



SLI UK Real Estate Feeder Fund

Monthly Factsheet February 2022

The merger of the Aberdeen UK Property Fund into the SLI UK Real Estate Fund was successfully completed on 26th November 2021 providing enhanced scale and diversification for underlying investors.

Objective

To generate income and some growth over the long term (5 years or more) by investing in UK commercial property. It is intended that the sub-fund will be a PAIF at all times and, as such, its investment objective is to carry on property investment business and to manage cash raised for investment in the property investment business.

Performance Target: To exceed the return of the IA UK Direct Property Sector Average return (after charges) over rolling three year periods. The Performance Target is the level of performance that the management team hopes to achieve for the sub-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 sub-fund based on the investment policy of the sub-fund and the constituents of the sector.

Portfolio securities

- The fund will invest at least 70% in a diversified portfolio of UK freehold and leasehold commercial property selected from across the retail, office, industrial and other sectors.
- The fund may also invest indirectly in commercial property through investment vehicles such as quoted and unquoted property companies or funds (including those managed by abrdn).
- The fund may also invest in short term government bonds such as gilts, money-market instruments and cash.

Discrete annual returns (%) – year ended 28/02

	2018	2019	2020	2021	2022
Fund Retail Acc shareclass	7.23	3.14	-1.84	-3.81	11.09
Fund Institutional Acc shareclass	7.62	3.54	-1.53	-3.40	11.48
Fund Platform One Acc shareclass ^A	7.52	3.52	-1.53	-3.47	11.45
Performance Target ^B	6.67	3.24	0.68	-2.91	10.82

Past performance (%)

	1m	3m	6m	1y	3y p.a.	5y p.a.
Fund Retail Acc shareclass	0.55	2.86	6.30	11.09	1.60	3.01
Fund Institutional Acc shareclass	0.55	2.97	6.51	11.48	1.97	3.39
Fund Platform One Acc shareclass ^A	0.55	3.02	6.48	11.45	1.94	3.35
Performance Target ^B	0.86	3.28	6.40	10.82	2.65	3.45

Performance Data: Fund Performance prior to 18 May 2016 relates to the Standard Life Investments Ignis UK Property Fund.

^A Platform One share class performance from 21 March 2016. Retail accumulation share class used prior to 21 March 2016.

^B Benchmark includes both master and feeder funds in the IA UK Direct Property Peer group.

Source: Aberdeen Standard Investments (Fund) and Morningstar (Target)

Past performance is not a guide to future results.

Top five property holdings

Name	£ of property*	Sub-sector
Sutton, lo Centre & Tradeway	£50m-£75m	Industrial
London, 24/26 Minories	£50m-£75m	Other Commercial
Dartford, Masthead Industrial Estate	£50m-£75m	Industrial
London, 160/188 Stratford High St	£50m-£75m	Other Commercial
South Ruislip, The Old Dairy	£50m-£75m	Retail

Source: abrdn, February 2022

^C The Ongoing Charge Figure (OCF) is an estimate as at end of March 2020 and may vary from year to year. It excludes the cost of buying and selling assets for the fund. An estimate is used in order to provide the figure that will most likely be charged. It does not include any initial charges or the cost of buying and selling stocks for the fund. The Ongoing Charge Figure can help you compare the annual operating expenses of different funds.

^D MSCI UK Daily Traded APUTs and PAIFs in the UK Quarterly Universe Property Index (unfrozen) from 01/01/2019. Prior MSCI UK Quarterly Balanced Monthly Index Funds Quarterly Property Index (Unfrozen)

^E Historic Distribution Yield – this represents the income generated by the assets in which the fund has been invested over the last twelve months, expressed as a % of the fund's value for Institutional Acc Shareclass. Please note that this income stream may be subject to taxes and charges.

^F The Average Lease Length is the weighted average (by estimated rental value, "ERV") of all contracted income within the fund. ERV refers to the rent that a particular asset would be expected to achieve if it were to be re-let in current market conditions. Benchmark is MSCI UK Daily Traded APUTs and PAIFs Quarterly Property Index.

^G The vacancy rate represents the sum of all assets within the fund's portfolio which do not generate rental income. It is expressed as a percentage of the total portfolio estimated rental value, ERV, which is the sum of rental income that the portfolio would be expected to achieve if all assets were to be re-let in current market conditions. Benchmark is MSCI UK Daily Traded APUTs and PAIFs Quarterly Property Index.

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Dealing information

Minimum initial Investment	
Retail shareclass	£500
Institutional shareclass	£1,000,000
Platform One shareclass	£1,000,000
Valuation point	12:00 UK Time
Settlement terms	T+3
Accounting period end dates	31 Dec (final) and 30 Jun (interim)
Ex-dividend dates	First day of each month
Payment dates	15 Feb (final) and Last day of each month. Jan no payment (interim)

Ongoing charges figure (OCF)^C

Retail shareclass:	1.32%
Institutional shareclass:	0.85%
Platform One shareclass:	0.90%

Annual management charge (AMC)

Retail shareclass:	1.30%
Institutional shareclass:	0.75%
Platform One shareclass:	0.75%

Retail Acc Shareclass

Sedol	BYPHP97
ISIN	GB00BYPHP973
Bloomberg	IGUKFAA
Lipper	68362406

Retail Inc Shareclass

Sedol	BYPHPB9
ISIN	GB00BYPHPB97
Bloomberg	IGUKFIA
Lipper	68362407

Institutional Acc Shareclass

Sedol	BYPHPD1
ISIN	GB00BYPHPD12
Bloomberg	SLIUAFP
Lipper	68367082

Performance Target/Performance Comparator	IA UK Direct Property Sector Average
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Portfolio Constraining Benchmark^D	MSCI UK Daily Traded APUTs and PAIFs in the UK Quarterly Property Index
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Property Fund NAV	£1,552,637,998
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No. of holdings	50
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Fund Launch date	18 March 2016
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Historic Distribution Yield^E	2.79% (Fund)
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Average Unexpired Lease Length^F	6.5 years
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Benchmark	6.7 years
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% Vacancy Rate^G	9.94%
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Benchmark	10.60%
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Management process

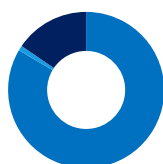
- The management team use market research and their discretion (active management) to identify investments that are expected to benefit from changes in property prices and property improvements. They will maintain a diverse asset mix at sector level.
- In seeking to achieve the Performance Target, the MSCI UK Daily Traded APUTs and PAIFs in the UK Quarterly Universe Property Index is used as a reference point for portfolio construction and as a basis for setting risk constraints. Due to the fund's risk constraints, the intention is that the fund's performance profile will not deviate significantly from that of the MSCI UK Daily Traded APUTs and PAIFs in the UK Quarterly Universe Property Index over the longer term.
- Please note: Selling property can be a lengthy process so investors in the sub-fund should be aware that, in certain circumstances, they may not be able to sell their investment when they want to.

Top five tenants (consolidated)

Name	% of total income
ASDA Stores Ltd	3.66
Radisson Collection Hotel Edinburgh Limited	3.64
Motel One (UK) Limited.	3.60
Tesco Stores Limited	3.58
Weatherford UK Limited	2.93

Source: abrdn, February 2022

Asset allocation



- Direct Property 83.48%
- Reserved Cash 1.03%
- Unencumbered Cash* 15.49%

*The unencumbered cash figure includes cash or cash equivalents plus any short term assets and liabilities within the fund less any future committed capital expenditures.
Source: abrdn, February 2022

Property portfolio: regional analysis

Region	Portfolio %
Central London	5.35
Rest of London	24.72
South East	20.20
South West	0.23
Eastern	8.38
East Midlands	2.95
West Midlands	10.48
Yorks/Humber	0.00
North West	11.62
North East	3.75
Scotland	10.63
Wales	1.69

Source: abrdn, February 2022

Property portfolio: sector analysis

Sector	Portfolio %
Retail	17.01
Retail Warehouses	6.48
Standard Retail - South East	5.55
Standard Retail - Rest of UK	2.95
Shopping Centres	2.03
Offices	21.31
Office - Rest of UK	15.40
Office - Rest of South East	5.91
Office - West End & Mid Town	0.00
Industrial	42.24
Industrial - South East	30.46
Industrial - Rest of UK	11.78
Other	19.44

Source: abrdn, February 2022

Monthly Factsheet to February 2022

Market review

According to the MSCI Monthly Index, total returns for January (the latest data available) were 1.2%, dropping from December's 3.9% return. The industrial and retail sectors led the way, returning 1.8% and 1.1%, respectively, while the office, residential and hotel sectors each returned 0.5%.

Looking at the performance of UK real estate in 2021, polarisation between and within sectors was acutely visible, with the industrial & logistics sector the strongest. Into 2022 and beyond, the sector spread should begin to converge and the wide dispersion at the sector level will become less pronounced. Despite this, the industrial sector is likely to remain the most favoured.

Transaction volumes continue to remain robust and a total of £12.3bn has transacted year to date. Of this, office and industrial transactions represent 28.7% and 31.6% respectively - however, the office figure is relatively skewed by a number of large transactions involving central London prime office assets and is therefore not necessarily reflective of the wider market.

Fund performance

During February the I Acc shares returned investors 0.55% over the month. Over the past 12 months the Fund has returned 11.45%. In line with market, performance was driven by industrial / logistics and retail warehouses.

Fund management activity

Asset management activity over the period included two lease renewals in the industrial sector, where Nicholls & Clarke extended their lease at Ascent Park, Harlow, for an additional 10 years at an initial rent of £110,725 per annum (an uplift of 42%) and George Jackson extended their lease at IO Centre, Sutton, for an additional 5 years at a rent of £132,500 per annum (an uplift of 25%). In the retail sector, at Gateway Retail Park, Harwich, the Fund secured new lettings to Greggs and Peacocks, taking a 10 year lease at an initial rent of £31,500 per annum and a 5 year lease at an rent of £65,000 per annum respectively. In the office sector, at Central Square South, Newcastle, Keyence UK entered into a new 5 year lease at an rent of £65,088 per annum (£25.00 psf).

Outlook and Fund positioning

Performance for UK real estate rebounded strongly during 2021 and despite the emergence of Omicron towards the end of 2021, sentiment for UK real estate remains positive. The industrial sector still has more performance to come through in our view, however rental value growth will be the predominant driver of returns going forward as the occupational market takes over from market yield compression. The supply/demand imbalance remains acute in some areas of the UK and with increasing build costs creating delays to project start dates the occupational cycle will likely be more prolonged as a result. It remains our view that prime industrial and logistics assets will be best placed to benefit from the strength of the occupational market for a more prolonged period of time and thus capture more of the upside.

The office sector remains structurally challenged with elevated levels of vacancy in a number of markets, and although we saw a recovery in take-up towards the end of 2021, vacancy rates are likely to remain stubbornly high for some time to come. True Grade A office buildings will be better placed in this environment, as evidenced by the polarisation emerging in some sub-markets between Grade A rents and the market average.

The income spread between retail parks and other sectors is an important factor creating investment demand. Modern, well-let, grocery and discount-led parks let off affordable rents, as well as long-let, rebased solus units, are set to lead performance in the sector.

The over-arching Fund strategy remains unchanged and we remain focused on reducing risk within the property portfolio, whilst also retaining an enhanced exposure to liquid assets. We will continually review and implement enhancements as appropriate to best protect the interests of our customers and investors as matters evolve.

Important Information

The following risk factors should be carefully considered before making an investment decision:

- The value of investments and the income from them can fall and investors may get back less than the amount invested.
- The SLI UK Real Estate Fund invests in assets that may at times be hard to sell. This means that there may be occasions when you experience a delay or receive less than you might otherwise expect when selling your investment. For more information on risks, see the prospectus and key investor information document.
- Commercial property is less liquid than other asset classes such as bonds or equities. Selling property can be a lengthy process so investors in the fund should be aware that they may not be able to sell their investment when they want to.
- Commercial property transaction charges are higher than those which apply in other asset classes. Investors should be aware that a high volume of transactions would have a material impact on fund returns.
- Property valuation is a matter of judgment by an independent valuer and is therefore a matter of the valuer's opinion rather than fact.
- The fund employs a single swinging pricing methodology to protect against the dilution impact of transaction costs. Due to the high transaction charges associated with the fund's assets, a change in the pricing basis will result in a significant movement in the fund's published price.
- The SLI UK Real Estate Feeder Fund was previously known as the 'SLI UK Real Estate Accumulation Feeder Fund'.

To help you understand this fund and for a full explanation of risks and the overall risk profile of this fund and the share classes within it, please refer to the Key Investor Information Documents and Prospectus which are available on our website www.abrdn.com. The Prospectus also contains a glossary of key terms used in this document.

The fund's Authorised Corporate Director is Aberdeen Standard Fund Managers Limited.

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