

For UK investment professionals only.

# Fund guide abrdn Europe ex UK Income Equity Fund

August 2023



**Stuart Brown**  
Investment Director

## Key features

**£337mn**

Fund size

Source: abrdn, June 2023.

**43**

Holdings

June 2023

**0.93**

Beta

May 2023

**4.1%**

2024 forward yield vs  
the market 3.5%

## Why consider the Fund?

|    |  |
|----|--|
| 01 | <b>Dividend Driven</b> – we focus on detailed fundamental research and all of our holdings exhibit a clear dividend angle. In our view, combining these two considerations is central to adding value for our clients.   |
| 02 | <b>Balanced</b> – the portfolio is constructed via three categories of income – High Dividend, Dividend Growth, and Dividend Upgrade. This allows us to target the primary drivers of long-term equity returns (i.e. dividend yield and dividend growth) and maintain a balanced portfolio that doesn't take a significant view on the performance of style factors. |
| 03 | <b>Total Return Focused</b> – we aim to deliver attractive risk-adjusted total returns for our clients over the course of the market cycle. Consequently, we avoid investing in companies with optically high yields but where these may not be sustainable. Equally, we avoid owning growth stocks where this is no intrinsic dividend angle.                       |

## Why invest now?



**Strong capital growth across multiple economic scenarios** – Generated attractive total returns versus the market in each of the last three years despite very different market backdrops – the Covid challenges of 2020, the strong recovery of 2021 and the macro volatility of 2022.

Outperformed the index and the IA Europe ex UK sector over the last three years to June 2023.



**Valuable source of growing income streams** – Consistent delivery of a premium yield in every year since launch in 2009. On a 2023 forward basis the fund is yielding 3.8% vs the market at 3.5% and on a 2024 basis the fund is yielding 4.1% vs the market at 3.5%.



**Attractive risk-adjusted total returns versus the sector**

- Lower volatility of returns – top decile over 10 years
- Lower max drawdown – top decile over 10 years
- Sharpe Ratio – top decile since inception

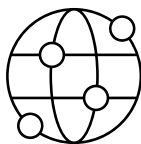
**abrdn.com**



## Why choose us?



**Experienced team:** The Fund manager has extensive experience of income investing in Europe and is supported by a well-resourced Developed Market Equities team offering experienced Global Income Investors as well as European Equities expertise. The fund focuses on companies with robust business models across a range of industries that generate attractive cashflows and dividends.



**Long and successful track record of delivery:** By taking an active and balanced approach to equity income investing, the Fund has successfully delivered against its investment objectives in a range of different market environments.



**Differentiated investment process:** Our portfolio is designed to capture all of the key drivers of long term equity returns in Europe. We do this by investing in companies which offer a sustainable premium yield and those which can grow their dividends at an attractive rate.

## Product overview

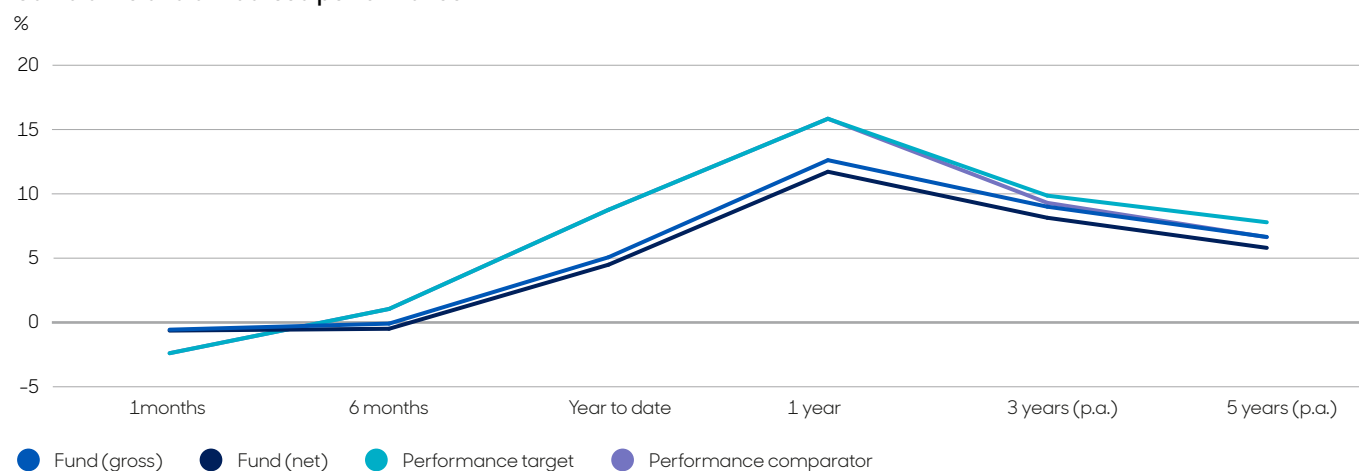
|                                |  |
|--------------------------------|--|
| <b>Objective</b>               | To generate income and some growth over the long term (5 years or more) by investing in European equities (company shares).  |
| <b>Performance target</b>      | To deliver a yield greater than that of the FTSE World Europe ex UK Index over a rolling five year period (before charges) and achieve a return in excess of the FTSE World Europe ex UK Index over a rolling five year period (before charges). There is however no certainty or promise that they will achieve the Performance Target.   |
| <b>Key mandate constraints</b> | <ul style="list-style-type: none"> <li>• 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.</li> <li>• European countries include the emerging markets of Europe, but excludes the UK.- The fund may also invest up to 15% in bonds (loans to companies).</li> <li>• The fund may also invest in other funds (including those managed by abrdn) and money-market instruments, and cash.</li> </ul> |
| <b>Derivatives</b>             | Permitted for Efficient Portfolio Management   |
| <b>Structure</b>               | FCA-registered, UK-authorized OEIC   |



# abrdn Europe ex UK Income Equity Fund

## How has the Fund performed?

### Cumulative and annualised performance



### Cumulative and annualised performance

|                            | 1 month | 6 months | Year to date | 1 year | 3 years (p.a.) | 5 years (p.a.) |
|----------------------------|---------|----------|--------------|--------|----------------|----------------|
| Fund (gross) (%)           | -0.56   | -0.09    | 5.07         | 12.62  | 9.00           | 6.65           |
| Fund (net) (%)             | -0.63   | -0.49    | 4.49         | 11.72  | 8.14           | 5.80           |
| Performance target (%)     | -2.39   | 1.05     | 8.76         | 15.84  | 9.86           | 7.79           |
| Performance comparator (%) | -2.39   | 1.05     | 8.76         | 15.84  | 9.30           | 6.63           |

### Discrete annual returns - year to 31 August

|                            | 2023  | 2022   | 2021  | 2020 | 2019 |
|----------------------------|-------|--------|-------|------|------|
| Fund (gross) (%)           | 12.62 | -5.06  | 21.13 | 5.15 | 1.30 |
| Fund (net) (%)             | 11.72 | -5.78  | 20.12 | 4.27 | 0.56 |
| Performance target (%)     | 15.84 | -11.52 | 29.36 | 2.62 | 6.93 |
| Performance comparator (%) | 15.84 | -11.52 | 27.38 | 0.72 | 4.80 |

Performance Data: Share Class Platform 1 Acc GBP.

Benchmark history: Performance comparator - FTSE World Europe Ex UK

Source: abrdn (Fund & Benchmark) and Morningstar (Sector). Basis: Total Return, NAV to NAV, UK Net/Gross Income Reinvested.

"Fund (Net)" refers to the actual unit price performance of the shareclass shown; "Fund (Gross)" adds back charges such as the annual management charge to present performance on the same basis as the performance target / performance comparator / portfolio constraining benchmark. These figures do not include the initial charge; if this is paid it will reduce performance from that shown.

**Past performance is not a guide to future returns and future returns are not guaranteed.**



Want to discuss more?  
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For more  
information  
visit our [website](#).

## Risk factors you should consider before investing

- The value of investments and the income from them can go down as well as up and investors may get back less than the amount invested. Past performance is not a guide to future results.
- 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 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 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.
- More details of the risks applicable to this fund can be found in the Key Investor Information Document (KIID) and Prospectus, both of which are available on request or at our website [abrdn.com](#).

## Important Information

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