abrdn Falcon Fund

Annual Long Report
For the year ended 29 February 2024

abrdn.com

Contents

* Collectively, these items comprise the Manager's Report for the purposes of the rules contained in the Collective Investment Schemes Sourcebook ('the Sourcebook').

Report of the Authorised Fund Manager

The abrdn Falcon Fund ('the fund') is an authorised unit trust, established under a trust deed dated 2 July 1998 (as amended) (the 'trust deed'). The effective date of the authorisation order for the fund made by the Financial Services Authority (the predecessor of the Financial Conduct Authority) was 9 July 1998. The fund's FCA Product Reference Number is 186703.

Appointments

Fund Information		
Manager	**Registered Office**	**Correspondence Address**
abrdn Fund Managers Limited	280 Bishopsgate London EC2M 4AG	PO Box 12233 Chelmsford CM99 2EE
Investment Adviser	**Sub-Adviser**	**Registrar**
abrdn Investment Management Limited 1 George Street Edinburgh EH2 2LL	LGT Wealth Management Limited 1 Lochrin Square 92-98 Fountainbridge Edinburgh EH3 9QA	SS&C Financial Services Europe Limited SS&C House St Nicholas Lane Basildon Essex SS15 5FS
Trustee	**Registered Office**	**Independent Auditor**
Citibank UK Limited	Citigroup Centre Canada Square Canary Wharf London E14 5LB	KPMG LLP 319 St Vincent Street Glasgow G2 5AS

The investment adviser has full authority to make all investment decisions on behalf of the manager concerning the scheme property of the fund which is managed by it. The Investment Management Agreement gives the investment adviser the discretion to appoint specialist asset management companies either from within or out with the abrdn group as investment managers in order to benefit from their expertise and experience. The manager also employs the investment adviser to perform certain activities involving valuation, pricing, dealing and other back-office functions. The investment adviser is permitted to sub-delegate these functions to other persons. The investment adviser has sub-delegated responsibility for strategic asset allocation, tactical asset allocation, portfolio construction and implementation to LGT Wealth Management Limited. LGT Wealth Management Limited is authorised and regulated by the Financial Conduct Authority.

The Manager of the fund is abrdn Fund Managers Limited, which is a private company limited by shares incorporated on 7 November 1962. It's ultimate holding company is abrdn plc.

Financial details and Fund Managers' reviews of the fund for the year ended 29 February 2024 are given in the following pages of this report.

The fund operates as a single priced scheme, calculated with reference to the net asset value of the fund.

The daily price for each fund appears on the Investment Adviser's website at **abrdn.com**.

The investment objective of the fund is disclosed within the Fund Profile and the investment activities are disclosed within the Investment Report.

Unitholders in the fund are not liable for the debts of the fund.

Report of the Authorised Fund Manager

Continued

The military offensive from Russia against Ukraine since February 2022 continues to pose widespread sanctions on Russian assets. Geopolitical events can adversely affect assets of funds and performance thereon. To ensure the fair treatment of investors, abrdn's Investor Protection Committee (IPC) undertakes regular reviews of market liquidity across each asset class and fund and making appropriate adjustments where necessary.

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.

Significant Events

On 26th February 2023, abrdn agreed the sale of abrdn Capital Limited business and funds to LGT Group (a Liechtenstein based Private Banking and Asset Management Group). This sale will result in the Manager and suppliers to the Fund changing. These changes are expected to occur in June 2024. A full client communication will be issued prior to the change.

Developments and Prospectus Updates Since 1 March 2023

- On 7 March 2023, Mr. Neil Machray was appointed as a director of abrdn Fund Managers Limited.
- On 30 September 2023, Mr. Neil Machray resigned as a director of abrdn Fund Managers Limited.
- On 23 November 2023, Mrs. Denise Thomas resigned as a director of abrdn Fund Managers Limited.
- The list of funds managed by the ACD was updated, 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 (unaudited)

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.

Climate-related Financial Disclosures (unaudited)

The recommendations by the Taskforce for Climate related Financial Disclosures (TCFD) – initiated by the Financial Stability Board in 2015 and adopted in 2017 – provide organisations with a consistent framework for disclosing financial impacts of climate-related risks and opportunities. The disclosure in line with TCFD recommendations enables external stakeholders to gain a better understanding of the climate-related risks and opportunities (including how they are managed) that are likely to impact the organisation's future financial position as reflected in its income statement, cash flow statement, and balance sheet. The TCFD has developed 11 recommendations which are structured around four thematic areas, notably governance, strategy, risk management and metrics and target. In Policy Statement 21/24 the Financial Conduct Authority (FCA) have created a regulatory framework for asset managers, life insurers and FCA-regulated pension providers to make climate related disclosures consistent with the recommendations of the TCFD. As a result of the disclosure requirements, funds are required to perform a detailed annual assessment, determining financial impacts of climate related risks and opportunities. The resulting findings are published here: **TCFDA_UTOK_D_311222_GBP_EN_5.pdf (abrdn.com**)

Statement of Manager's Responsibilities

The Collective Investment Schemes sourcebook published by the FCA, ("the COLL Rules") require the Manager to prepare financial statements for each interim and annual accounting period which give a true and fair view of the financial position of the fund and of the net revenue and net capital gains or losses on the property of the fund for the period.

In preparing the financial statements the Manager is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the fund or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The Manager is responsible for the management of the fund in accordance with its Trust Deed, the Prospectus and the COLL Rules.

The Manager is responsible for the maintenance and integrity of the corporate and financial information included on the fund's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Manager'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 Fund Manager.

Aron Mitchell
Director
28 May 2024

Adam Shanks
Director
28 May 2024

Statement of the Trustee's Responsibilities in Respect of the Scheme and Report of the Trustee to the Unitholders of abrdn Falcon Fund for the year ended 29 February 2024

The Trustee is responsible for the safekeeping of all property of the fund which is entrusted to it and ensuring proper registration of tangible moveable property, and for the collection of income arising from all such scheme property.

It is the duty of the Trustee to take reasonable care to ensure that the fund is managed and operated in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("the Sourcebook"), the Financial Services and Markets Act 2000, as amended, and the Trust Deed and the Prospectus of the fund, concerning: the pricing of and dealing in fund Units; the application of income of the scheme; and the fund investment portfolio and borrowing activities.

Having carried out procedures and enquiries considered duly necessary to discharge our responsibilities as Trustee of the scheme, based on information and explanations provided to us, we believe that, in all material respects, the Manager:

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the scheme's units and the application of the scheme's income in accordance with the Sourcebook, the Trust Deed and Prospectus;

(ii) has observed the investment and borrowing powers and restrictions applicable to the scheme; and

(iii) has, otherwise, ensured the proper operation of the fund.

Citibank UK Limited

28 May 2024

Independent Auditor's Report to the Unitholders of abrdn Falcon Fund ('the fund')

Opinion

We have audited the financial statements of the fund for the year ended 29 February 2024 which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the Related Notes and Distribution Tables for the fund and the accounting policies set out on pages 25 to 26.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the financial position of the fund as at 29 February 2024 and of the net revenue and the net capital gains on the property of the fund for the year then ended; and
- have been properly prepared in accordance with the Trust Deed, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the fund in accordance with, UK ethical requirements including the FRC Ethical Standard.

We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Manager has prepared the financial statements on the going concern basis as they do not intend to liquidate the fund or to cease their operations, and as they have concluded that the fund's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Manager's conclusions, we considered the inherent risks to the fund's business model and analysed how those risks might affect the fund's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Manager's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the fund's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the fund will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the fund's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Assessing the segregation of duties in place between the Manager, the Trustee, the Administrator and the Investment Adviser;
- Reading board minutes.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the revenue is principally non-judgemental and based on publicly available information, with limited opportunity for manipulation. We did not identify any additional fraud risks.

We evaluated the design and implementation of the controls over journal entries and other adjustments and made inquiries of the Administrator about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. We identified and selected a sample of journal entries made at the end of the reporting period and tested those substantively including all material post-closing entries. Based on the results of our risk assessment procedures and understanding of the process, including the segregation of duties between the Directors and the Administrator, no further high-risk journal entries or other adjustments were identified.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Manager and the Administrator (as required by auditing standards) and discussed with the Directors the policies and procedures regarding compliance with laws and regulations.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the fund is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related authorised fund legislation maintained by the Financial Conduct Authority) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the fund is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: money laundering, data protection and bribery and corruption legislation recognising the fund's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and the Administrator and inspection of regulatory and legal correspondence, if any.

Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Manager is responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in the Manager's Report for the financial year is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

- proper accounting records for the fund have not been kept; or
- the financial statements are not in agreement with the accounting records.

Manager's responsibilities

As explained more fully in the statement set out on page 5, the Manager is responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the fund or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Unitholders of abrdn Falcon Fund ('the fund')

Continued

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at **www.frc.org.uk/auditorsresponsibilities**.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the fund's unitholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the Trust's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Wiqas Qaiser
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
20 Castle Terrace
Edinburgh
EH1 2EG
28 May 2024

Fund Profile and Investment Report

Manager: John Ewen and John Hair

Launch Date

13 November 1998

Investment Objective

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

Performance target: To exceed the ARC Private Client Indices (PCI) Equity Risk Net Return Index per annum after charges over rolling 3 year periods. The performance target is the level of performance the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the performance target.

The manager believes this is an appropriate target for the fund since it reflects the risk and return profile that private clients expect and aligns with the investment policy of the fund.

Investment Policy

Portfolio Securities

- The fund invests at least 70% in equities and equity related securities of companies listed on global stock exchanges.
- The fund may also from time to time adopt temporary defensive positions in response to adverse market conditions and invest up to 10% in bonds (loans to companies or governments).
- 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 includes identifying companies where the management team have a different view of a company's prospects to that of the market or looking for high quality companies at attractive valuations that can be held for the long term.
- In seeking to achieve the performance target, a composite index, details of which are provided below, 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 composite index, is not ordinarily expected to exceed 6%. Due to the fund's risk constraints, the intention is that the fund's performance profile will not deviate significantly from that of the composite index over the longer term.
- Composite Index: 30% FTSE All-Share Index, 70% FTSE World ex UK 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.

Reporting dates	
Interim	31 August
Annual	28 February (29 February in a leap year)

Distribution record dates	
Interim	31 August
Annual	28 February (29 February in a leap year)

Payment dates	
Two dealing days before	
Interim	31 October
Annual	30 April

Keeping you Informed

You can keep up to date with the performance of your investments by visiting our website **abrdn.com**.

Alternatively, if you would rather speak to us, please call 0345 113 6966 (+44 (0) 1268 445 488 if outwith the UK) between 8:30am and 5:30pm Monday to Friday.

Fund Profile and Investment Report

Continued

Market Commentary

2023 started on a highly positive note with strong stock market gains. The collapse of two regional US banks and the forced sale of Credit Suisse to rival UBS in March then evoked fears of a banking crisis. Stock markets recovered after an initial selloff but after a quiet April, most stock markets fell in May. This was against a backdrop of further interest rate rises and signs of slowing economic momentum. However, news of a compromise agreement over the debt limit and further encouraging inflation data then led to equities having a strong month in June. Both equity and bond markets posted strong rallies over the final few months of 2023. The market viewed inflation data and central bank communications as a signal that interest rates had peaked and will need to be cut in 2024 to avoid recession. This backdrop led to equity markets surging in November, a rally that continued in December, with the S&P 500 finishing Q4 up 11.7%. The turn of the year saw US equities continuing to lead the charge with the S&P 500 hitting all-time highs after notching up gains in both January and February, driven by the strength of the Magnificent 7 stocks – Apple, Amazon, Alphabet, Meta, Microsoft, Nvidia and Tesla.

Performance

The Falcon Fund returned 11.3%, net of the full retail fee, and 12.9% gross of fees over the period. This was behind the benchmark return of 14.2% but was ahead of the ARC Private Client Indices (PCI) Equity Risk Net Return Index which rose 6.7%. The fund's holdings in the health care, industrials and basic materials sectors contributed positively to performance. However, this was offset by the negative contribution from the technology, financials, energy, utility and consumer discretionary sectors.

Within technology, the Magnificent Seven stocks dominated performance, as a result of which, the voids in NVIDIA and Meta Platforms, combined, cost 2% in relative performance (although the void in Tesla contributed positively 0.14%). The portfolio benefitted from its holdings in other perceived AI beneficiaries, with ASML gaining 47% and TSMC 44%, whilst within software, Microsoft, one of the fund's biggest positions, gained 59.9%, with Alphabet not far behind, rising 47%. Overall, the fund's technology holdings gained 42%, lagging the sector's return of 54% which was driven by NVIDIA's gain of 226%.

Within the financials sector, the insurance groups AIA Group and Prudential both underperformed, impacted by Chinese economic weakness. Both companies sell life assurance products to Chinese clients in Hong Kong and China. The fund was also impacted at the start of the reporting period when Silicon Valley Bank (SVB) collapsed, causing contagion in the fund's holding in First Republic Bank. The fund is significantly underweight the bank sector but had owned First Republic Bank for many years given its differentiated client service business model and the credit quality of its clients. These attributes had helped the bank to produce sector-leading loan growth despite reporting lower impairments than peers during downturns. We had taken profits in the stock over time such that the weighting in the portfolio had fallen below 1% by the start of 2023. Whilst we managed to sell our remaining position while the shares were still trading, the collapse in the latter detracted 0.6% from performance.

Within the energy sector Ameresco lowered its growth expectations when it reported in November. The company appears to be performing well, continuing to win new contracts, but sentiment in the renewables sector has been very weak as bond yields have risen. Ørsted and NextEra Energy were also impacted. Ørsted took a large impairment to its US pipeline, whilst NextEra retreated after its Yieldco, NextEra Energy Partners, downgraded its growth assumptions owing to the increased cost of funding.

Within consumer discretionary, both Estée Lauder and Mercedes Benz were impacted by the slower than expected recovery in China. Watches of Switzerland declined after the announcement that Rolex was to acquire Bucherer, before recovering when the company announced its revised Long Range Plan. However, management released a disappointing update in January, warning that trading had been challenging over Christmas, which saw the share price fall again. In contrast, the fund's holding in the luxury goods company, Hermes, gained 33% on the back of resilient trading.

Within health care, Eli Lilly, one of the fund's largest active positions, gained 133%. The company reported earnings which came in ahead of expectations on the back of the strong performance of key diabetes medication Mounjaro. Both Accenture and Mastercard, classified as industrial support services, were positive contributors. Accenture continued to see strong demand in consulting end markets and Mastercard benefited from resilient consumer spending and a recovery in cross-border transactions supported by pent up demand for travel, particularly from Asia. CRH gained 75% as the building materials giant reported strong interim earnings and announced plans to move its primary listing to New York. Electrical equipment producer Schneider Electric rose 37%. The new CEO provided a strategy update to investors in November, underpinning the announcement of ambitious medium-term revenue and margin targets, which were well received by the market. The positive relative contribution from basic materials was a result of being underweight this underperforming sector.

Fund Profile and Investment Report

Continued

Activity

We introduced Prologis to the fund in the period. The company is an owner, operator and developer of industrial real estate, with a focus on logistics and distribution facilities. Its portfolio is skewed to the Americas (68%) and EMEA (30%), where demand for industrial space should continue to grow supporting rental revenues and development activity. We funded this acquisition by selling SEGRO as we sought to reduce the exposure to the UK where we believe the macro-economic backdrop is more challenged.

We sold the position in Dechra Pharmaceuticals following EQT's firm offer to buy the company. The shares were trading slightly below the offer price but this reflected regulatory approval risks and the time value of money discount to deal completion. The holding in Reckitt Benckiser was sold to fund higher conviction investments. The company has improved the quality of its product portfolio over the last few years, reflected in the sale of its China infant nutrition business and the bolt-on acquisition of Biofreeze, but we harboured concerns about the remainder of the infant nutrition division and felt that the hygiene business was vulnerable to further share losses to private labels amid consumer cost pressures.

The holding in Estee Lauder was sold. The original investment case was based upon premiumisation in the beauty industry, outperformance of skincare, channel shifts to e-commerce, specialty retailers and travel retail, supported by successful bolt-on acquisitions. However, earnings have been downgraded due to Chinese lockdowns, which led to subdued travel activity. There is mounting evidence that domestic beauty brands are gaining share in China whilst celebrity beauty brands are gaining share in North America and Europe. Estee Lauder is unlikely to be able to be as acquisitive as it has been in the past as leverage is reasonably extended This dynamic suggests the business model will be challenged in the long-term, so we reluctantly exited the position. The holding in Orsted was topped up. The share price move, following impairments to the US portfolio, appeared overdone with the valuation almost completely supported by operational projects, with very little in the price for the large pipeline of future opportunities. We sold Activision Blizzard when the share price was trading near the $95 bid price (with the 99c dividend having been paid on 17th August).

We sold the Japanese company Shimano owing to signs of weakening demand for their cycling components. A new holding was initiated in Airbnb. The company has become ubiquitous in the private rented accommodation sector, currently having around four million hosts and more than six million active listings. We believe the company has significant long-term growth potential, powered by the increase in active listings and favourable dynamics around lodging growth globally. There are also significant additional monetisation opportunities through the dominant platform position which means 90% of traffic comes directly or through unpaid channels. The valuation appears attractive for the quality and growth potential on offer and the strong net cash balance sheet will enable continued investment in the business going forward.

Outlook

We consider equities to offer very compelling long-term returns and patiently await opportunities to add to positions in great companies when valuations more accurately reflect the short-term risks. Experience has taught us that companies with strong balance sheets, and those that can create value by generating cash flows exceeding their operational requirements tend to generate stronger and more sustainable returns. They are also usually better positioned to reinvest in their businesses and distribute earnings to shareholders. We believe these types of companies merit long-term positions in portfolios regardless of shorter-term sentiment.

Fund Profile and Investment Report

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 29 February 2024.

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.
- Emerging Markets Risk – The fund may invest in emerging markets, where political, economic, legal and regulatory systems are less developed. As a result, investing in emerging markets may involve higher volatility and a greater risk of loss than investing in developed markets. In particular, where the fund invests in Variable Interest Entity (VIE) structures to gain exposure to industries with foreign ownership restrictions or invests in Chinese assets via Stock Connect/Bond Connect, there are additional operational risks, which are outlined in the prospectus.
- Derivatives Risk – The use of derivatives may involve additional liquidity, credit and counterparty risks. In some cases the risk of loss from derivatives may be increased where a small change in the value of the underlying investment may have a larger impact on the value of the derivative.

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

Income	2024 pence per unit	2023 pence per unit	2022 pence per unit
Change in net assets per unit			
Opening net asset value per unit	461.07	469.76	439.87
Return before operating charges*	57.82	2.80	38.57
Operating charges	(7.17)	(7.00)	(7.33)
Return after operating charges*	50.65	(4.20)	31.24
Distributions	(5.31)	(4.49)	(1.35)
Closing net asset value per unit	506.41	461.07	469.76
* after direct transaction costs of:	0.08	0.18	0.23
Performance			
Return after charges	10.99%	(0.89%)	7.10%
Other information			
Closing net asset value (£'000)	13,044	6,155	6,676
Closing number of units	2,575,703	1,334,922	1,421,121
Operating charges	1.52%	1.52%	1.52%
Direct transaction costs	0.02%	0.04%	0.05%
Prices			
Highest unit price	509.3	492.8	516.2
Lowest unit price	449.1	425.6	439.6

The closing net asset value (£'000) divided by the closing number of units may not calculate to the closing net asset value per unit (p) due to rounding differences. The published closing net asset value per unit (p) is based on unrounded values and represents the actual price.
The return after charges figures are based on the accounting NAV, as the financial statements are produced at a valuation point that is different from the published daily NAV.
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 unit class.
Highest and Lowest prices are based on official published daily NAVs.

Comparative Tables

Continued

Accumulation	2024 pence per unit	2023 pence per unit	2022 pence per unit
Change in net assets per unit			
Opening net asset value per unit	553.89	555.63	518.41
Return before operating charges*	74.26	6.56	45.86
Operating charges	(8.72)	(8.30)	(8.64)
Return after operating charges*	65.54	(1.74)	37.22
Distributions	(10.41)	(8.40)	(1.99)
Retained distributions on accumulation units	10.41	8.40	1.99
Closing net asset value per unit	619.43	553.89	555.63
* after direct transaction costs of:	0.10	0.21	0.27
Performance			
Return after charges	11.83%	(0.31%)	7.18%
Other information			
Closing net asset value (£'000)	10,160	3,205	4,702
Closing number of units	1,640,330	578,644	846,175
Operating charges	1.52%	1.52%	1.52%
Direct transaction costs	0.02%	0.04%	0.05%
Prices			
Highest unit price	622.0	583.0	610.5
Lowest unit price	540.8	507.6	518.1

The closing net asset value (£'000) divided by the closing number of units may not calculate to the closing net asset value per unit (p) due to rounding differences. The published closing net asset value per unit (p) is based on unrounded values and represents the actual price.
The return after charges figures are based on the accounting NAV, as the financial statements are produced at a valuation point that is different from the published daily NAV.
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 unit class.
Highest and Lowest prices are based on official published daily NAVs.

Comparative Tables

Continued

M (Net Accumulation)[A]	2023 pence per unit	2022 pence per unit
Change in net assets per unit		
Opening net asset value per unit	98.32	92.17
Return before operating charges*	(0.34)	6.83
Operating charges	(0.22)	(0.68)
Return after operating charges*	(0.56)	6.15
Distributions	(13.05)	(8.30)
Retained distributions on accumulation units	13.05	8.30
Redemption value as at 28 September 2022	(97.76)	-
Closing net asset value per unit	-	98.32
* after direct transaction costs of:	0.04	0.05
Performance		
Return after charges	(0.57%)	6.67%
Other information		
Closing net asset value (£'000)	-	1
Closing number of units	-	1,334
Operating charges	0.67%	0.67%
Direct transaction costs	0.04%	0.05%
Prices		
Highest unit price	104.0	108.1
Lowest unit price	89.74	92.10

The closing net asset value (£'000) divided by the closing number of units may not calculate to the closing net asset value per unit (p) due to rounding differences. The published closing net asset value per unit (p) is based on unrounded values and represents the actual price.
The return after charges figures are based on the accounting NAV, as the financial statements are produced at a valuation point that is different from the published daily NAV.
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 unit class.
Highest and Lowest prices are based on official published daily NAVs.
[A] M (Net Accumulation) share class was closed on 28 September 2022.

Comparative Tables

Continued

Z (Net Income)	2024 pence per unit	2023 pence per unit	2022 pence per unit
Change in net assets per unit			
Opening net asset value per unit	85.76	87.36	81.79
Return before operating charges*	10.45	0.30	7.13
Operating charges	(0.01)	(0.02)	(0.02)
Return after operating charges*	10.44	0.28	7.11
Distributions	(1.95)	(1.88)	(1.54)
Closing net asset value per unit	94.25	85.76	87.36
* after direct transaction costs of:	0.02	0.03	0.04
Performance			
Return after charges	12.17%	0.32%	8.69%
Other information			
Closing net asset value (£'000)	38,078	43,791	46,771
Closing number of units	40,402,097	51,060,913	53,536,056
Operating charges	0.02%	0.02%	0.02%
Direct transaction costs	0.02%	0.04%	0.05%
Prices			
Highest unit price	95.35	92.07	96.33
Lowest unit price	83.70	79.28	81.75

The closing net asset value (£'000) divided by the closing number of units may not calculate to the closing net asset value per unit (p) due to rounding differences. The published closing net asset value per unit (p) is based on unrounded values and represents the actual price.
The return after charges figures are based on the accounting NAV, as the financial statements are produced at a valuation point that is different from the published daily NAV.
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 unit class.
Highest and Lowest prices are based on official published daily NAVs.

Comparative Tables

Continued

Z (Accumulation)	2024 pence per unit	2023 pence per unit	2022 pence per unit
Change in net assets per unit			
Opening net asset value per unit	108.73	108.41	99.79
Return before operating charges*	13.39	0.34	8.65
Operating charges	(0.02)	(0.02)	(0.03)
Return after operating charges*	13.37	0.32	8.62
Distributions	(2.48)	(2.33)	(1.88)
Retained distributions on accumulation units	2.48	2.33	1.88
Closing net asset value per unit	122.10	108.73	108.41
* after direct transaction costs of:	0.02	0.04	0.05
Performance			
Return after charges	12.30%	0.30%	8.64%
Other information			
Closing net asset value (£'000)	165,796	168,868	162,890
Closing number of units	135,783,272	155,313,153	150,256,318
Operating charges	0.02%	0.02%	0.02%
Direct transaction costs	0.02%	0.04%	0.05%
Prices			
Highest unit price	122.6	114.2	118.6
Lowest unit price	106.1	99.36	99.74

The closing net asset value (£'000) divided by the closing number of units may not calculate to the closing net asset value per unit (p) due to rounding differences. The published closing net asset value per unit (p) is based on unrounded values and represents the actual price.
The return after charges figures are based on the accounting NAV, as the financial statements are produced at a valuation point that is different from the published daily NAV.
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 unit class.
Highest and Lowest prices are based on official published daily NAVs.

Portfolio Statement

As at 29 February 2024

Holding	Investment	Market value £'000	Percentage of total net assets
Equities (92.16%)		**223,103**	**98.25**
European Equities (24.99%)		**60,866**	**26.80**
Denmark (1.58%)		**2,449**	**1.08**
55,257	Ørsted	2,449	1.08
France (3.64%)		**11,680**	**5.14**
2,539	Hermes International	5,024	2.21
37,095	Schneider Electric	6,656	2.93
Germany (1.81%)		**4,245**	**1.87**
67,244	Mercedes-Benz	4,245	1.87
Ireland (5.90%)		**14,936**	**6.58**
22,120	Accenture 'A'	6,543	2.88
91,700	CRH	6,026	2.66
165,153	Keywords Studios++	2,367	1.04
Italy (1.33%)		**2,534**	**1.12**
503,500	Enel	2,534	1.12
Israel (0.99%)		**-**	**-**
Netherlands (5.96%)		**16,701**	**7.35**
1,669	Adyen	2,084	0.92
13,100	ASML	9,756	4.29
1,680,000	Koninklijke KPN	4,861	2.14
Switzerland (3.78%)		**8,321**	**3.66**
66,287	Nestle	5,461	2.40
13,736	Roche (Participating certificate)	2,860	1.26

Portfolio Statement

As at 29 February 2024 continued

Holding	Investment	Market value £'000	Percentage of total net assets
Japanese Equities (0.80%)		-	-
North American Equities (31.78%)		**96,098**	**42.32**
United States (31.78%)		**96,098**	**42.32**
28,100	Airbnb	3,495	1.54
52,106	Alphabet 'A'	5,697	2.51
42,280	Amazon.com	5,902	2.60
114,974	Ameresco 'A'	1,900	0.84
16,164	American Tower REIT	2,540	1.12
50,660	Apple	7,238	3.19
23,322	Autodesk	4,760	2.10
101,511	Boston Scientific	5,314	2.34
111,070	Coca-Cola	5,264	2.32
18,364	Eli Lilly	10,925	4.81
4,793	Equinix REIT	3,364	1.48
22,461	Mastercard 'A'	8,414	3.70
37,320	Microsoft	12,193	5.37
90,400	NextEra Energy	3,941	1.73
43,554	Procter & Gamble	5,465	2.41
28,286	Prologis REIT	2,976	1.31
25,530	Tetra Tech	3,575	1.57
11,086	West Pharmaceutical Services	3,135	1.38
Pacific Basin Equities (9.38%)		**21,771**	**9.59**
Australia (2.30%)		**4,791**	**2.11**
211,173	BHP	4,791	2.11
Hong Kong (1.64%)		**3,069**	**1.35**
477,816	AIA	3,069	1.35
Singapore (1.96%)		**4,076**	**1.80**
208,000	DBS	4,076	1.80

Portfolio Statement

As at 29 February 2024 continued

Holding	Investment	Market value £'000	Percentage of total net assets
Taiwan (3.48%)		**9,835**	**4.33**
76,503	Taiwan Semiconductor Manufacturing ADR	7,774	3.42
51,500	Voltronic Power Technology	2,061	0.91
UK Equities (25.21%)		**44,368**	**19.54**
Basic Materials (1.45%)		**3,166**	**1.39**
62,355	Rio Tinto	3,166	1.39
Consumer Discretionary (3.82%)		**9,045**	**3.98**
218,210	RELX	7,550	3.32
370,000	Watches of Switzerland	1,495	0.66
Consumer Staples (1.06%)		**-**	**-**
Energy (8.93%)		**16,961**	**7.47**
1,583,477	BP	7,294	3.21
393,500	Shell	9,667	4.26
Financials (2.78%)		**4,488**	**1.98**
1,389,033	Apax Global Alpha	2,125	0.94
245,349	Prudential	1,908	0.84
1,028,333	Schiehallion Fund	455	0.20
Health Care (4.49%)		**7,106**	**3.13**
71,186	AstraZeneca	7,106	3.13

Portfolio Statement

As at 29 February 2024 continued

Holding	Investment	Market value £'000	Percentage of total net assets
Industrials (1.70%)		**3,602**	**1.59**
1,118,562	DS Smith	3,602	1.59
Real Estate (0.98%)		**-**	**-**
Total investment assets		223,103	98.25
Net other assets		3,975	1.75
Total Net Assets		**227,078**	**100.00**

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 28 February 2023.
++ AIM listed.

Financial Statements

Statement of Total Return

For the year ended 29 February 2024

		2024		2023	
	Notes	£'000	£'000	£'000	£'000
Income:					
Net capital gains/(losses)	3		20,413		(3,675)
Revenue	4	5,307		4,953	
Expenses	5	(295)		(188)	
Interest payable and similar charges		(1)		(2)	
Net revenue before taxation		5,011		4,763	
Taxation	6	(298)		(243)	
Net revenue after taxation			4,713		4,520
Total return before distributions			**25,126**		**845**
Distributions	7		(4,713)		(4,520)
Change in net assets attributable to unitholders from investment activities			**20,413**		**(3,675)**

Statement of Change in Net Assets Attributable to Unitholders

For the year ended 29 February 2024

	2024		2023	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		**222,019**		**221,040**
Amounts receivable on the issue of units	17,239		39,685	
Amounts payable on the cancellation of units	(36,249)		(38,651)	
		(19,010)		1,034
Change in net assets attributable to unitholders from investment activities (see above)		20,413		(3,675)
Retained distribution on accumulation units		3,656		3,620
Closing net assets attributable to unitholders		**227,078**		**222,019**

Financial Statements

Continued

Balance Sheet

As at 29 February 2024

		2024		2023	
	Notes	**£'000**	**£'000**	**£'000**	**£'000**
Assets:					
Fixed assets:					
Investment assets			223,103		204,623
Current assets:					
Debtors	8	641		7,668	
Cash and bank balances	9	3,736		10,277	
			4,377		17,945
Total assets			**227,480**		**222,568**
Liabilities:					
Creditors	10	(94)		(146)	
Distribution payable		(308)		(403)	
			(402)		(549)
Total liabilities			**(402)**		**(549)**
Net assets attributable to unitholders			**227,078**		**222,019**

Notes to the Financial Statements

For the year ended 29 February 2024

1 Accounting Policies

a. Basis of preparation

The financial statements have been prepared on a 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 Manager has undertaken a detailed assessment, and continues to monitor, the fund's ability to meet its liabilities as they fall due, including liquidity, fluctuations in global capital markets and investor redemption levels. Based on this assessment, the fund continues to be open for trading and the Manager is satisfied the fund has adequate financial resources to continue in operation for at least the next 12 months after the financial statements are signed and accordingly it is appropriate to adopt the going concern basis in preparing the financial statements.

b. Valuation of investments

Listed investments have been valued at fair value as at the close of business on 29 February 2024. The SORP defines fair value as the market value of each security, in an active market, this is generally the quoted bid price.

Unlisted, unapproved, illiquid or suspended securities are valued at the Managers best estimate of the amount that would be received from an immediate transfer at arm's length. The Manager has appointed a Fair Value Pricing committee to review valuations.

Collective Investment Schemes are valued by reference to their net asset value. Dual priced funds have been valued at the bid price. Single priced funds have been valued using the single price.

Any open positions in derivative contracts or forward foreign currency transactions at the year-end are included in the Balance Sheet at their mark to market value.

c. Foreign Exchange

Assets and liabilities denominated in foreign currencies are translated into Sterling at the prevailing exchange rates as at the close of business on the reporting date.

Foreign currency transactions are translated at the rates of exchange ruling on the date of such transactions. Exchange differences on such transactions follow the same treatment as the principal amounts.

d. Dilution

In certain circumstances (as detailed in the Prospectus) the Manager may apply a dilution adjustment on the issue or cancellation of units, which is applied to the capital of the fund on an accruals basis. The adjustment is intended to protect existing investors from the costs of buying or selling underlying investments as a result of large inflows or outflows from the fund.

e. Revenue

Dividends on equities and preference stocks are recognised when the securities are quoted ex-dividend, or in the case of unquoted securities when the dividend is declared.

Overseas dividends are grossed up at the appropriate rate of withholding tax and the tax consequences are shown within the tax charge.

Interest on bank deposits is recognised on an accruals basis.

Stock dividends are recognised as revenue when they are quoted ex dividend. In the case of enhanced stock dividends, the value of the enhancement is recognised as capital.

Special dividends may be treated as repayments of capital or as revenue dependent on the facts of the particular case. Where receipt of a special dividend results in a significant reduction in the capital value of the holding, then the special dividend will be recognised as capital so as to ensure that the matching principle is applied to gains and losses. Otherwise, the special dividends are recognised as revenue.

Notes to the Financial Statements

For the year ended 29 February 2024 continued

Underwriting commission is taken to revenue and recognised when the issue takes place, except where the fund is required to take up all or some of the shares underwritten in which case an appropriate proportion of the commission received is deducted from the cost of the relevant shares.

Management fee rebates from collective investment schemes are recognised as revenue or capital on a consistent basis to how the underlying scheme accounts for the management fee. Where such rebates are revenue in nature, the income forms part of the distribution.

For dividends received from US Real Estate Investment Trusts ("REITs"), on receipt of the capital/revenue split from the REITs, the allocation of the dividend is adjusted within the financial statements.

f. Expenses

All expenses other than those relating to the purchase and sale of investments are charged against revenue on an accruals basis in the Statement of Total Return.

Expenses relating to the purchases of investments are charged to the cost of investment and expenses relating to the sales of investments are deducted from the proceeds on sales.

g. Taxation

Provision is made for corporation tax at the current rate on the excess of taxable income over allowable expenses.

Overseas dividends are disclosed gross of any foreign tax suffered and the tax element is separately disclosed in the taxation note.

The tax accounting treatment follows that of the principal amount, with charges or reliefs allocated using the marginal basis regardless of any alternative treatment that may be permitted in determining the distribution.

Any windfall overseas tax reclaims received are netted off against irrecoverable overseas tax and therefore the irrecoverable overseas tax line in the taxation note may be negative.

Deferred taxation is provided on all timing differences that have originated but not reversed by the balance sheet date other than those differences regarded as permanent. Any liability to deferred tax is provided at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

Deferred tax assets are only recognised to the extent that it is regarded more likely than not that there will be taxable profits against which the reversal of underlying timing differences can be offset.

h. Distributions

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

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 sub-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 Manager assesses these in association with financial reporting constraints enshrined within the SORP to allocate the cash flows accordingly.

i. Equalisation

Equalisation appears within the fund report as part of the distribution. This represents the net revenue in the funds unit price attached to the issue and cancellation of units. It will form part of any distributions at the period end attributable to unitholders.

j. Derivatives

The fund may enter into permitted transactions such as derivative contracts or forward foreign currency transactions. Where the transactions are used to protect or enhance revenue, the revenue and expenses are included within net revenue in the Statement of Total Return. Where the transactions are undertaken to protect or enhance investments, the gains/losses are treated as capital and included within gains/losses on investments in the Statement of Total Return.

Notes to the Financial Statements

For the year ended 29 February 2024 continued

2 Risk management policies

Generic risks that the abrdn range are exposed to and the risk management techniques employed are disclosed below. Numerical disclosures and specific risks, where relevant, are disclosed within the financial statements.

The Financial Conduct Authority (FCA) Collective Investment Schemes Sourcebook (COLL) and FCA Funds Sourcebook (FUND) rules require the Management Company to establish, implement and maintain an adequate and documented Risk Management Process (RMP) for identifying the risks they manage, or might be, exposed to. The RMP must comprise of such procedures as are necessary to enable abrdn to assess the exposure of each fund it manages to market risk, liquidity risk, counterparty risk, operational risk and all other risks that might be material.

abrdn functionally and hierarchically separates the functions of risk management from the operating units and portfolio management functions, to ensure independence and avoid any potential or actual conflicts of interest. The risk management function has the necessary authority, access to all relevant information, staff and regular contact with senior management and the Board of Directors of the Company. The management of investment risk within abrdn is organised across distinct functions , aligned to the well-established 'three lines of defence' model.

1. Risk ownership, management and control.
2. Oversight of risk, compliance and conduct frameworks.
3. Independent assurance, challenge and advice.

The risk management process involves monitoring funds on a regular and systematic basis to identify, measure and monitor risk and where necessary escalate appropriately, including to the relevant Board, any concerns and proposed mitigating actions.

The risk team, in line with client expectations and the investment process, develops the risk profiles for the funds in order to set appropriate risk limits. Regulatory limits as well as those agreed, are strictly enforced to ensure that abrdn does not inadvertently (or deliberately) breach them and add additional risk exposure. In addition, there is an early warnings system of potential changes in the portfolio risk monitoring triggers. Where possible, these are coded into the front office dealing system, in a pre-trade capacity, preventing exposures or breaching limits before the trade is actually executed.

Risk Definitions & Risk Management Processes

i) Market Risk is the risk that economic, market or idiosyncratic events cause a change in the market value of Client assets. Market Risk can be broadly separated into two types:

(1) Systematic risk stems from any factor that causes a change in the valuation of groups of assets. These factors may emerge from a number of sources, including but not limited to economic conditions, political events or actions, the actions of central banks or policy makers, industry events or, indeed, investor behaviour and risk appetite.

(2) Specific or Idiosyncratic Risk, which is the part of risk directly associated with a particular asset, outside the realms of, and not captured by Systematic Risk. In other words, it is the component of risk that is peculiar to a specific asset, and may manifest itself in various guises, for example: corporate actions, fraud or bankruptcy.

Portfolios are subject to many sub-categories of market risk. Many of these risks are interlinked and not mutually exclusive. Examples of these types of investment risk include: Country risk; Sector risk; Asset-class risk; Inflation/deflation risk; Interest rate risk; Currency risk; Derivatives risk; Concentration risk; and Default risk. Factors that cause changes in market risks include: future perceived prospects (i.e. changes in perception regarding the future economic position of countries, companies, sectors, etc.); shifts in demand and supply of products and services; political turmoil, changes in interest rate/inflation/taxation policies; major natural disasters; recessions; and terrorist attacks.

There are several ways in which to review and measure investment risk. The risk team recognises that each method is different and has its own unique insights and limits, and applies the following measurements for each fund, where relevant:

- **Leverage:** has the effect of gearing a fund's expected performance by allowing it to gain greater exposure to underlying investment opportunities (gains and losses). The higher the leverage the greater the risk (potential loss).

Notes to the Financial Statements

For the year ended 29 February 2024 continued

- **Value-at-Risk (VaR) and Conditional VaR (CVaR):** VaR measures with a degree of confidence the maximum the fund could expect to lose in any given time frame. Assuming a normal (Gaussian) distribution, this is a function of the volatility of the fund's returns. The higher the volatility, the higher the VaR, the greater the risk. CVaR calculates the expected tail loss, under the assumption that the VaR has been reached.
- **Volatility, Tracking Error (TE):** Volatility measures the size of variation in returns that a fund is likely to expect. The higher the volatility the higher the risk. TE measures the expected magnitude of divergence of returns between the fund and benchmark over a given time.
- **Risk Decomposition:** Volatility, tracking error and VaR may be broken down to show contribution from market related factors ("Systematic" Risk) and instrument specific (Idiosyncratic Risk). This is not a different measure as such, but is intended to highlight the sources of volatility and VaR.
- **Concentration Risk:** By grouping the portfolio into various different exposures (e.g. country, sector, issuer, asset, etc.), we are able to see where, if any, concentration risk exists.
- **Stress Tests and Scenario Analysis:** This captures how much the current portfolio will make or lose if certain market conditions occur.
- **Back Testing:** This process helps to assess the adequacy of the VaR model and is carried out in line with UCITS regulatory requirements (FCA COLL 6.12). Excessive levels of overshoots and the reasons behind them are reported to the Board.

To generate these risk analytics the risk team relies on third party calculation engines, such as APT, Bloomberg PORT+, RiskMetrics and Axioma. Once the data has been processed, it is analysed by the risk team, generally reviewing absolute and relative risks, change on month and internal peer analysis. Any issues or concerns that are raised through the analysis prompt further investigation and escalation if required. Breaches of hard limits are also escalated immediately. All client mandated and regulatory risk limits are monitored on a daily basis.

Stress tests are intended to highlight those areas in which a portfolio would be exposed to risk if the current economic conditions were likely to change. An economic event may be a simple change in the direction of interest rates or return expectations, or may take the form of a more extreme market event such as one caused through military conflict. The stress test itself is intended to highlight any weakness in the current portfolio construction that might deliver unnecessary systematic exposure if the market were to move abruptly.

Stress testing is performed on a regular basis using relevant historical and hypothetical scenarios.

ii) **Liquidity risk** is defined as the risk that a portfolio may need to raise cash or reduce derivative positions on a timely basis either in reaction to market events or to meet client redemption requests and may be obliged to sell long term assets at a price lower than their market value. Liquidity is also an important consideration in the management of portfolios: Portfolio Managers need to pay attention to market liquidity when sizing, entering and exiting trading positions.

Measuring liquidity risk is subject to three main dimensions:

- Asset Liquidity Risk – how quickly can assets be sold.
- Liability Risk - managing redemptions as well as all other obligations arising from the liabilities side of the balance sheet.
- Contingency Arrangements or Liquidity Buffers – utilising credit facilities etc.

Liquidity Risk Management Framework

abrdn has a liquidity risk management framework in place applicable to the funds and set out in accordance with its overall Risk Management Process, relative to the size, scope and complexity of the funds. Liquidity assessment and liquidity stress testing is typically performed monthly, monitoring both the asset and liability sides. Asset side stressed scenarios are considered based on the nature of different asset classes and their liquidity risks to demonstrate the effects of a market stress on the ability to sell-down a fund. Liability side analysis includes stress scenarios on the investor profile as well as liabilities on the balance sheet. Any particular concerns noted or liquidity risk limit breaches are escalated to the relevant Committees and Boards, if material.

Notes to the Financial Statements

For the year ended 29 February 2024 continued

iii) Counterparty credit risk is the risk of loss resulting from the fact that the counterparty to a transaction may default on its obligations prior to the final settlement of the transaction's cash flow. Credit risk falls into both market risk and specific risk categories. Credit risk is the risk that an underlying issuer may be unable (or unwilling) to make a payment or to fulfil their contractual obligations. This may materialise as an actual default or, or to a lesser extent, by a weakening in a counterparty's credit quality. The actual default will result in an immediate loss whereas, the lower credit quality will more likely lead to mark-to-market adjustment.

Transactions involving derivatives are only entered into with counterparties having an appropriate internal credit rating that has been validated by the credit research team and approved by the relevant credit committee. Appropriate counterparty exposure limits will be set and agreed by these committees and the existing credit exposures will be assessed against these limits.

iv) Operational Risk

Operational risk can be defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk also includes the breakdown of processes to comply with laws, regulations or directives.

Operational Risk Management

An Operational Risk Management Framework is in place to identify, manage and monitor appropriate operational risks, including professional liability risks, to which the Management Company and the funds are or could be reasonably exposed. The operational risk management activities are performed independently as part of one of the functions of the Risk Division.

abrdn plc (the "Group") Risk Management Framework is based upon the Basel II definition of operational risk which is "the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events".

The Group's management of operational risk is therefore aimed at identifying risks in existing processes and improving existing controls to reduce their likelihood of failure and the impact of losses. The Group has developed a framework that embodies continuous improvement to internal controls and ensures that the management of risk is embedded in the culture of the Group.

The identification, management, monitoring and resolution of events, risks and controls are facilitated via the Group's risk management system, Shield. The system is designed to facilitate the convergence of governance, risk and compliance programmes and automate a comprehensive review and assessment of operational risks.

3 Net Capital Gains/(Losses)

	2024 £'000	2023 £'000
Non-derivative securities	20,407	(3,736)
Other gains	10	67
Transaction charges	(4)	(6)
Net capital gains/(losses)	**20,413**	**(3,675)**

Notes to the Financial Statements

For the year ended 29 February 2024 continued

4 Revenue

	2024 £'000	2023 £'000
Bank and margin interest	303	199
Overseas dividends	2,567	2,437
Overseas REIT	202	122
UK dividends	2,235	2,195
Total revenue	**5,307**	**4,953**

5 Expenses

	2024 £'000	2023 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's periodic charge	262	152
General administration charge	22	21
	284	173
Payable to the Trustee or associates of the Trustee, and agents of either of them:		
Safe custody fees	11	11
	11	11
Other:		
Professional fees	–	4
	–	4
Total expenses	**295**	**188**

Irrecoverable VAT is included in the above expenses, where relevant.
The audit fee for the year, including VAT, was £12,960 (2023: £11,940).

6 Taxation

	2024 £'000	2023 £'000
(a) Analysis of charge in year		
Overseas taxes	298	243
Total taxation (note 6b)	**298**	**243**

(b) Factors affecting total tax charge for the year

The tax assessed for the year is less than (2023: less than) the standard rate of corporation tax in the UK for authorised unit trusts (20%). The differences are explained below:

	2024 £'000	2023 £'000
Net revenue before taxation	**5,011**	**4,763**
Corporation tax at 20% (2023: 20%)	1,002	953
Effects of:		
Revenue not subject to taxation	(960)	(924)
Overseas taxes	298	243
Overseas tax expensed	(6)	(4)
Excess allowable expenses	(36)	(25)
Total tax charge for year (note 6a)	**298**	**243**

Authorised unit trusts are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

(c) Factors that may affect future tax charge

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £2,280,000 (2023: £2,316,000) due to surplus expenses. It is unlikely that the fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the current or prior year.

7 Distributions

	2024 £'000	2023 £'000
Interim distribution	3,034	2,755
Final distribution	1,582	1,887
	4,616	4,642
Add: Income deducted on cancellation of units	208	191
Deduct: Income received on issue of units	(111)	(313)
Total distributions for the year	**4,713**	**4,520**

Details of the distribution per unit are set out in this fund's distribution tables.

Notes to the Financial Statements

For the year ended 29 February 2024 continued

8 Debtors

	2024 £'000	2023 £'000
Accrued revenue	392	400
Amounts receivable from the Manager for the issue of units	80	6,528
Overseas withholding tax recoverable	169	133
Sales awaiting settlement	–	607
Total debtors	**641**	**7,668**

9 Liquidity

	2024 £'000	2023 £'000
Cash and bank balances		
Cash at bank	497	557
Deposits with original maturity of less than 3 months	3,239	9,720
Net liquidity	**3,736**	**10,277**

10 Creditors

	2024 £'000	2023 £'000
Accrued expenses payable to the Manager	34	13
Accrued expenses payable to the Trustee or associates of the Trustee	2	4
Amounts payable to the Manager for cancellation of units	58	124
Other accrued expenses	–	5
Total creditors	**94**	**146**

11 Related Party Transactions

abrdn Fund Managers Limited, as Authorised Fund Manager, is a related party and acts as principal in respect of all transactions of units in the fund.

The aggregate monies received through issue and paid on cancellation of units are disclosed in the statement of change in net assets attributable to unitholders.

Any amounts due from or due to abrdn Fund Managers Limited at the end of the accounting year are disclosed in notes 8 and 10.

Amounts payable to abrdn Fund Managers Limited, in respect of expenses are disclosed in note 5 and any amounts due at the year end in note 10.

Notes to the Financial Statements

For the year ended 29 February 2024 continued

12 Portfolio Transaction Costs

	Purchases		Sales	
Trades in the year	**2024 £'000**	**2023 £'000**	**2024 £'000**	**2023 £'000**
Equities	27,405	33,859	29,360	41,870
Trades in the year before transaction costs	**27,405**	**33,859**	**29,360**	**41,870**
Commissions				
Equities	11	14	(14)	(20)
Total commissions	**11**	**14**	**(14)**	**(20)**
Taxes				
Equities	13	46	-	(2)
Total taxes	**13**	**46**	**-**	**(2)**
Total transaction costs	**24**	**60**	**(14)**	**(22)**
Total net trades in the year after transaction costs	**27,429**	**33,919**	**29,346**	**41,848**

	Purchases		Sales	
	2024 %	**2023 %**	**2024 %**	**2023 %**
Total transaction costs expressed as a percentage of asset type cost				
Commissions				
Equities	0.04	0.04	0.05	0.05
Taxes				
Equities	0.05	0.14	-	0.01

	2024 %	2023 %
Total transaction costs expressed as a percentage of net asset value		
Commissions	0.01	0.02
Taxes	0.01	0.02

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.09% (2023: 0.09%), this is representative of the average spread on the assets held during the year.

Notes to the Financial Statements

For the year ended 29 February 2024 continued

13 Units in Issue Reconciliation

	Opening units 2023	Creations during the year	Cancellations during the year	Conversions during the year	Closing units 2024
Income	1,334,922	29,472	(1,204,208)	2,415,517	2,575,703
Accumulation	578,644	288,748	(831,461)	1,604,399	1,640,330
Z (Net Income)	51,060,913	5,435,574	(3,131,601)	(12,962,789)	40,402,097
Z (Accumulation)	155,313,153	9,600,228	(20,943,732)	(8,186,377)	135,783,272

14 Fair Value Hierarchy

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

Fair value of investment assets	2024 £'000 Level 1	2024 £'000 Level 2	2024 £'000 Level 3	2023 £'000 Level 1	2023 £'000 Level 2	2023 £'000 Level 3
Equities	223,103	–	–	204,623	–	–
Total investment assets	**223,103**	**–**	**–**	**204,623**	**–**	**–**

15 Risk Management Policies and Disclosures

The risks inherent in the fund's investment portfolio are as follows:

Foreign currency risk

Fluctuations in the foreign exchange rates can adversely affect the value of a portfolio. The following table details the net exposure to the principal foreign currencies that the fund is exposed to including any instruments used to hedge against foreign currencies, if applicable.

Currency	Net foreign currency exposure 2024 £'000	Net foreign currency exposure 2023 £'000
Danish Krone	2,483	3,550
Euro	35,252	28,340
Hong Kong Dollar	3,069	3,632
Japanese Yen	–	1,799
Singapore Dollar	4,076	4,361
Swiss Franc	8,510	8,585

Currency	Net foreign currency exposure 2024 £'000	Net foreign currency exposure 2023 £'000
Taiwan Dollar	2,072	3,105
US Dollar	111,599	84,675
Total	**167,061**	**138,047**

At 29 February 2024, if the value of Sterling increased or decreased by 5% against all other currencies, with all other variables remaining constant, then the change in net assets attributable to unitholders from investment activities will increase or decrease by approximately £8,353,000 (2023: £6,902,000).

Interest rate risk

The majority of the fund's financial assets are in non-interest bearing assets. Therefore, the fund's exposure to interest rate risk is considered insignificant. This is consistent with the exposure during the prior year.

Other price risk

The fund's investment portfolio is exposed to market price fluctuations which are monitored by the Investment Adviser in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the fund.

As at 29 February 2024, if the prices of investments held by the fund increased or decreased by 5%, with all other variables remaining constant, then net assets attributable to the unitholders would increase or decrease by approximately £11,155,000 (2023: £10,231,000).

Financial derivatives instrument risk

The fund had no exposure to derivatives as at 29 February 2024 (2023: £Nil).

Liquidity risk

All of the fund's financial liabilities are payable on demand or in less than one year, 2024 £402,000 (2023: £549,000).

Distribution Tables

For the year ended 29 February 2024 (in pence per unit)

Interim dividend distribution

Group 1 - units purchased prior to 1 March 2023
Group 2 - units purchased between 1 March 2023 and 31 August 2023

	Revenue	Equalisation	Distribution paid 27/10/23	Distribution paid 27/10/22
Income				
Group 1	4.6194	-	4.6194	2.9770
Group 2	2.3369	2.2825	4.6194	2.9770
Accumulation				
Group 1	9.1442	-	9.1442	4.3913
Group 2	3.0714	6.0728	9.1442	4.3913
M (Net Accumulation)				
Group 1	-	-	-	13.0468
Group 2	-	-	-	13.0468
Z (Net Income)				
Group 1	1.2298	-	1.2298	1.1268
Group 2	0.4575	0.7723	1.2298	1.1268
Z (Accumulation)				
Group 1	1.5590	-	1.5590	1.3864
Group 2	0.8114	0.7476	1.5590	1.3864

Distribution Tables

For the year ended 29 February 2024 (in pence per unit) continued

Final dividend distribution

Group 1 - units purchased prior to 1 September 2023
Group 2 - units purchased between 1 September 2023 and 29 February 2024

	Revenue	Equalisation	Distribution paid 26/04/24	Distribution paid 26/04/23
Income				
Group 1	0.6942	-	0.6942	1.5151
Group 2	0.3066	0.3876	0.6942	1.5151
Accumulation				
Group 1	1.2631	-	1.2631	4.0061
Group 2	0.0474	1.2157	1.2631	4.0061
Z (Net Income)				
Group 1	0.7176	-	0.7176	0.7487
Group 2	0.2220	0.4956	0.7176	0.7487
Z (Accumulation)				
Group 1	0.9229	-	0.9229	0.9410
Group 2	0.3388	0.5841	0.9229	0.9410

Equalisation

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

Remuneration (unaudited)

Undertakings for Collective Investment Transferrable Securities V Directive (UCITS V)
Remuneration Disclosure UCITS V Annual Report and Accounts

Remuneration Policy

The abrdn plc Remuneration Policy applies with effect from 1 January 2023. The purpose of the abrdn plc Remuneration Policy (the "**Policy**") is to document clearly the remuneration policies, practices and procedures of abrdn as approved by the abrdn plc Remuneration Committee (the "**Committee**"). The Policy is available on request.

The Policy applies to employees of the abrdn group of companies ("**Group**" or "**abrdn**"), including UCITS V Management Companies ("**ManCos**") and the UCITS V funds that the ManCo manages.

Remuneration Principles

abrdn applies Group wide principles for remuneration policies, procedures and practices ensuring that:

- Remuneration within the Group is simple, transparent and fair.
- Our Policy supports our long-term strategy by reinforcing a performance-driven culture. It aligns the interests of our employees, shareholders and, importantly, our clients/customers.
- Our remuneration structure is flexible to accommodate the different challenges and priorities across all businesses and functions as appropriate.
- Remuneration policies, procedures and practices promote good conduct, including sound and effective risk management and do not encourage risk taking that exceeds the level of tolerated risk appetite.
- Remuneration extends beyond the provision of fixed and variable pay, with a focus on the retirement provision and the wellbeing needs of our employees, as part of our remuneration philosophy.
- Total remuneration delivered is affordable for the Group.

Remuneration Framework

Employee remuneration is composed of fixed and variable elements of reward as follows:

a) Fixed remuneration (salary and cash allowances, where appropriate; and Benefits (including pension).
b) Variable remuneration (bonus, a proportion of which may be subject to retention or deferral depending on role and regulatory requirements; senior employees may also be awarded a long-term incentive award).

Appropriate ratios of fixed: variable remuneration will be set to as to ensure that:

a) Fixed and variable components of total remuneration are appropriately balanced and
b) The fixed component is a sufficiently high proportion of total remuneration to allow abrdn to operate a fully flexible policy on variable remuneration components, including having the ability to award no variable remuneration component in certain circumstances where either individual and/or Group performance does not support such an award.

Remuneration (unaudited)

Continued

Base salary	Base salary provides a core reward for undertaking the role and depending on the role, geographical or business market variances or other indicators, additional fixed cash allowances may make up a portion of fixed remuneration. Periodic reviews take into account the employee's role, scope of responsibilities, skills and experience, salary benchmarks (where available) and, where relevant, any local legislative or regulatory requirements.
Benefits (including retirement benefit where appropriate)	Benefits are made up of core benefits which are provided to all employees; and extra voluntary benefits that may be chosen by certain employees which may require contribution through salary sacrifice or other arrangements. Retirement benefits are managed in line with the relevant legislative requirements and governance structures. In certain, very limited circumstances, a cash allowance may be offered in lieu of a retirement arrangement.
Annual Performance Bonus Awards	Employees who have been employed during a performance year (1 January to 31 December) may be eligible to be considered for an annual bonus in respect of that year. Annual bonuses are based upon Group, Business / Function, Team and Individual performance (with individual performance assessed against agreed goals and behaviours). The variable remuneration pool for all eligible employees, including Identified Staff or Material Risk Takers ("**MRTs**"), is determined initially by reference to profitability and other quantitative and qualitative financial and non-financial factors including risk considerations (on an ex-post and ex-ante basis). In reaching its final funding decision, the Committee exercises its judgement to ensure that the outcome reflects holistic Company performance considerations. abrdn Fund Managers Limited has specific obligations to act in the best interests of the UCITS V funds it manages and its investors. Accordingly, the performance of the underlying funds and the interests of investors (including, where relevant, investment risk) are also taken into account as appropriate. The Risk and Capital Committee and the Audit Committee formally advise the Committee as part of this process. The overall bonus pool is allocated to businesses and functions based on absolute and relative performance of each business and function and their alignment with strategic priorities and risk considerations. Allocation by region and subdivision/team is determined on a discretionary basis by the business / function and regional heads based on the absolute and relative performance of the constituent teams and alignment with strategic priorities. Individual annual bonus awards are determined at the end of the 12-month performance period with performance assessed against financial and non-financial individual objectives, including behaviour and conduct. Individual awards for Identified Staff are reviewed and approved by the Committee (with some individual award approvals delegated, as appropriate, to the Group's Compensation Committee, over which the Committee retains oversight). In carrying out these approvals, the Committee seeks to ensure that outcomes are fair in the context of overall Group performance measures and adjusted, where appropriate, to reflect input from the Risk and Capital Committee and the Audit Committee. Variable remuneration awards are subject to deferral for a period of up to three years. A retention period may also be applied as required by the relevant regulatory requirements. Deferral rates and periods comply, at a minimum, with regulatory requirements. In addition to the application of ex-ante adjustments described above, variable remuneration is subject to ex-post adjustment (malus / clawback arrangements).
Other elements of remuneration – selected employees	The following remuneration arrangements may be awarded in certain very limited circumstances: **Carried Interest Plans** – These arrangements are designed to reward performance in roles where a carried interest plan is appropriate. Selected employees are granted carried interest shares in private market funds established by the Group. **Buy-Out Awards/Guaranteed Bonuses** – These are intended to facilitate/support the recruitment of new employees. Buy-outs are not awarded, paid or provided unless they are in the context of hiring new employees. Guaranteed bonuses are not awarded, paid or provided unless they are exceptional and in the context of hiring new employees and limited to the first year of service. These awards are only made where such a payment or award is permitted under any relevant remuneration regulations and are designed to compensate for actual or expected remuneration foregone from previous employers by virtue of their recruitment. **Retention and Special Performance Awards / LTIP** - Supports retention and/or the delivery of specific performance outcomes and/or to incentivise senior employees to support the long-term, sustained performance of abrdn. The Company may determine that it is appropriate to grant such awards in limited circumstances. Awards are structured to deliver specific retention and/or performance outcomes. Retention and/or special performance awards comply with all relevant regulatory requirements. **Severance Pay** - Payment made to support an employee whose role is considered to be redundant. Severance payments comply with any legislative and regulatory requirements and any payments are inclusive of any statutory entitlement. In the event of severance, the treatment of any individual elements of an employee's remuneration is governed, as appropriate, by relevant plan or scheme rules.

Remuneration (unaudited)

Continued

Control Functions

The Group ensures that, as appropriate, senior employees engaged in a control function are independent from the business units they oversee and have appropriate authority to undertake their roles and duties. These include, but are not necessarily limited to, Risk, Compliance and Internal Audit function roles. Senior employees engaged in a control function are remunerated in a way that ensures they are independent from the business areas they oversee, have appropriate authority and have their remuneration directly overseen by the Committee.

Conflicts of interest

The Policy is designed to avoid conflicts of interest between the Group and its clients and is designed to adhere to local legislation, regulations or other provisions. In circumstances or jurisdictions where there is any conflict between the Policy and local legislation, regulations or other provisions, then the latter prevail. Where the Committee receives input from members of management on the remuneration arrangements in operation across the Group, this never relates to their own remuneration.

Personal Investment Strategies

The Company adheres to the regulatory principles and industry best practice on the use of personal hedging strategies which act in restricting the risk alignment embedded in employee remuneration arrangements.

UCITS V Identified Staff / MRTs

The 'Identified Staff' or MRTs of abrdn Fund Managers Limited are those employees who could have a material impact on the risk profile of abrdn Fund Managers Limited or the UCITS V funds it manages. This broadly includes senior management, decision makers and control functions. For the purposes of this disclosure, 'Identified Staff' includes employees of entities to which activities have been delegated.

Quantitative remuneration disclosure

The table below provides an overview of the following:

- Aggregate total remuneration paid by abrdn Fund Managers Limited to its entire staff; and
- Aggregate total remuneration paid by abrdn Fund Managers Limited to its UCITS V 'Identified Staff'.

Amounts shown reflect payments made during the financial reporting period in question. The reporting period runs from **1 January 2023 to 31 December 2023** inclusive.

	Headcount	Total Remuneration £'000
abrdn Fund Managers Limited[1]	**1,087**	**147,082**
of which		
Fixed remuneration		119,255
Variable remuneration		27,827
abrdn Fund Managers Limited 'Identified Staff'[2]	**96**	**35,228**
of which		
Senior Management[3]	41	20,859
Other 'Identified Staff'	55	14,369

[1] As there are a number of individuals indirectly and directly employed by abrdn Fund Managers Limited this figure represents an apportioned amount of abrdn's total remuneration fixed and variable pay, apportioned to the ManCo on an AUM basis. The Headcount figure provided reflects the number of beneficiaries calculated on a Full Time Equivalent basis.
[2] The Identified Staff disclosure relates to UCITS V MRTs and represents total compensation of those staff of the ManCo who are fully or partly involved in the activities of the ManCo.
[3] Senior management are defined in this table as ManCo Directors and members of the abrdn plc Board, together with its Executive Committee, Investment Management Committee and Group Product Committee.

Further Information

Documentation

Copies of the current Prospectus and Key Investor Information Documents (KIIDs) for the fund, daily prices, together with the latest Annual (and if issued later the interim) Report and Accounts for the fund, are available to download at **https://www.abrdn.com/en-gb/intermediary/funds/abrdn-capital?tab=2**. A paper copy of the Report and Accounts is available on request from the Manager.

Notices/Correspondence

Please send any notices to abrdn Fund Managers Limited, PO Box 12233, Chelmsford, CM99 2EE. Any notice to the Manager will only be effective when actually received by the Manager. 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 Manager, 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 fund you can contact the Trustee 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 to 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 fund was certified under the Undertaking for Collective Investment in Transferable Securities (UCITS) directive, which allows the Manager to market the fund 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. LGT Wealth Management Limited does not warrant the accuracy, adequacy or completeness of the information and materials contained in this document and expressly disclaims liability for errors or omissions in such 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 LGT Wealth Management Limited 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. LGT Wealth Management Limited reserves the right to make changes and corrections to any information in this document at any time, without notice.

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