalls              | 674                   | 1.27                              |
| 85,742                      | Mondi                  | 1,305                 | 2.46                              |
| 46,404                      | Oxford Instruments     | 1,086                 | 2.05                              |
| 147,235                     | Rentokil Initial       | 722                   | 1.36                              |
| 57,953                      | RS                     | 545                   | 1.03                              |
| 68,639                      | Weir                   | 1,223                 | 2.31                              |
| <b>Real Estate (3.59%)</b>  |                        | <b>1,087</b>          | <b>2.05</b>                       |
| 109,066                     | Unite REIT             | 1,087                 | 2.05                              |
| <b>Technology (7.33%)</b>   |                        | <b>3,222</b>          | <b>6.07</b>                       |
| 181,253                     | Auto Trader            | 1,136                 | 2.14                              |
| 78,873                      | GB++                   | 278                   | 0.52                              |
| 103,818                     | Sage                   | 806                   | 1.52                              |
| 83,156                      | Softcat                | 1,002                 | 1.89                              |



# Portfolio Statement

As at 31 January 2023 continued

| Holding                 | Investment | Market value<br>£'000 | Percentage of<br>total net assets |
|-------------------------|------------|-----------------------|-----------------------------------|
| Utilities (5.52%)       |            | 3,194                 | 6.02                              |
| 201,854                 | Drax       | 1,303                 | 2.46                              |
| 109,766                 | SSE        | 1,891                 | 3.56                              |
| Total investment assets |            | 53,047                | 99.97                             |
| Net other assets        |            | 16                    | 0.03                              |
| <b>Total Net Assets</b> |            | <b>53,063</b>         | <b>100.00</b>                     |

All investments are listed on recognised stock exchanges and are approved securities within the meaning of the FCA rules.

The percentage figures in brackets show the comparative holding as at 31 July 2022.

++ AIM listed.

# Financial Statements

## Statement of Total Return

For the six months ended 31 January 2023

|   | 31 January 2023 |              | 31 January 2022 |                |
|---|-----------------|--------------|-----------------|----------------|
|   | £'000           | £'000        | £'000           | £'000          |
| Income:   |                 |              |                 |                |
| Net capital losses  |                 | (240)        |                 | (7,181)        |
| Revenue   | 699             |              | 663             |                |
| Expenses  | (267)           |              | (393)           |                |
| Net revenue before taxation   | 432             |              | 270             |                |
| Taxation  | 5               |              | -               |                |
| Net revenue after taxation  |                 | 437          |                 | 270            |
| <b>Total return before distributions</b>  |                 | <b>197</b>   |                 | <b>(6,911)</b> |
| Distributions   |                 | (437)        |                 | (270)          |
| <b>Change in net assets attributable to shareholders from investment activities</b> |                 | <b>(240)</b> |                 | <b>(7,181)</b> |

## Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 January 2023

|  | 31 January 2023 |               | 31 January 2022 |               |
|--|-----------------|---------------|-----------------|---------------|
|  | £'000           | £'000         | £'000           | £'000         |
| <b>Opening net assets attributable to shareholders</b>                                   |                 | <b>61,869</b> |                 | <b>79,247</b> |
| Amounts receivable on the issue of shares  | 1,205           |               | 9,764           |               |
| Amounts payable on the cancellation of shares  | (10,115)        |               | (8,788)         |               |
|  |                 | (8,910)       |                 | 976           |
| Dilution adjustment  |                 | -             |                 | 8             |
| Change in net assets attributable to shareholders from investment activities (see above) |                 | (240)         |                 | (7,181)       |
| Retained distribution on accumulation shares   |                 | 344           |                 | 168           |
| <b>Closing net assets attributable to shareholders</b>                                   |                 | <b>53,063</b> |                 | <b>73,218</b> |

Comparative information is provided for the statement of change in net assets attributable to shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

# Financial Statements

## Continued

### Balance Sheet

As at 31 January 2023

|  | 31 January 2023 |               | 31 July 2022 |               |
|--|-----------------|---------------|--------------|---------------|
|  | £'000           | £'000         | £'000        | £'000         |
| <b>Assets:</b>                                 |                 |               |              |               |
| <b>Fixed assets:</b>                           |                 |               |              |               |
| Investment assets                              |                 | 53,047        |              | 60,509        |
| <b>Current assets:</b>                         |                 |               |              |               |
| Debtors  | 69              |               | 176          |               |
| Cash and bank balances                         | 368             |               | 1,486        |               |
|  |                 | 437           |              | 1,662         |
| <b>Total assets</b>                            |                 | <b>53,484</b> |              | <b>62,171</b> |
| <b>Liabilities:</b>                            |                 |               |              |               |
| Creditors                                      | (366)           |               | (170)        |               |
| Distribution payable                           | (55)            |               | (132)        |               |
|  |                 | (421)         |              | (302)         |
| <b>Total liabilities</b>                       |                 | <b>(421)</b>  |              | <b>(302)</b>  |
| <b>Net assets attributable to shareholders</b> |                 | <b>53,063</b> |              | <b>61,869</b> |

# Distribution Table

For the six months ended 31 January 2023 (in pence per share)

## Interim dividend distribution

Group 1 – shares purchased prior to 1 August 2022

Group 2 – shares purchased between 1 August 2022 and 31 January 2023

|                       | Revenue | Equalisation | Distribution paid<br>28/04/23 | Distribution paid<br>29/04/22 |
|-----------------------|---------|--------------|-------------------------------|-------------------------------|
| <b>A Accumulation</b> |         |              |                               |                               |
| Group 1               | 1.4237  | –            | 1.4237                        | 0.4417                        |
| Group 2               | 0.2869  | 1.1368       | 1.4237                        | 0.4417                        |
| <b>A Income</b>       |         |              |                               |                               |
| Group 1               | 1.0813  | –            | 1.0813                        | 0.3381                        |
| Group 2               | 0.4978  | 0.5835       | 1.0813                        | 0.3381                        |
| <b>I Accumulation</b> |         |              |                               |                               |
| Group 1               | 1.6913  | –            | 1.6913                        | 0.9013                        |
| Group 2               | 0.7555  | 0.9358       | 1.6913                        | 0.9013                        |
| <b>I Income</b>       |         |              |                               |                               |
| Group 1               | 1.3946  | –            | 1.3946                        | 0.7540                        |
| Group 2               | 0.5220  | 0.8726       | 1.3946                        | 0.7540                        |
| <b>K Accumulation</b> |         |              |                               |                               |
| Group 1               | 0.9311  | –            | 0.9311                        | 0.6103                        |
| Group 2               | 0.9311  | –            | 0.9311                        | 0.6103                        |
| <b>M Accumulation</b> |         |              |                               |                               |
| Group 1               | 1.1407  | –            | 1.1407                        | 0.5334                        |
| Group 2               | 1.1407  | –            | 1.1407                        | 0.5334                        |
| <b>M Income</b>       |         |              |                               |                               |
| Group 1               | 1.0700  | –            | 1.0700                        | 0.5170                        |
| Group 2               | 1.0700  | –            | 1.0700                        | 0.5170                        |

## Equalisation

This applies only to shares purchased during the distribution period (group 2 shares). It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

# abrdn World Income Equity Fund

For the period ended 31 January 2023

## Investment Objective

To generate income and some growth over the long term (5 years or more) by investing in equities (company shares) worldwide.

Performance Target: To exceed the return of the MSCI AC World High Yield Index plus 3% per annum over rolling three year periods (before charges). The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target.

The ACD believes this is an appropriate target for the fund based on the investment policy of the fund and the constituents of the index.

## Investment Policy

### Portfolio Securities

- The fund will invest at least 70% in equities and equity related securities of companies listed on global stock exchanges that offer good sustainable income prospects.
- The fund may also invest in other funds (including those managed by abrdn), money-market instruments, and cash.

### Management Process

- The management team use their discretion (active management) to maintain a diverse asset mix at country, sector and stock level.
- Their primary focus is on stock selection using research techniques to select individual holdings. The research process is focused on finding high quality companies at attractive valuations that can be held for the long term.
- In seeking to achieve the Performance Target, the MSCI AC World High Yield Index is used as a reference point for portfolio construction and as a basis for setting risk constraints. The expected variation ("tracking error") between the returns of the fund and the index is not ordinarily expected to exceed 9%. Due to the active nature of the management process, the fund's performance profile may deviate significantly from that of the index over the long term.

### Derivatives and Techniques

- The fund may use derivatives to reduce risk, reduce cost and/or generate additional income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management").

- Derivative usage in the fund is expected to be very limited. Where derivatives are used, this would mainly be in response to significant inflows into the fund so that in these instances, cash can be invested while maintaining the fund's existing allocations to company shares.

## Performance Review

For the six months ended 31 January 2023, the value of abrdn World Equity Income Fund – A Income Shares increased by 5.85% compared to an increase of 3.42% in the performance target, the MSCI AC World High Yield Index.

Source: Lipper; Basis: total return, published NAV to NAV, net of annual charges, UK net income reinvested, GBP.

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Please remember that past performance is not a guide to future returns. The price of shares and the revenue from them may fall as well as rise. Investors may not get back the amount originally invested.

Companies selected for illustrative purposes only to demonstrate the investment management style described herein and not as an investment recommendation or indication of future performance.

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\*\*abrdn means the relevant member of abrdn group, being abrdn plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

# abrdn World Income Equity Fund

## Continued

### Market Review

Global stock markets ended flat after a challenging six months. Central banks responded to multi-decade-high inflation levels in Western economies by raising interest rates faster and further than previously anticipated. Stock markets fell sharply over August and September in the face of mounting gloom over the prospects for the global economy. November then saw a significant recovery in stock markets, prompted by better-than-expected US inflation data. This raised hopes that US inflation may have peaked and that an end to the current cycle of interest-rate rises might be in sight. A tough calendar year concluded with further stock market weakness in December amid concerns for global economic growth in 2023. However, the new year started on a highly positive note on greater economic optimism and hopes that interest rates have almost peaked.

### Portfolio Activity and Review

Mexican airport operator Grupo Aeroportuario del Sureste had strong share-price performance. This was after the company's impressive third-quarter results, which showed continued growth in passenger traffic, revenue and profitability. Meanwhile, iron ore producers, including Vale, performed strongly. This was after top consumer China took steps to bolster its property market, countering worries that tightening Covid-19 restrictions would hurt demand for the metal. TotalEnergies' latest 'Capital Markets Day' was reassuring and well received by investors. It included the announcement of a special dividend to be paid in December. The company's third-quarter results, announced in October, were solid, with no change to full-year guidance. Not owning Intel also boosted relative returns as the stock sold off. It has faced multiple headwinds including supply-side constraints and falling demand. New US regulations soured sentiment further.

Despite strong operating performance and a favourable pricing environment, Canadian gas distribution company TC Energy's share price remained weak. This was due to investor concerns over above-budget spending on TC Energy's Coastal Gaslink project and delays on the firm's projected non-core asset disposals. The position in US-based CME Group, a leading global financial exchange operator, also detracted from relative performance over the period. Investors fretted over the company's higher near-term expenses associated with its new futures and derivative products. Telkom Indonesia's third-quarter results fell short of consensus expectations due to potential losses from the company's investment in e-commerce company GoTo. However, the firm's core profits remain solid. After a strong period of performance, Banco

Bradesco's share price fell after its third-quarter results showed a decline in asset quality. However, the bank's loan growth remains solid, and the insurance business is performing satisfactorily.

In terms of portfolio activity, we added one new holding to the fund over the period: US pharmaceutical company, Merck. We feel investors are overly focused on the upcoming patent cliff of its major drug, Keytruda. However, we see upside potential as it increases the production capacity of its other main drug, Gardasil. We also believe investors are overlooking the pipeline of drugs that could further enhance value.

Meanwhile, we sold our position in Indocement, a lower conviction holding that had been relatively resilient in what is a cyclical industry. The small position in Lotus Retail was also sold after a frustrating period for the Thailand-based real estate investment trust. With the company hit hard by Covid-19-induced lockdowns and the consequential collapse in the Thai tourist industry, a recovery in the shares remained elusive. With very little transparency surrounding the company's future earnings growth, it could take considerable time before the business rebounds to its previous level of profitability.

### Portfolio Outlook and Strategy

Global equity markets will continue to face challenges in 2023. Despite cautious optimism from investors in November, as falling US inflation data signalled a possible deceleration in interest-rate rises, investors are now concerned that entrenched inflation and sustained rate hikes could result in a harsh economic downturn. We believe that many of the market pressures in 2022, such as high energy prices, the cost-of-living crisis and rising interest rates, will continue into this year. In the UK and Europe, we feel that earnings forecasts have not priced in the likely slowdown in GDP growth. In the US, although growth remains positive, it is slowing, and we believe that there may need to be a rise in unemployment in order to tame core inflation. Against such a challenging backdrop, the portfolio will remain diversified, defensive and focused on businesses best positioned to manage financial pressures through to times of greater market stability. Periods of market weakness represent an opportunity for the long-term investor. We reiterate the importance of a diversified portfolio with a 'bottom-up' investment approach focused on quality characteristics.

### Global Equity Team

February 2023

# abrdn World Income Equity Fund

## Continued

### Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the fund. The table below shows the fund's ranking on the Risk and Reward Indicator.

| Typically lower rewards, lower risk |   |   |   | Typically higher rewards, higher risk |   |   |
|-------------------------------------|---|---|---|---------------------------------------|---|---|
| ←                                   |   |   |   | →                                     |   |   |
| 1                                   | 2 | 3 | 4 | 5                                     | 6 | 7 |

Risk and reward indicator table as at 31 January 2023.

The fund is rated as 5 because of the extent to which the following risk factors apply:

- The fund invests in equity 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.
- The fund invests in emerging market equities and/or bonds. Investing in emerging markets involves a greater risk of loss than investing in more developed markets due to, among other factors, greater political, tax, economic, foreign exchange, liquidity and regulatory risks.
- The fund may invest in companies with Variable Interest Entity (VIE) structures in order to gain exposure to industries with foreign ownership restrictions. There is a risk that investments in these structures may be adversely affected by changes in the legal and regulatory framework.
- Investing in China A shares involves special considerations and risks, including greater price volatility, a less developed regulatory and legal framework, exchange rate risk/controls, settlement, tax, quota, liquidity and regulatory risks.
- 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.

All investment involves risk. This fund offers no guarantee against loss or that the fund's objective will be attained.

The price of assets and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

Inflation reduces the buying power of your investment and income.

The value of assets held in the fund may rise and fall as a result of exchange rate fluctuations.

The fund could lose money if an entity (counterparty) with which it does business becomes unwilling or unable to honour its obligations to the fund.

In extreme market conditions some securities may become hard to value or sell at a desired price. This could affect the fund's ability to meet redemptions in a timely manner.

The fund could lose money as the result of a failure or delay in operational processes and systems including but not limited to third party providers failing or going into administration.

# Comparative Tables

| <b>A Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|------------------------|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 282                    | 3,615               | 3,929               | 3,627               |
| Closing number of shares                  | 161,096                | 2,209,503           | 2,660,858           | 2,893,441           |
| Closing net asset value per share (pence) | 175.13                 | 163.61              | 147.66              | 125.37              |
| Change in net asset value per share       | 7.04%                  | 10.80%              | 17.78%              | (18.28%)            |
| Operating charges                         | 1.31%                  | 1.31%               | 1.53%               | 1.57%               |
| <b>A Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 9,571                  | 9,829               | 9,431               | 14,071              |
| Closing number of shares                  | 14,191,769             | 15,301,570          | 15,525,949          | 26,414,589          |
| Closing net asset value per share (pence) | 67.44                  | 64.24               | 60.74               | 53.27               |
| Change in net asset value per share       | 4.98%                  | 5.76%               | 14.02%              | (21.16%)            |
| Operating charges                         | 1.31%                  | 1.31%               | 1.53%               | 1.57%               |
| <b>I Accumulation</b>                     | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 6,366                  | 2,548               | 1,729               | 1,570               |
| Closing number of shares                  | 3,671,807              | 1,576,203           | 1,190,935           | 1,279,270           |
| Closing net asset value per share (pence) | 173.37                 | 161.62              | 145.21              | 122.73              |
| Change in net asset value per share       | 7.27%                  | 11.30%              | 18.32%              | (17.91%)            |
| Operating charges                         | 0.86%                  | 0.86%               | 1.08%               | 1.12%               |
| <b>I Income</b>                           | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 15,723                 | 11,553              | 16,036              | 19,572              |
| Closing number of shares                  | 21,850,803             | 16,894,252          | 24,907,411          | 34,825,708          |
| Closing net asset value per share (pence) | 71.95                  | 68.38               | 64.38               | 56.20               |
| Change in net asset value per share       | 5.22%                  | 6.21%               | 14.56%              | (20.80%)            |
| Operating charges                         | 0.86%                  | 0.86%               | 1.08%               | 1.12%               |
| <b>M Accumulation<sup>A</sup></b>         | <b>31 January 2023</b> | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | -                      | 1                   | 1                   | 1                   |
| Closing number of shares                  | -                      | 936                 | 936                 | 936                 |
| Closing net asset value per share (pence) | -                      | 120.28              | 108.00              | 91.20               |
| Change in net asset value per share       | -                      | 11.37%              | 18.42%              | (17.66%)            |
| Operating charges                         | -                      | 0.91%               | 1.13%               | 1.17%               |



# Comparative Tables

## Continued

| M Income                                  | 31 January 2023 | 31 July 2022 | 31 July 2021 | 31 July 2020 |
|---|-----------------|--------------|--------------|--------------|
| Closing net asset value (£'000)           | 12              | 11           | 11           | 9            |
| Closing number of shares                  | 11,193          | 10,961       | 10,644       | 10,388       |
| Closing net asset value per share (pence) | 109.05          | 103.64       | 97.58        | 85.18        |
| Change in net asset value per share       | 5.22%           | 6.21%        | 14.56%       | (20.67%)     |
| Operating charges                         | 0.91%           | 0.91%        | 1.13%        | 1.17%        |

The closing net asset value (£'000) divided by the closing number of shares may not calculate to the closing net asset value per share (pence) due to rounding differences. The published closing net asset value per share (pence) is based on unrounded values and represents the actual price.

The change in the net asset value per share is the change from the beginning of the period to the close of the period.

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

<sup>A</sup> M Accumulation share class was closed on 17 January 2023.

# Portfolio Statement

As at 31 January 2023

| Holding                                 | Investment                             | Market value<br>£'000 | Percentage of<br>total net assets |
|---|--|-----------------------|-----------------------------------|
| <b>Equities (99.94%)</b>                |  | <b>30,789</b>         | <b>96.35</b>                      |
| <b>Emerging Market Equities (8.98%)</b> |  | <b>2,614</b>          | <b>8.18</b>                       |
| <b>Brazil (6.32%)</b>                   |  | <b>1,931</b>          | <b>6.04</b>                       |
| 214,484                                 | Banco Bradesco ADR                     | 484                   | 1.51                              |
| 56,202                                  | Telefonica Brasil ADR                  | 371                   | 1.16                              |
| 70,915                                  | Vale ADR                               | 1,076                 | 3.37                              |
| <b>Chile (2.66%)</b>                    |  | <b>683</b>            | <b>2.14</b>                       |
| 8,625                                   | Sociedad Quimica y Minera de Chile ADR | 683                   | 2.14                              |
| <b>European Equities (20.12%)</b>       |  | <b>7,016</b>          | <b>21.96</b>                      |
| <b>Denmark (2.37%)</b>                  |  | <b>727</b>            | <b>2.28</b>                       |
| 39,264                                  | Tryg                                   | 727                   | 2.28                              |
| <b>Finland (1.81%)</b>                  |  | <b>473</b>            | <b>1.48</b>                       |
| 50,075                                  | Nordea Bank (Swedish listing)          | 473                   | 1.48                              |
| <b>France (4.80%)</b>                   |  | <b>1,983</b>          | <b>6.20</b>                       |
| 13,511                                  | Danone                                 | 599                   | 1.87                              |
| 7,931                                   | Sanofi                                 | 627                   | 1.96                              |
| 15,061                                  | TotalEnergies                          | 757                   | 2.37                              |
| <b>Germany (0.82%)</b>                  |  | <b>469</b>            | <b>1.47</b>                       |
| 3,717                                   | Siemens                                | 469                   | 1.47                              |
| <b>Italy (1.15%)</b>                    |  | <b>621</b>            | <b>1.94</b>                       |
| 130,498                                 | Enel                                   | 621                   | 1.94                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                 | Investment                        | Market value<br>£'000 | Percentage of<br>total net assets |
|---|-----------------------------------|-----------------------|-----------------------------------|
| <b>Netherlands (1.23%)</b>              |                                   | <b>443</b>            | <b>1.39</b>                       |
| 7,687                                   | BE Semiconductor Industries       | 443                   | 1.39                              |
| <b>Norway (1.81%)</b>                   |                                   | <b>309</b>            | <b>0.97</b>                       |
| 36,570                                  | Telenor                           | 309                   | 0.97                              |
| <b>Sweden (2.86%)</b>                   |                                   | <b>839</b>            | <b>2.62</b>                       |
| 47,439                                  | Atlas Copco 'B'                   | 403                   | 1.26                              |
| 32,302                                  | Epiroc 'B'                        | 436                   | 1.36                              |
| <b>Switzerland (3.27%)</b>              |                                   | <b>1,152</b>          | <b>3.61</b>                       |
| 1,371                                   | Roche (Participating certificate) | 346                   | 1.09                              |
| 2,017                                   | Zurich Insurance                  | 806                   | 2.52                              |
| <b>North American Equities (33.14%)</b> |                                   | <b>10,647</b>         | <b>33.32</b>                      |
| <b>Canada (4.87%)</b>                   |                                   | <b>1,352</b>          | <b>4.23</b>                       |
| 13,883                                  | Enbridge                          | 460                   | 1.44                              |
| 12,628                                  | TC Energy                         | 440                   | 1.38                              |
| 25,908                                  | TELUS                             | 452                   | 1.41                              |
| <b>United States (24.00%)</b>           |                                   | <b>7,736</b>          | <b>24.21</b>                      |
| 10,434                                  | AbbVie                            | 1,252                 | 3.92                              |
| 15,868                                  | Bristol-Myers Squibb              | 936                   | 2.93                              |
| 2,664                                   | Broadcom                          | 1,266                 | 3.96                              |
| 16,315                                  | Cisco Systems                     | 645                   | 2.02                              |
| 5,556                                   | CME                               | 797                   | 2.49                              |
| 3,453                                   | Johnson & Johnson                 | 458                   | 1.43                              |
| 6,723                                   | Merck                             | 587                   | 1.84                              |
| 13,408                                  | Philip Morris International       | 1,135                 | 3.55                              |
| 19,556                                  | Verizon Communications            | 660                   | 2.07                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                                | Investment                             | Market value<br>£'000 | Percentage of<br>total net assets |
|--|--|-----------------------|-----------------------------------|
| <b>Mexico (4.27%)</b>                  |  | <b>1,559</b>          | <b>4.88</b>                       |
| 55,821                                 | Grupo Aeroportuario del Sureste 'B'    | 1,231                 | 3.85                              |
| 211,916                                | Kimberly-Clark de Mexico 'A'           | 328                   | 1.03                              |
| <b>Pacific Basin Equities (16.57%)</b> |  | <b>7,474</b>          | <b>23.38</b>                      |
| <b>Australia (0.98%)</b>               |  | <b>432</b>            | <b>1.35</b>                       |
| 20,834                                 | Woodside Energy                        | 432                   | 1.35                              |
| <b>China (3.18%)</b>                   |  | <b>924</b>            | <b>2.89</b>                       |
| 170,400                                | China Vanke 'H'                        | 280                   | 0.88                              |
| 102,500                                | Ping An Insurance 'H'                  | 644                   | 2.01                              |
| <b>Hong Kong (2.98%)</b>               |  | <b>733</b>            | <b>2.29</b>                       |
| 188,000                                | China Resources Land                   | 733                   | 2.29                              |
| <b>Indonesia (3.40%)</b>               |  | <b>628</b>            | <b>1.97</b>                       |
| 3,019,100                              | Telkom Indonesia Persero               | 628                   | 1.97                              |
| <b>Singapore (3.37%)</b>               |  | <b>1,110</b>          | <b>3.47</b>                       |
| 100,900                                | Oversea-Chinese Banking                | 806                   | 2.52                              |
| 195,800                                | Singapore Telecommunications           | 304                   | 0.95                              |
| <b>South Korea (2.66%)</b>             |  | <b>742</b>            | <b>2.32</b>                       |
| 820                                    | Samsung Electronics GDR                | 742                   | 2.32                              |
| <b>Taiwan (8.66%)</b>                  |  | <b>2,450</b>          | <b>7.67</b>                       |
| 44,000                                 | Globalwafers                           | 623                   | 1.95                              |
| 282,000                                | Hon Hai Precision Industry             | 761                   | 2.38                              |
| 115,600                                | Taiwan Mobile                          | 296                   | 0.93                              |
| 10,219                                 | Taiwan Semiconductor Manufacturing ADR | 770                   | 2.41                              |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                           | Investment                     | Market value<br>£'000 | Percentage of<br>total net assets |
|-----------------------------------|--------------------------------|-----------------------|-----------------------------------|
| <b>Thailand (2.38%)</b>           |                                | <b>455</b>            | <b>1.42</b>                       |
| 177,800                           | SCB X (Alien Market)           | 455                   | 1.42                              |
| <b>UK Equities (10.09%)</b>       |                                | <b>3,038</b>          | <b>9.51</b>                       |
| <b>Basic Materials (1.67%)</b>    |                                | <b>633</b>            | <b>1.98</b>                       |
| 22,396                            | BHP                            | 633                   | 1.98                              |
| <b>Consumer Staples (5.67%)</b>   |                                | <b>1,473</b>          | <b>4.61</b>                       |
| 19,223                            | British American Tobacco       | 595                   | 1.86                              |
| 10,692                            | Unilever (Netherlands listing) | 439                   | 1.38                              |
| 10,692                            | Unilever (UK listing)          | 439                   | 1.37                              |
| <b>Energy (1.71%)</b>             |                                | <b>629</b>            | <b>1.97</b>                       |
| 26,482                            | Shell                          | 629                   | 1.97                              |
| <b>Telecommunications (1.04%)</b> |                                | <b>303</b>            | <b>0.95</b>                       |
| 325,424                           | Vodafone                       | 303                   | 0.95                              |
| Total investment assets           |                                | 30,789                | 96.35                             |
| Net other assets                  |                                | 1,165                 | 3.65                              |
| <b>Total Net Assets</b>           |                                | <b>31,954</b>         | <b>100.00</b>                     |

All investments are listed on recognised stock exchanges and are approved securities within the meaning of the FCA rules. The percentage figures in brackets show the comparative holding as at 31 July 2022.

# Financial Statements

## Statement of Total Return

For the six months ended 31 January 2023

|   | 31 January 2023 |              | 31 January 2022 |              |
|---|-----------------|--------------|-----------------|--------------|
|   | £'000           | £'000        | £'000           | £'000        |
| Income:   |                 |              |                 |              |
| Net capital gains   |                 | 1,399        |                 | 2,083        |
| Revenue   | 534             |              | 689             |              |
| Expenses  | (131)           |              | (161)           |              |
| Net revenue before taxation   | 403             |              | 528             |              |
| Taxation  | (19)            |              | (16)            |              |
| Net revenue after taxation  |                 | 384          |                 | 512          |
| <b>Total return before distributions</b>  |                 | <b>1,783</b> |                 | <b>2,595</b> |
| Distributions   |                 | (505)        |                 | (659)        |
| <b>Change in net assets attributable to shareholders from investment activities</b> |                 | <b>1,278</b> |                 | <b>1,936</b> |

## Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 January 2023

|  | 31 January 2023 |               | 31 January 2022 |               |
|--|-----------------|---------------|-----------------|---------------|
|  | £'000           | £'000         | £'000           | £'000         |
| <b>Opening net assets attributable to shareholders</b>                                   |                 | <b>27,557</b> |                 | <b>31,137</b> |
| Amounts receivable on the issue of shares  | 8,339           |               | 698             |               |
| Amounts payable on the cancellation of shares  | (5,312)         |               | (4,122)         |               |
|  |                 | 3,027         |                 | (3,424)       |
| Dilution adjustment  |                 | 4             |                 | -             |
| Change in net assets attributable to shareholders from investment activities (see above) |                 | 1,278         |                 | 1,936         |
| Retained distribution on accumulation shares   |                 | 88            |                 | 122           |
| <b>Closing net assets attributable to shareholders</b>                                   |                 | <b>31,954</b> |                 | <b>29,771</b> |

Comparative information is provided for the statement of change in net assets attributable to shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

# Financial Statements

## Continued

### Balance Sheet

As at 31 January 2023

|  | 31 January 2023 |               | 31 July 2022 |               |
|--|-----------------|---------------|--------------|---------------|
|  | £'000           | £'000         | £'000        | £'000         |
| <b>Assets:</b>                                 |                 |               |              |               |
| <b>Fixed assets:</b>                           |                 |               |              |               |
| Investment assets                              |                 | 30,789        |              | 27,540        |
| <b>Current assets:</b>                         |                 |               |              |               |
| Debtors  | 484             |               | 373          |               |
| Cash and bank balances                         | 1,063           |               | 62           |               |
|  |                 | 1,547         |              | 435           |
| <b>Total assets</b>                            |                 | <b>32,336</b> |              | <b>27,975</b> |
| <b>Liabilities:</b>                            |                 |               |              |               |
| Bank overdrafts                                | -               |               | (18)         |               |
| Creditors                                      | (148)           |               | (46)         |               |
| Distribution payable                           | (234)           |               | (354)        |               |
|  |                 | (382)         |              | (418)         |
| <b>Total liabilities</b>                       |                 | <b>(382)</b>  |              | <b>(418)</b>  |
| <b>Net assets attributable to shareholders</b> |                 | <b>31,954</b> |              | <b>27,557</b> |

# Distribution Tables

For the six months ended 31 January 2023 (in pence per share)

## First interim dividend distribution

Group 1 – shares purchased prior to 1 August 2022

Group 2 – shares purchased between 1 August 2022 and 31 October 2022

|                       | Revenue | Equalisation | Distribution paid<br>31/01/23 | Distribution paid<br>31/01/22 |
|-----------------------|---------|--------------|-------------------------------|-------------------------------|
| <b>A Accumulation</b> |         |              |                               |                               |
| Group 1               | 1.6035  | -            | 1.6035                        | 2.1340                        |
| Group 2               | 0.8575  | 0.7460       | 1.6035                        | 2.1340                        |
| <b>A Income</b>       |         |              |                               |                               |
| Group 1               | 0.6317  | -            | 0.6317                        | 0.8781                        |
| Group 2               | 0.0218  | 0.6099       | 0.6317                        | 0.8781                        |
| <b>I Accumulation</b> |         |              |                               |                               |
| Group 1               | 1.5910  | -            | 1.5910                        | 2.0999                        |
| Group 2               | 0.7641  | 0.8269       | 1.5910                        | 2.0999                        |
| <b>I Income</b>       |         |              |                               |                               |
| Group 1               | 0.6728  | -            | 0.6728                        | 0.9333                        |
| Group 2               | 0.3441  | 0.3287       | 0.6728                        | 0.9333                        |
| <b>M Accumulation</b> |         |              |                               |                               |
| Group 1               | 1.1925  | -            | 1.1925                        | 1.5580                        |
| Group 2               | 1.1925  | -            | 1.1925                        | 1.5580                        |
| <b>M Income</b>       |         |              |                               |                               |
| Group 1               | 1.0212  | -            | 1.0212                        | 1.4214                        |
| Group 2               | 1.0212  | -            | 1.0212                        | 1.4214                        |



# Distribution Tables

For the six months ended 31 January 2023 (in pence per share) continued

## Second interim dividend distribution

Group 1 – shares purchased prior to 1 November 2022

Group 2 – shares purchased between 1 November 2022 and 31 January 2023

|                       | Revenue | Equalisation | Distribution paid<br>28/04/23 | Distribution paid<br>29/04/22 |
|-----------------------|---------|--------------|-------------------------------|-------------------------------|
| <b>A Accumulation</b> |         |              |                               |                               |
| Group 1               | 1.6239  | –            | 1.6239                        | 1.1333                        |
| Group 2               | 1.2987  | 0.3252       | 1.6239                        | 1.1333                        |
| <b>A Income</b>       |         |              |                               |                               |
| Group 1               | 0.6249  | –            | 0.6249                        | 0.4592                        |
| Group 2               | 0.0948  | 0.5301       | 0.6249                        | 0.4592                        |
| <b>I Accumulation</b> |         |              |                               |                               |
| Group 1               | 1.5889  | –            | 1.5889                        | 1.1156                        |
| Group 2               | 0.3788  | 1.2101       | 1.5889                        | 1.1156                        |
| <b>I Income</b>       |         |              |                               |                               |
| Group 1               | 0.6658  | –            | 0.6658                        | 0.4885                        |
| Group 2               | 0.1643  | 0.5015       | 0.6658                        | 0.4885                        |
| <b>M Accumulation</b> |         |              |                               |                               |
| Group 1               | –       | –            | –                             | 0.8345                        |
| Group 2               | –       | –            | –                             | 0.8345                        |
| <b>M Income</b>       |         |              |                               |                               |
| Group 1               | 1.0116  | –            | 1.0116                        | 0.7410                        |
| Group 2               | 0.9640  | 0.0476       | 1.0116                        | 0.7410                        |

## Equalisation

This applies only to shares purchased during the distribution period (group 2 shares). It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

# ASI Eastern European Equity Fund (closed)

For the period ended 31 January 2023

## Investment Objective

To generate growth over the long term (5 years or more) by investing in European emerging markets equities (company shares).

Performance Target: To achieve the return of the MSCI Emerging Market Europe 10/40 Index plus 3% per annum over rolling three year periods (before charges). The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target.

The ACD believes this is an appropriate target for the fund based on the investment policy of the fund and the constituents of the index.

## Investment Policy

### Portfolio Securities

- The fund invests at least 70% in equities and equity related securities of companies listed, incorporated or domiciled in European emerging market countries, or companies that derive a significant proportion of their revenues or profits or have a significant proportion of their assets there.
- The fund may also invest up to 10% in other European equities.
- The fund may also invest in other funds (including those managed by abrdn), money-market instruments and cash.

### Management Process

- The management team use their discretion (active management) to maintain a diverse asset mix at country, sector and stock level.
- Their primary focus is on stock selection using research techniques to select individual holdings. The research process is focused on finding high quality companies at attractive valuations that can be held for the long term.
- In seeking to achieve the Performance Target, the MSCI Emerging Market Europe 10/40 Index is used as a reference point for portfolio construction and as a basis for setting risk constraints. The expected variation ("tracking error") between the returns of the fund and the index, is not ordinarily expected to exceed 12.5%. Due to the active nature of the management process, the fund's performance profile may deviate significantly from that of the MSCI Emerging Market Europe 10/40 Index over the long term.

## Derivatives and Techniques

- The fund may use derivatives to reduce risk, reduce cost and/or generate additional income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management").
- Derivative usage in the fund is expected to be very limited. Where derivatives are used, this would mainly be in response to significant inflows into the fund so that in these instances, cash can be invested while maintaining the fund's existing allocations to company shares.

## Market Review

In February 2022, Russia unexpectedly invaded the Ukraine, triggering a war between the two countries. The invasion drew widespread condemnation from the international community, and Russia subsequently incurred hefty economic and financial sanctions from its key trading partners the European Union, UK and the US.

Starting on 25 February, abrdn was unable to trade in local Russian securities, and soon after (on 28 February) the Moscow Exchange (MOEX) shut down trading altogether. While the MOEX reopened for trading in March, we were unable to assign value to Russian positions due to our inability either to trade positions or to repatriate proceeds.

## Portfolio Activity and Review

Given the inability to accurately price securities making up a material part of the fund's net asset value, abrdn's Investor Protection Committee (IPC) took the decision to suspend the fund on 28 February. Since that time, given the prevailing market conditions and liquidity, abrdn's Valuation and Pricing Committee (VPC) decided to reduce the price on all Russian equity and Global Depositary Receipts (GDR) and American Depositary Receipt (ADR) instruments to zero. This decision, taken on 3 March, was followed by news that major index providers would remove Russia from all composite indices, price all securities to zero, and downgrade Russia to 'standalone market' status, similar to Iran and Argentina. MSCI removed Russia from all its indices on 9 March.

Since the fund's suspension, we followed the VPC's methodology in writing Russian positions to zero, but retained title to those shares and continued to look for resolution of some kind to the humanitarian tragedy. We tried to recover capital where we could but as an investment house, our view has been, and still is that the ESG risks associated with securities exposed to Russia, Belarus and Ukraine made those markets effectively uninvestable for the foreseeable future. We consequently placed bans on purchases in those markets.

# ASI Eastern European Equity Fund (closed)

Continued

## Portfolio Outlook and Strategy

The fund closed in September 2022.

Global Emerging Markets Equity Team

February 2023

# ASI Eastern European Equity Fund (closed)

## Continued

### Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the fund. The table below shows the fund's ranking on the Risk and Reward Indicator.

| Typically lower rewards, lower risk |   |   |   | Typically higher rewards, higher risk |   |   |
|-------------------------------------|---|---|---|---------------------------------------|---|---|
| ←                                   |   |   |   | →                                     |   |   |
| 1                                   | 2 | 3 | 4 | 5                                     | 6 | 7 |

Risk and reward indicator table as at 13 September 2022.

The fund is rated as 6 because of the extent to which the following risk factors apply:

- The fund invests in equity 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.
- The fund invests in emerging market equities and/or bonds. Investing in emerging markets involves a greater risk of loss than investing in more developed markets due to, among other factors, greater political, tax, economic, foreign exchange, liquidity and regulatory risks.
- 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.

All investment involves risk. This fund offers no guarantee against loss or that the fund's objective will be attained.

The price of assets and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

Inflation reduces the buying power of your investment and income. The value of assets held in the fund may rise and fall as a result of exchange rate fluctuations.

The fund could lose money if an entity (counterparty) with which it does business becomes unwilling or unable to honour its obligations to the fund.

In extreme market conditions some securities may become hard to value or sell at a desired price. This could affect the fund's ability to meet redemptions in a timely manner.

The fund could lose money as the result of a failure or delay in operational processes and systems including but not limited to third party providers failing or going into administration.

# Comparative Tables

| <b>A Accumulation<sup>A</sup></b>         | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|---------------------|---------------------|---------------------|
| Closing net asset value (£'000)           | 1,325               | 4,274               | 3,634               |
| Closing number of shares                  | 1,032,545           | 1,049,378           | 1,160,682           |
| Closing net asset value per share (pence) | 128.32              | 407.22              | 313.06              |
| Change in net asset value per share       | (68.49%)            | 30.08%              | (8.86%)             |
| Operating charges                         | 1.39%               | 1.39%               | 1.39%               |
| <b>I Accumulation<sup>A</sup></b>         | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 4,982               | 15,485              | 12,222              |
| Closing number of shares                  | 3,701,601           | 3,665,894           | 3,701,475           |
| Closing net asset value per share (pence) | 134.60              | 422.41              | 330.19              |
| Change in net asset value per share       | (68.14%)            | 27.93%              | (9.62%)             |
| Operating charges                         | 0.94%               | 0.94%               | 0.94%               |
| <b>M Accumulation<sup>A</sup></b>         | <b>31 July 2022</b> | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 1                   | 1                   | 1                   |
| Closing number of shares                  | 816                 | 816                 | 816                 |
| Closing net asset value per share (pence) | 48.84               | 153.32              | 119.94              |
| Change in net asset value per share       | (68.15%)            | 27.83%              | (9.54%)             |
| Operating charges                         | 0.99%               | 0.99%               | 0.99%               |

The closing net asset value (£'000) divided by the closing number of shares may not calculate to the closing net asset value per share (pence) due to rounding differences. The published closing net asset value per share (pence) is based on unrounded values and represents the actual price.

The change in the net asset value per share is the change from the beginning of the period to the close of the period.

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

<sup>A</sup> The fund closed on 13 September 2022.

# Portfolio Statement

As at 31 January 2023

| Holding                          | Investment                         | Market value<br>£'000 | Percentage of<br>total net assets |
|----------------------------------|------------------------------------|-----------------------|-----------------------------------|
| Equities (96.53%)                |                                    | -                     | -                                 |
| Emerging Market Equities (0.00%) |                                    | -                     | -                                 |
| Russia (0.00%)                   |                                    | -                     | -                                 |
| 6,222                            | Beluga+++                          | -                     | -                                 |
| 363,181                          | Gazprom+++                         | -                     | -                                 |
| 9,422                            | HeadHunter ADR*                    | -                     | -                                 |
| 27,068                           | Lukoil ADR+++                      | -                     | -                                 |
| 346,685                          | Magnitogorsk Iron & Steel Works+++ | -                     | -                                 |
| 2,187                            | MMC Norilsk Nickel+++              | -                     | -                                 |
| 94,580                           | Novatek+++                         | -                     | -                                 |
| 4,742                            | Polyus+++                          | -                     | -                                 |
| 309,590                          | Renaissance Insurance+++           | -                     | -                                 |
| 83,861                           | Rosneft Oil+++                     | -                     | -                                 |
| 548,794                          | Sberbank of Russia+++              | -                     | -                                 |
| 4,622,000                        | Segezha+++                         | -                     | -                                 |
| 22,398                           | Yandex 'A'*                        | -                     | -                                 |
| European Equities (72.72%)       |                                    | -                     | -                                 |
| Czech Republic (4.14%)           |                                    | -                     | -                                 |
| Greece (15.65%)                  |                                    | -                     | -                                 |
| Hungary (6.86%)                  |                                    | -                     | -                                 |
| Kazakhstan (5.41%)               |                                    | -                     | -                                 |
| Netherlands (4.12%)              |                                    | -                     | -                                 |
| Poland (30.22%)                  |                                    | -                     | -                                 |
| Romania (3.63%)                  |                                    | -                     | -                                 |
| Slovenia (2.69%)                 |                                    | -                     | -                                 |

# Portfolio Statement

As at 31 January 2023 continued

| Holding                         | Investment               | Market value<br>£'000 | Percentage of<br>total net assets |
|---------------------------------|--------------------------|-----------------------|-----------------------------------|
| Middle East Equities (9.72%)    |                          | -                     | -                                 |
| Turkey (9.72%)                  |                          | -                     | -                                 |
| 1                               | Agesa Hayat ve Emeklilik | -                     | -                                 |
| 1                               | Akbank                   | -                     | -                                 |
| 1                               | Enka Insaat ve Sanayi    | -                     | -                                 |
| North American Equities (4.96%) |                          | -                     | -                                 |
| United States (4.96%)           |                          | -                     | -                                 |
| UK Equities (9.13%)             |                          | -                     | -                                 |
| Industrials (5.33%)             |                          | -                     | -                                 |
| Technology (3.80%)              |                          | -                     | -                                 |
| Total investment assets         |                          | -                     | -                                 |
| Net other assets                |                          | -                     | -                                 |
| Total Net Assets                |                          | -                     | -                                 |

All investments are listed on recognised stock exchanges and are approved securities within the meaning of the FCA rules.  
The percentage figures in brackets show the comparative holding as at 31 July 2022.

\* Suspended.

+++ Priced per abrdn VPC.

# Financial Statements

## Statement of Total Return

For the six months ended 31 January 2023

|   | 31 January 2023 |            | 31 January 2022 |                |
|---|-----------------|------------|-----------------|----------------|
|   | £'000           | £'000      | £'000           | £'000          |
| Income:   |                 |            |                 |                |
| Net capital gains/(losses)  |                 | 516        |                 | (1,797)        |
| Revenue   | 27              |            | 403             |                |
| Expenses  | (3)             |            | (102)           |                |
| Net revenue before taxation   | 24              |            | 301             |                |
| Taxation  | (2)             |            | (223)           |                |
| Net revenue after taxation  |                 | 22         |                 | 78             |
| <b>Total return before equalisation</b>   |                 | <b>538</b> |                 | <b>(1,719)</b> |
| Equalisation on shares  |                 | (16)       |                 | (9)            |
| <b>Change in net assets attributable to shareholders from investment activities</b> |                 | <b>522</b> |                 | <b>(1,728)</b> |

## Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 January 2023

|  | 31 January 2023 |              | 31 January 2022 |               |
|--|-----------------|--------------|-----------------|---------------|
|  | £'000           | £'000        | £'000           | £'000         |
| <b>Opening net assets attributable to shareholders</b>                                   |                 | <b>6,308</b> |                 | <b>19,760</b> |
| Amounts receivable on the issue of shares  | -               |              | 3,330           |               |
| Amounts payable on the cancellation of shares  | (6,830)         |              | (2,775)         |               |
|  |                 | (6,830)      |                 | 555           |
| Change in net assets attributable to shareholders from investment activities (see above) |                 | 522          |                 | (1,728)       |
| <b>Closing net assets attributable to shareholders</b>                                   |                 | <b>-</b>     |                 | <b>18,587</b> |

Comparative information is provided for the statement of change in net assets attributable to shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.



# Financial Statements

## Continued

### Balance Sheet

As at 31 January 2023

|  | 31 January 2023 |              | 31 July 2022 |              |
|--|-----------------|--------------|--------------|--------------|
|  | £'000           | £'000        | £'000        | £'000        |
| <b>Assets:</b>                                 |                 |              |              |              |
| <b>Fixed assets:</b>                           |                 |              |              |              |
| Investment assets                              |                 | -            |              | 6,089        |
| <b>Current assets:</b>                         |                 |              |              |              |
| Debtors  | 32              |              | 31           |              |
| Cash and bank balances                         | 404             |              | 194          |              |
|  |                 | 436          |              | 225          |
| <b>Total assets</b>                            |                 | <b>436</b>   |              | <b>6,314</b> |
| <b>Liabilities:</b>                            |                 |              |              |              |
| Amounts payable on termination                 | (424)           |              | -            |              |
| Creditors                                      | (12)            |              | (6)          |              |
|  |                 | (436)        |              | (6)          |
| <b>Total liabilities</b>                       |                 | <b>(436)</b> |              | <b>(6)</b>   |
| <b>Net assets attributable to shareholders</b> |                 | <b>-</b>     |              | <b>6,308</b> |

# ASI Emerging Markets Bond Fund (closed)

For the period ended 31 January 2023

ASI Emerging Market Bond Fund is no longer open to investors, having redeemed all shares on 30 June 2022. It is the intention of the ACD to terminate the fund at a later date once the residual assets and liabilities are settled. As a result the financial statements for this fund has not been prepared on a going concern basis. At the time of the share cancellation, all realisable securities were sold. Some securities which were not immediately realisable due to a trading suspension, or due to being delisted, continue to be held at the current balance sheet date. Should an opportunity to sell these securities for value arise, they will be sold, otherwise abrdn will, in conjunction with the Depositary, pursue any possible residual value from such securities until all such opportunities have been reasonably exhausted.

# Comparative Tables

| <b>A Accumulation<sup>A</sup></b>         | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|---------------------|---------------------|
| Closing net asset value (£'000)           | 1,626               | 1,588               |
| Closing number of shares                  | 1,119,949           | 1,151,239           |
| Closing net asset value per share (pence) | 145.15              | 137.90              |
| Change in net asset value per share       | 5.26%               | (3.31%)             |
| Operating charges                         | 1.36%               | 1.36%               |
| <b>A Income<sup>A</sup></b>               | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 2,032               | 2,304               |
| Closing number of shares                  | 2,438,930           | 2,765,585           |
| Closing net asset value per share (pence) | 83.32               | 83.30               |
| Change in net asset value per share       | 0.02%               | (8.21%)             |
| Operating charges                         | 1.36%               | 1.36%               |
| <b>I Accumulation<sup>A</sup></b>         | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 17,785              | 27,112              |
| Closing number of shares                  | 14,022,238          | 22,600,387          |
| Closing net asset value per share (pence) | 126.84              | 119.96              |
| Change in net asset value per share       | 5.74%               | (2.90%)             |
| Operating charges                         | 0.91%               | 0.91%               |
| <b>I Income<sup>A</sup></b>               | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 19,642              | 20,174              |
| Closing number of shares                  | 25,015,081          | 25,816,099          |
| Closing net asset value per share (pence) | 78.52               | 78.15               |
| Change in net asset value per share       | 0.47%               | (7.80%)             |
| Operating charges                         | 0.91%               | 0.91%               |
| <b>M Accumulation<sup>A</sup></b>         | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 10                  | 9                   |
| Closing number of shares                  | 8,396               | 8,423               |
| Closing net asset value per share (pence) | 116.46              | 110.20              |
| Change in net asset value per share       | 5.68%               | (2.75%)             |
| Operating charges                         | 0.96%               | 0.96%               |
| <b>M Income<sup>A</sup></b>               | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 1                   | 1                   |
| Closing number of shares                  | 948                 | 948                 |
| Closing net asset value per share (pence) | 100.53              | 100.02              |
| Change in net asset value per share       | 0.51%               | (7.58%)             |
| Operating charges                         | 0.96%               | 0.96%               |

# Comparative Tables

## Continued

| <b>Z Accumulation<sup>A</sup></b>         | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|---------------------|---------------------|
| Closing net asset value (£'000)           | 625                 | 2,653               |
| Closing number of shares                  | 387,947             | 1,752,858           |
| Closing net asset value per share (pence) | 161.20              | 151.34              |
| Change in net asset value per share       | 6.52%               | (2.16%)             |
| Operating charges                         | 0.16%               | 0.16%               |

The closing net asset value (£'000) divided by the closing number of shares may not calculate to the closing net asset value per share (pence) due to rounding differences. The published closing net asset value per share (pence) is based on unrounded values and represents the actual price.

The change in the net asset value per share is the change from the beginning of the period to the close of the period.

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

<sup>A</sup>The fund closed on 30 June 2022.

# Portfolio Statement

As at 31 January 2023

| Holding                          | Investment     | Market value<br>£'000 | Percentage of<br>total net assets |
|----------------------------------|----------------|-----------------------|-----------------------------------|
| Equities (0.00%)                 |                | -                     | -                                 |
| Emerging Market Equities (0.00%) |                | -                     | -                                 |
| Brazil (0.00%)                   |                | -                     | -                                 |
| 77,464                           | OAS (Warrants) | -                     | -                                 |
| Total investment assets          |                | -                     | -                                 |
| Net other assets                 |                | -                     | -                                 |
| <b>Total Net Assets</b>          |                | -                     | -                                 |

All investments are listed on recognised stock exchanges and are approved securities within the meaning of the FCA rules.  
The percentage figures in brackets show the comparative holding as at 31 July 2022.

# Financial Statements

## Statement of Total Return

For the six months ended 31 January 2023

|   | 31 January 2023 |           | 31 January 2022 |                |
|---|-----------------|-----------|-----------------|----------------|
|   | £'000           | £'000     | £'000           | £'000          |
| Income:   |                 |           |                 |                |
| Net capital gains/(losses)  |                 | 1         |                 | (2,888)        |
| Revenue   | 10              |           | 1,115           |                |
| Expenses  | -               |           | (157)           |                |
| Interest payable and similar charges  | (1)             |           | -               |                |
| Net revenue before taxation   | 9               |           | 958             |                |
| Taxation  | -               |           | (17)            |                |
| Net revenue after taxation  |                 | 9         |                 | 941            |
| <b>Total return before equalisation</b>   |                 | <b>10</b> |                 | <b>(1,947)</b> |
| Equalisation on shares  |                 | -         |                 | (1,089)        |
| <b>Change in net assets attributable to shareholders from investment activities</b> |                 | <b>10</b> |                 | <b>(3,036)</b> |

## Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 January 2023

|  | 31 January 2023 |          | 31 January 2022 |               |
|--|-----------------|----------|-----------------|---------------|
|  | £'000           | £'000    | £'000           | £'000         |
| <b>Opening net assets attributable to shareholders</b>                                   |                 | -        |                 | <b>41,721</b> |
| Amounts receivable on the issue of shares  | (10)            |          | 1,201           |               |
| Amounts payable on the cancellation of shares  | -               |          | (10,664)        |               |
|  |                 | (10)     |                 | (9,463)       |
| Dilution adjustment  |                 | -        |                 | 13            |
| Change in net assets attributable to shareholders from investment activities (see above) |                 | 10       |                 | (3,036)       |
| Retained distribution on accumulation shares   |                 | -        |                 | 585           |
| <b>Closing net assets attributable to shareholders</b>                                   |                 | <b>-</b> |                 | <b>29,820</b> |

Comparative information is provided for the statement of change in net assets attributable to shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

# Financial Statements

## Continued

### Balance Sheet

As at 31 January 2023

|  | 31 January 2023 |             | 31 July 2022 |              |
|--|-----------------|-------------|--------------|--------------|
|  | £'000           | £'000       | £'000        | £'000        |
| <b>Assets:</b>                                 |                 |             |              |              |
| <b>Fixed assets:</b>                           |                 |             |              |              |
| Investment assets                              |                 | -           |              | 57           |
| <b>Current assets:</b>                         |                 |             |              |              |
| Debtors  | -               |             | 208          |              |
| Cash and bank balances                         | 11              |             | 515          |              |
|  |                 | 11          |              | 723          |
| <b>Total assets</b>                            |                 | <b>11</b>   |              | <b>780</b>   |
| <b>Liabilities:</b>                            |                 |             |              |              |
| Investment liabilities                         |                 | -           |              | (32)         |
| Bank overdrafts                                | -               |             | (198)        |              |
| Creditors                                      | (11)            |             | (526)        |              |
| Distribution payable                           | -               |             | (24)         |              |
|  |                 | (11)        |              | (748)        |
| <b>Total liabilities</b>                       |                 | <b>(11)</b> |              | <b>(780)</b> |
| <b>Net assets attributable to shareholders</b> |                 | <b>-</b>    |              | <b>-</b>     |

# Distribution Tables

For the six months ended 31 January 2023 (in pence per share)

## First interim interest distribution

Group 1 – shares purchased prior to 1 August 2022

Group 2 – shares purchased between 1 August 2022 and 31 August 2022

|                       | Revenue | Equalisation | Distribution paid*<br>30/09/22 | Distribution paid<br>30/09/21 |
|-----------------------|---------|--------------|--------------------------------|-------------------------------|
| <b>A Accumulation</b> |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.7770                        |
| Group 2               | -       | -            | -                              | 0.7770                        |
| <b>A Income</b>       |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.4460                        |
| Group 2               | -       | -            | -                              | 0.4460                        |
| <b>I Accumulation</b> |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.6791                        |
| Group 2               | -       | -            | -                              | 0.6791                        |
| <b>I Income</b>       |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.4204                        |
| Group 2               | -       | -            | -                              | 0.4204                        |
| <b>M Accumulation</b> |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.6225                        |
| Group 2               | -       | -            | -                              | 0.6225                        |
| <b>M Income</b>       |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.5272                        |
| Group 2               | -       | -            | -                              | 0.5272                        |
| <b>Z Accumulation</b> |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.8634                        |
| Group 2               | -       | -            | -                              | 0.8634                        |

\* The fund closed on 30 June 2022.



# Distribution Tables

For the six months ended 31 January 2023 (in pence per share) continued

## Second interim interest distribution

Group 1 – shares purchased prior to 1 September 2022

Group 2 – shares purchased between 1 September 2022 and 30 September 2022

|                       | Revenue | Equalisation | Distribution paid*<br>31/10/22 | Distribution paid<br>29/10/21 |
|-----------------------|---------|--------------|--------------------------------|-------------------------------|
| <b>A Accumulation</b> |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.7959                        |
| Group 2               | -       | -            | -                              | 0.7959                        |
| <b>A Income</b>       |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.4546                        |
| Group 2               | -       | -            | -                              | 0.4546                        |
| <b>I Accumulation</b> |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.6959                        |
| Group 2               | -       | -            | -                              | 0.6959                        |
| <b>I Income</b>       |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.4286                        |
| Group 2               | -       | -            | -                              | 0.4286                        |
| <b>M Accumulation</b> |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.6390                        |
| Group 2               | -       | -            | -                              | 0.6390                        |
| <b>M Income</b>       |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.5552                        |
| Group 2               | -       | -            | -                              | 0.5552                        |
| <b>Z Accumulation</b> |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.8854                        |
| Group 2               | -       | -            | -                              | 0.8854                        |

\* The fund closed on 30 June 2022.

# Distribution Tables

For the six months ended 31 January 2023 (in pence per share) continued

## Third interim interest distribution

Group 1 – shares purchased prior to 1 October 2022

Group 2 – shares purchased between 1 October 2022 and 31 October 2022

|                       | Revenue | Equalisation | Distribution paid*<br>30/11/22 | Distribution paid<br>30/11/21 |
|-----------------------|---------|--------------|--------------------------------|-------------------------------|
| <b>A Accumulation</b> |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.4970                        |
| Group 2               | -       | -            | -                              | 0.4970                        |
| <b>A Income</b>       |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.2824                        |
| Group 2               | -       | -            | -                              | 0.2824                        |
| <b>I Accumulation</b> |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.4346                        |
| Group 2               | -       | -            | -                              | 0.4346                        |
| <b>I Income</b>       |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.2661                        |
| Group 2               | -       | -            | -                              | 0.2661                        |
| <b>M Accumulation</b> |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.3998                        |
| Group 2               | -       | -            | -                              | 0.3998                        |
| <b>M Income</b>       |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.3448                        |
| Group 2               | -       | -            | -                              | 0.3448                        |
| <b>Z Accumulation</b> |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.5531                        |
| Group 2               | -       | -            | -                              | 0.5531                        |

\* The fund closed on 30 June 2022.

# Distribution Tables

For the six months ended 31 January 2023 (in pence per share) continued

## Fourth interim interest distribution

Group 1 – shares purchased prior to 1 November 2022

Group 2 – shares purchased between 1 November 2022 and 30 November 2022

|                       | Revenue | Equalisation | Distribution paid*<br>30/12/22 | Distribution paid<br>31/12/21 |
|-----------------------|---------|--------------|--------------------------------|-------------------------------|
| <b>A Accumulation</b> |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.8445                        |
| Group 2               | -       | -            | -                              | 0.8445                        |
| <b>A Income</b>       |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.4779                        |
| Group 2               | -       | -            | -                              | 0.4779                        |
| <b>I Accumulation</b> |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.7390                        |
| Group 2               | -       | -            | -                              | 0.7390                        |
| <b>I Income</b>       |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.4510                        |
| Group 2               | -       | -            | -                              | 0.4510                        |
| <b>M Accumulation</b> |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.6788                        |
| Group 2               | -       | -            | -                              | 0.6788                        |
| <b>M Income</b>       |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.5763                        |
| Group 2               | -       | -            | -                              | 0.5763                        |
| <b>Z Accumulation</b> |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.9412                        |
| Group 2               | -       | -            | -                              | 0.9412                        |

\* The fund closed on 30 June 2022.

# Distribution Tables

For the six months ended 31 January 2023 (in pence per share) continued

## Fifth interim interest distribution

Group 1 – shares purchased prior to 1 December 2022

Group 2 – shares purchased between 1 December 2022 and 31 December 2022

|                       | Revenue | Equalisation | Distribution paid*<br>31/01/23 | Distribution paid<br>31/01/22 |
|-----------------------|---------|--------------|--------------------------------|-------------------------------|
| <b>A Accumulation</b> |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.6876                        |
| Group 2               | -       | -            | -                              | 0.6876                        |
| <b>A Income</b>       |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.3869                        |
| Group 2               | -       | -            | -                              | 0.3869                        |
| <b>I Accumulation</b> |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.6018                        |
| Group 2               | -       | -            | -                              | 0.6018                        |
| <b>I Income</b>       |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.3652                        |
| Group 2               | -       | -            | -                              | 0.3652                        |
| <b>M Accumulation</b> |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.5527                        |
| Group 2               | -       | -            | -                              | 0.5527                        |
| <b>M Income</b>       |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.4680                        |
| Group 2               | -       | -            | -                              | 0.4680                        |
| <b>Z Accumulation</b> |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.7669                        |
| Group 2               | -       | -            | -                              | 0.7669                        |

\* The fund closed on 30 June 2022.

# Distribution Tables

For the six months ended 31 January 2023 (in pence per share) continued

## Sixth interim interest distribution

Group 1 – shares purchased prior to 1 January 2023

Group 2 – shares purchased between 1 January 2023 and 31 January 2023

|                       | Revenue | Equalisation | Distribution paid*<br>28/02/23 | Distribution paid<br>28/02/22 |
|-----------------------|---------|--------------|--------------------------------|-------------------------------|
| <b>A Accumulation</b> |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.7277                        |
| Group 2               | -       | -            | -                              | 0.7277                        |
| <b>A Income</b>       |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.4065                        |
| Group 2               | -       | -            | -                              | 0.4065                        |
| <b>I Accumulation</b> |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.6372                        |
| Group 2               | -       | -            | -                              | 0.6372                        |
| <b>I Income</b>       |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.3848                        |
| Group 2               | -       | -            | -                              | 0.3848                        |
| <b>M Accumulation</b> |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.5850                        |
| Group 2               | -       | -            | -                              | 0.5850                        |
| <b>M Income</b>       |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.4951                        |
| Group 2               | -       | -            | -                              | 0.4951                        |
| <b>Z Accumulation</b> |         |              |                                |                               |
| Group 1               | -       | -            | -                              | 0.8127                        |
| Group 2               | -       | -            | -                              | 0.8127                        |

\* The fund closed on 30 June 2022.

## Equalisation

This applies only to shares purchased during the distribution period (group 2 shares). It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

# ASI Euro Corporate Bond Fund (closed)

For the period ended 31 January 2023

## Investment Objective

ASI Euro Corporate Bond Fund is no longer open to investors, having redeemed all shares on 22 June 2020. It is the intention of the ACD to terminate the fund at a later date once the residual assets and liabilities are settled. As a result the financial statements for this fund has not been prepared on a going concern basis. At the time of the share cancellation, all realisable securities were sold. One security which was not immediately realisable due to a trading suspension, or due to being delisted, continues to be held at the current balance sheet date. Should an opportunity to sell it for value arise, it will be sold, otherwise abrdn will, in conjunction with the Depositary, pursue any possible residual value from it until all such opportunities have been reasonably exhausted.

# Portfolio Statement

As at 31 January 2023

| Holding                            | Investment                   | Market value<br>£'000 | Percentage of<br>total net assets |
|------------------------------------|------------------------------|-----------------------|-----------------------------------|
| Bonds (0.00%)                      |                              | -                     | -                                 |
| Euro Denominated Bonds (0.00%)     |                              | -                     | -                                 |
| Corporate Bonds (0.00%)            |                              | -                     | -                                 |
| between 5 and 10 years to maturity |                              |                       |                                   |
| 2,000,000                          | Lehman Brothers 4.625% 2019* | -                     | -                                 |
| Total investment assets            |                              | -                     | -                                 |
| Net other assets                   |                              | -                     | -                                 |
| <b>Total Net Assets</b>            |                              | -                     | -                                 |

The percentage figures in brackets show the comparative holding as at 31 July 2022.

\* Defaulted.

# Financial Statements

## Statement of Total Return

For the six months ended 31 January 2023

|  | 31 January 2023 |       | 31 January 2022 |       |
|--|-----------------|-------|-----------------|-------|
|  | £'000           | £'000 | £'000           | £'000 |
| Income:  |                 |       |                 |       |
| Net capital gains  |                 | -     |                 | -     |
| Revenue  | -               |       | -               |       |
| Expenses   | -               |       | -               |       |
| Net revenue before taxation  | -               |       | -               |       |
| Taxation   | -               |       | -               |       |
| Net revenue after taxation   |                 | -     |                 | -     |
| <b>Total return</b>  |                 | -     |                 | -     |
| Change in net assets attributable to shareholders from investment activities |                 | -     |                 | -     |

## Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 January 2023

|  | 31 January 2023 |       | 31 January 2022 |       |
|--|-----------------|-------|-----------------|-------|
|  | £'000           | £'000 | £'000           | £'000 |
| Opening net assets attributable to shareholders  |                 | -     |                 | -     |
|  |                 | -     |                 | -     |
| Change in net assets attributable to shareholders from investment activities (see above) |                 | -     |                 | -     |
| <b>Closing net assets attributable to shareholders</b>                                   |                 | -     |                 | -     |

Comparative information is provided for the statement of change in net assets attributable to shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.



# Financial Statements

## Continued

### Balance Sheet

As at 31 January 2023

|  | 31 January 2023 |       | 31 July 2022 |       |
|--|-----------------|-------|--------------|-------|
|  | £'000           | £'000 | £'000        | £'000 |
| <b>Assets:</b>                                 |                 |       |              |       |
| <b>Fixed assets:</b>                           |                 |       |              |       |
| Investment assets                              |                 | -     |              | -     |
| <b>Current assets:</b>                         | -               |       | -            |       |
|  |                 | -     |              | -     |
| <b>Total assets</b>                            |                 | -     |              | -     |
| <b>Liabilities:</b>                            |                 |       |              |       |
| Creditors                                      | -               |       | -            |       |
| <b>Total liabilities</b>                       |                 | -     |              | -     |
| <b>Net assets attributable to shareholders</b> |                 | -     |              | -     |

# ASI Financial Equity Fund (closed)

For the period ended 31 January 2023

ASI Financial Equity Fund is no longer open to investors, having redeemed all shares on 29 November 2021. At the time of the share cancellation all securities were sold down. It is the intention of the ACD to terminate the fund at a later date once the residual assets and liabilities are settled. As a result the financial statements for this fund has not been prepared on a going concern basis. Certain legal claims have been made in relation to the fairness of taxes paid by the fund over their life time. These claims are currently still subject to legal process. When any such claim reaches the point where it carries the certainty that it will result in a windfall gain to the fund, that gain will be recognised in the financial statements. The fund will continue in this prolonged closure phase until such claims have been fully pursued. Thereafter the fund will be formally terminated.

# Comparative Tables

| <b>A Income<sup>A</sup></b>               | <b>31 July 2021</b> | <b>31 July 2020</b> |
|---|---------------------|---------------------|
| Closing net asset value (£'000)           | 49,959              | 43,042              |
| Closing number of shares                  | 1,118,983           | 1,194,951           |
| Closing net asset value per share (pence) | 4,464.66            | 3,601.97            |
| Change in net asset value per share       | 23.95%              | (13.10%)            |
| Operating charges                         | 1.32%               | 1.32%               |
| <b>I Income<sup>A</sup></b>               | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 1,716               | 1,802               |
| Closing number of shares                  | 915,121             | 1,191,418           |
| Closing net asset value per share (pence) | 187.54              | 151.27              |
| Change in net asset value per share       | 23.98%              | (13.10%)            |
| Operating charges                         | 0.87%               | 0.87%               |
| <b>M Income<sup>A</sup></b>               | <b>31 July 2021</b> | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 6                   | 5                   |
| Closing number of shares                  | 5,040               | 5,033               |
| Closing net asset value per share (pence) | 125.79              | 101.46              |
| Change in net asset value per share       | 23.98%              | (12.84%)            |
| Operating charges                         | 0.92%               | 0.92%               |

The closing net asset value (£'000) divided by the closing number of shares may not calculate to the closing net asset value per share (pence) due to rounding differences. The published closing net asset value per share (pence) is based on unrounded values and represents the actual price.

The change in the net asset value per share is the change from the beginning of the period to the close of the period.

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

<sup>A</sup> The fund closed on 29 November 2021.

# Financial Statements

## Statement of Total Return

For the six months ended 31 January 2023

|   | 31 January 2023 |          | 31 January 2022 |              |
|---|-----------------|----------|-----------------|--------------|
|   | £'000           | £'000    | £'000           | £'000        |
| Income:   |                 |          |                 |              |
| Net capital gains   |                 | 5        |                 | 3,139        |
| Revenue   | 1               |          | 326             |              |
| Expenses  | -               |          | (227)           |              |
| Interest payable and similar charges  | -               |          | (1)             |              |
| Net revenue before taxation   | 1               |          | 98              |              |
| Taxation  | (4)             |          | (122)           |              |
| Net expense after taxation  |                 | (3)      |                 | (24)         |
| <b>Total return before equalisation</b>   |                 | <b>2</b> |                 | <b>3,115</b> |
| Equalisation on shares  |                 | -        |                 | (76)         |
| <b>Change in net assets attributable to shareholders from investment activities</b> |                 | <b>2</b> |                 | <b>3,039</b> |

## Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 January 2023

|  | 31 January 2023 |          | 31 January 2022 |               |
|--|-----------------|----------|-----------------|---------------|
|  | £'000           | £'000    | £'000           | £'000         |
| <b>Opening net assets attributable to shareholders</b>                                   |                 | -        |                 | <b>51,681</b> |
| Amounts receivable on the issue of shares  | (2)             |          | 653             |               |
| Amounts payable on the cancellation of shares  | -               |          | (55,377)        |               |
|  |                 | (2)      |                 | (54,724)      |
| Dilution adjustment  |                 | -        |                 | 3             |
| Change in net assets attributable to shareholders from investment activities (see above) |                 | 2        |                 | 3,039         |
| Unclaimed distributions  |                 | -        |                 | 1             |
| <b>Closing net assets attributable to shareholders</b>                                   |                 | <b>-</b> |                 | <b>-</b>      |

Comparative information is provided for the statement of change in net assets attributable to shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

# Financial Statements

## Continued

### Balance Sheet

As at 31 January 2023

|  | 31 January 2023 |             | 31 July 2022 |             |
|--|-----------------|-------------|--------------|-------------|
|  | £'000           | £'000       | £'000        | £'000       |
| <b>Assets:</b>                                 |                 |             |              |             |
| <b>Fixed assets:</b>                           |                 |             |              |             |
| Investment assets                              |                 | -           |              | -           |
| <b>Current assets:</b>                         |                 |             |              |             |
| Debtors  | 26              |             | 24           |             |
| Cash and bank balances                         | 31              |             | 31           |             |
|  |                 | 57          |              | 55          |
| <b>Total assets</b>                            |                 | <b>57</b>   |              | <b>55</b>   |
| <b>Liabilities:</b>                            |                 |             |              |             |
| Creditors                                      | (57)            |             | (55)         |             |
|  |                 | (57)        |              | (55)        |
| <b>Total liabilities</b>                       |                 | <b>(57)</b> |              | <b>(55)</b> |
| <b>Net assets attributable to shareholders</b> |                 | <b>-</b>    |              | <b>-</b>    |

# ASI Global High Yield Bond Fund (closed)

For the period ended 31 January 2023

## Investment Objective

ASI Global High Yield Bond Fund is no longer open to investors, having redeemed all shares on 26 October 2020. It is the intention of the ACD to terminate the fund at a later date once the residual assets and liabilities are settled. As a result the financial statements for this fund have not been prepared on a going concern basis. At the time of the share cancellation, all realisable securities were sold. Some securities which were not immediately realisable due to a trading suspension, or due to being delisted, continue to be held at the current balance sheet date. Should an opportunity to sell these securities for value arise, they will be sold, otherwise abrdn will, in conjunction with the Depositary, pursue any possible residual value from such securities until all such opportunities have been reasonably exhausted.

# Comparative Tables

| <b>A Accumulation<sup>A</sup></b>         | <b>31 July 2020</b> |
|---|---------------------|
| Closing net asset value (£'000)           | 1,764               |
| Closing number of shares                  | 1,074,630           |
| Closing net asset value per share (pence) | 164.20              |
| Change in net asset value per share       | 0.58%               |
| Operating charges                         | 1.21%               |
| <b>A Income<sup>A</sup></b>               | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 64,661              |
| Closing number of shares                  | 75,331,865          |
| Closing net asset value per share (pence) | 85.84               |
| Change in net asset value per share       | (3.84%)             |
| Operating charges                         | 1.21%               |
| <b>I Accumulation<sup>A</sup></b>         | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 3,585               |
| Closing number of shares                  | 2,035,891           |
| Closing net asset value per share (pence) | 176.07              |
| Change in net asset value per share       | 1.04%               |
| Operating charges                         | 0.76%               |
| <b>I Income<sup>A</sup></b>               | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 3,820               |
| Closing number of shares                  | 4,670,987           |
| Closing net asset value per share (pence) | 81.78               |
| Change in net asset value per share       | (3.84%)             |
| Operating charges                         | 0.76%               |
| <b>M Accumulation<sup>A</sup></b>         | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 17                  |
| Closing number of shares                  | 15,428              |
| Closing net asset value per share (pence) | 107.47              |
| Change in net asset value per share       | 1.20%               |
| Operating charges                         | 0.81%               |
| <b>M Income<sup>A</sup></b>               | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 1                   |
| Closing number of shares                  | 963                 |
| Closing net asset value per share (pence) | 98.60               |
| Change in net asset value per share       | (3.80%)             |
| Operating charges                         | 0.81%               |

# Comparative Tables

## Continued

| <b>P Gross Income<sup>A</sup></b>         | <b>31 July 2020</b> |
|---|---------------------|
| Closing net asset value (£'000)           | 605                 |
| Closing number of shares                  | 762,982             |
| Closing net asset value per share (pence) | 79.26               |
| Change in net asset value per share       | (3.85%)             |
| Operating charges                         | 0.57%               |
| <b>P Income<sup>A</sup></b>               | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 8,868               |
| Closing number of shares                  | 10,765,362          |
| Closing net asset value per share (pence) | 82.38               |
| Change in net asset value per share       | (3.85%)             |
| Operating charges                         | 0.57%               |
| <b>Q Gross Income<sup>A</sup></b>         | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 89                  |
| Closing number of shares                  | 112,519             |
| Closing net asset value per share (pence) | 79.30               |
| Change in net asset value per share       | (3.84%)             |
| Operating charges                         | 0.49%               |
| <b>Q Income<sup>A</sup></b>               | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 9,888               |
| Closing number of shares                  | 12,002,520          |
| Closing net asset value per share (pence) | 82.38               |
| Change in net asset value per share       | (3.85%)             |
| Operating charges                         | 0.49%               |
| <b>Z Accumulation<sup>A</sup></b>         | <b>31 July 2020</b> |
| Closing net asset value (£'000)           | 426,603             |
| Closing number of shares                  | 244,262,912         |
| Closing net asset value per share (pence) | 174.65              |
| Change in net asset value per share       | 1.69%               |
| Operating charges                         | 0.11%               |

The closing net asset value (£'000) divided by the closing number of shares may not calculate to the closing net asset value per share (pence) due to rounding differences. The published closing net asset value per share (pence) is based on unrounded values and represents the actual price.

The change in the net asset value per share is the change from the beginning of the period to the close of the period.

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

<sup>A</sup> The fund closed on 26 October 2020.



# Portfolio Statement

As at 31 January 2023

| Holding                        | Investment               | Market value<br>£'000 | Percentage of<br>total net assets |
|--------------------------------|--------------------------|-----------------------|-----------------------------------|
| Corporate Bonds (0.00%)        |                          | -                     | -                                 |
| 807,000                        | Galapagos 5.375% 2021**  | -                     | -                                 |
| Equities (0.00%)               |                          | -                     | -                                 |
| North America Equities (0.00%) |                          | -                     | -                                 |
| United States (0.00%)          |                          | -                     | -                                 |
| 20                             | New Cotai Participation* | -                     | -                                 |
| 1                              | Quad Graphics*           | -                     | -                                 |
| Total investment assets        |                          | -                     | -                                 |
| Net other assets               |                          | -                     | -                                 |
| Total Net Assets               |                          | -                     | -                                 |

The percentage figures in brackets show the comparative holding as at 31 July 2022.

\* Delisted.

\*\* Defaulted.

# Financial Statements

## Statement of Total Return

For the six months ended 31 January 2023

|   | 31 January 2023 |       | 31 January 2022 |       |
|---|-----------------|-------|-----------------|-------|
|   | £'000           | £'000 | £'000           | £'000 |
| Income:   |                 |       |                 |       |
| Net capital gains   |                 | -     |                 | 12    |
| Revenue   | -               |       | -               |       |
| Expenses  | -               |       | (1)             |       |
| Net expense before taxation   | -               |       | (1)             |       |
| Taxation  | -               |       | (11)            |       |
| Net expense after taxation  |                 | -     |                 | (12)  |
| <b>Total return</b>   |                 | -     |                 | -     |
| <b>Change in net assets attributable to shareholders from investment activities</b> |                 | -     |                 | -     |

## Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 31 January 2023

|  | 31 January 2023 |       | 31 January 2022 |       |
|--|-----------------|-------|-----------------|-------|
|  | £'000           | £'000 | £'000           | £'000 |
| Opening net assets attributable to shareholders  |                 | -     |                 | -     |
|  |                 | -     |                 | -     |
| Change in net assets attributable to shareholders from investment activities (see above) |                 | -     |                 | -     |
| <b>Closing net assets attributable to shareholders</b>                                   |                 | -     |                 | -     |

Comparative information is provided for the statement of change in net assets attributable to shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

# Financial Statements

## Continued

### Balance Sheet

As at 31 January 2023

|  | 31 January 2023 |            | 31 July 2022 |            |
|--|-----------------|------------|--------------|------------|
|  | £'000           | £'000      | £'000        | £'000      |
| <b>Assets:</b>                                 |                 |            |              |            |
| <b>Fixed assets:</b>                           |                 |            |              |            |
| Investment assets                              |                 | -          |              | -          |
| <b>Current assets:</b>                         |                 |            |              |            |
| Cash and bank balances                         | 3               |            | 2            |            |
|  |                 | 3          |              | 2          |
| <b>Total assets</b>                            |                 | <b>3</b>   |              | <b>2</b>   |
| <b>Liabilities:</b>                            |                 |            |              |            |
| Creditors                                      | (3)             |            | (2)          |            |
|  |                 | (3)        |              | (2)        |
| <b>Total liabilities</b>                       |                 | <b>(3)</b> |              | <b>(2)</b> |
| <b>Net assets attributable to shareholders</b> |                 | <b>-</b>   |              | <b>-</b>   |

# Further Information

## Constitution

abrdn OEIC I was incorporated on 23 December 1997, incorporated under the FCA Regulations. The Company is an open-ended investment company (OEIC) with variable capital under regulation 12 (authorisation) of the OEIC Regulations. Consumers' rights and protections, including any derived from EU legislation, are currently unaffected by the result of the UK referendum to leave the European Union and will remain unchanged unless and until the UK Government changes the applicable legislation.

## Documentation

Copies of the current Prospectus and Key Investor Information Documents (KIIDs) for the abrdn OEIC I funds, daily prices, together with the latest Annual (and if issued later the interim) Report and Accounts for any fund, are available to download at **abrdn.com**. A paper copy of the Report and Accounts is available on request from the ACD.

## Notices/Correspondence

Please send any notices to abrdn Fund Managers Limited, PO Box 12233, Chelmsford, CM99 2EE. Any notice to the ACD will only be effective when actually received by the ACD. All notices will be sent to the investor at the address set out in the Application form or the latest address which the investor has notified to the ACD, and will be deemed to have been received three days after posting. Events detailed in these terms and conditions will be carried out on the dates specified, unless the dates are a non-business day, when they will be carried out on the next business day.

## Complaints and Compensation

If you need to complain about any aspect of our service, you should write to the Complaints Team, abrdn, PO Box 12233, Chelmsford, CM99 2EE, who will initiate our formal complaints procedure. If you prefer, you may call the Complaints Team on 0345 113 6966 or email **complaints@abrdn.com** in the first instance. Alternatively if you have a complaint about the Company or Funds you can contact the Depositary directly. A leaflet detailing our complaints procedure is available on request. We will endeavour to respond to your complaint as soon as possible and will notify you of our outcome within 8 weeks. If the complaint is not resolved by us to your satisfaction then you may have the right take your complaint to the Financial Ombudsman Service (FOS). To contact the FOS Service you should write to The Financial Ombudsman Service, Exchange Tower, London, E14 9SR, email **complaint.info@financial-ombudsman.org.uk** or telephone 0800 023 4567 (free for landlines and mobiles) or 0300 123 9123 (calls cost no more than calls to 01 and 02 numbers) or +44 20 7964 0500 (available from outside the UK - calls will be charged).

We are covered by the Financial Services Compensation Scheme, which means if we become insolvent, you may be entitled to compensation. The level of compensation will depend on the type of business and the circumstances of your claim. Investments are covered up to £85,000 for claims against firms that fail on or after 1 April 2019. Details are available from the FSCS Helpline on 0800 678 1100 or 020 7741 4100 and on the FSCS website: **www.fscs.org.uk**.

## UCITS

The Funds were certified under the Undertaking for Collective Investment in Transferable Securities (UCITS) directive, which allows the ACD to market the Funds in member States of the European Union subject to relevant local laws, specifically marketing laws.

## Important Information

The above document is strictly for information purposes only and should not be considered as an offer, investment recommendation or solicitation, to deal in any of the investments or funds mentioned herein and does not constitute investment research. abrdn Fund Managers Limited (abrdn) does not warrant the accuracy, adequacy or completeness of the information and materials. Any research or analysis used in the preparation of this document has been procured by abrdn for its own use and may have been acted on for its own purpose. The results thus obtained are made available only coincidentally and the information is not guaranteed as to its accuracy. Some of the information in this document may contain projections or other forward looking statements regarding future events or future financial performance of countries, markets or companies. These statements are only predictions and actual events or results may differ materially. The reader must make their own assessment of the relevance, accuracy and adequacy of the information contained in this document and make such independent investigations, as they may consider necessary or appropriate for the purpose of such assessment. Any opinion or estimate contained in this document is made on a general basis and is not to be relied on by the reader as advice. Neither abrdn nor any of its employees, associated group companies or agents have given any consideration to nor have they or any of them made any investigation of the investment objectives, financial situation or particular need of the reader, any specific person or group of persons. Accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the reader, any person or group of persons acting on any information, opinion or estimate contained in this document. abrdn reserves the right to make changes and corrections to any information in this document at any time, without notice.