

Fund guide abrdn SICAV I – Emerging Markets Corporate Bond Fund

October 2024

Key features

29

years' investing in emerging market
(EM) debt.

50+

EM fixed income professionals.

Article 8

under EU SFDR (Sustainable Finance
Disclosures Regulation).

Why should you consider EM corporate bonds?

- **Exposure to EM growth story** – EMs are one of the dominant engines of global economic, thanks to favourable demographics, significant urbanisation and rising incomes. Importantly, the growth of EMs is increasingly driven by private companies.
- **Attractive income potential** – EM corporate bonds have the potential to provide attractive yields and good income compared to most other assets. For example, the market's current yield of 5.9% (as of 30 September 2024) compares to 3.8% for US Treasuries and 4.7% for US investment grade.¹
- **Modest and manageable debt levels** – supporting their credit standing, we find that EM corporate bonds have generally modest and therefore manageable debt levels.

- **Lower risk compared to equities** – that's because corporate bonds are higher in the capital structure – meaning bondholders have priority over shareholders in some circumstances.
- **Diversification benefits** – the EM corporate debt universe comprises a diverse and growing number of companies. The JP Morgan CEMBI Broad Diversified Index contains over 730 companies from 61 countries.²
- **Relatively resilient** – in past crisis periods, EM corporate bonds have been relatively resilient compared to other EM bond segments.³ Past performance is not a guide to future results.

"EM companies generally have modest debt levels while investors are being rewarded with yields in excess of 5.9%, significantly higher than their 20-year average."¹

Siddharth Dahiya

Head of Emerging Market Corporate Debt

¹ Emerging Markets Bond Index Monitor, JP Morgan October 2024.

² Index = JPM CEMBI Broad Diversified Index; Emerging Markets Bond Index Monitor, JP Morgan, October 2024.

³ Source: Bloomberg, JP Morgan, October 2024.

abrdn SICAV I – Emerging Markets Corporate Bond Fund

Why invest in this abrdn strategy?

- We have a **long history of investing in emerging markets** – 35 years in EM equity, 29 years in EM debt and 23 years in EM corporate bonds.
- We have **extensive resources**, with over 100 EM investment professionals, including 50+ EM fixed income professionals.
- We **collaborate closely with our EM equity** colleagues, enabling us to get a deeper and more rounded perspective of EM companies.
- We believe we have the research capacity to look across the market, including for **opportunities in less widely followed smaller EM companies**.
- We seek to invest in **higher-quality EM companies**, including within the high yield segment – in our view, this can potentially help reduce risk.
- We have a strong **focus on risk management** – we play close attention to a wide range of risk factors in order to limit downside wherever possible.
- Importantly, the Fund is classified **Article 8 under SFDR**.

How do we build your portfolio?

We have a robust and repeatable process for deciding which EM corporate bonds to buy. For each company we look at a wide range of factors (including industry conditions, valuations and ESG factors), which collectively determine four key research outputs. In turn, these outputs (which includes an ESG risk rating), determine the recommended positioning.

Wide-ranging research and evaluation

How much to invest in individual company bonds (i.e. weightings) depends on both the strength of conviction and on how this is likely to affect portfolio risk and return characteristics.

ESG integration – helping us all be better investors

We believe that ESG factors are financially 'material' and can affect a company's performance – either positively or negatively. Understanding ESG risks and opportunities, alongside other financial metrics, is therefore an essential part of our research process.

For every company that we cover, we determine our own ESG risk rating score. Financial 'materiality' is at the heart of determining this score, with a key aspect being direct engagement with companies. Our EM corporate specialists engage in over 600 corporate management meetings per year across approximately 50 countries.

Negative screens

As part of our investment process, we exclude companies with poor ESG business practices. This is achieved through a set of exclusions, which identify controversial business activities and ESG laggards i.e. companies rated poorly based on their management of ESG risks within their business. In addition, we use negative criteria to restrict investing in certain industries and activities which might concern our clients. Areas include weapons, tobacco and thermal coal. As a result of this process, we will typically exclude 5–10% of the benchmark holdings.

Carbon footprint

The Fund targets a Carbon Intensity that is lower than the benchmark, as measured by the abrdn Carbon Footprint Tool (which uses Trucost data for Scope 1&2 emissions). This tool enables analysis of company, sector and the overall portfolio's carbon footprint.

abrdn SICAV I – Emerging Markets Corporate Bond Fund

Investment Objective

The Fund aims to achieve a combination of income and growth by investing in bonds (which are like loans that can pay a fixed or variable interest rate) issued by companies, governments or other bodies in Emerging Market countries.

The Fund aims to outperform the JP Morgan CEMBI Broad Diversified Index (USD) benchmark, before charges.

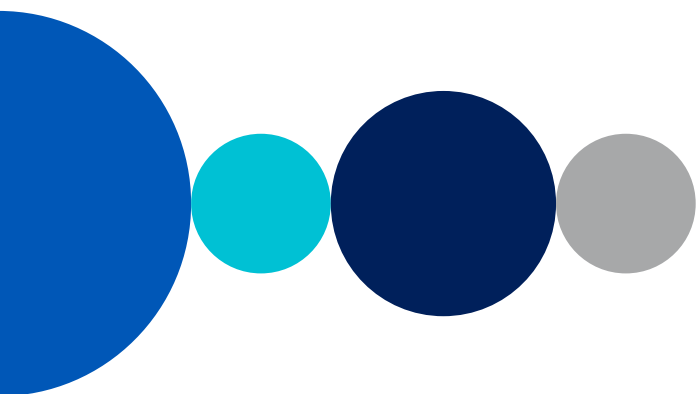
Fund manager(s)	Global Emerging Markets Debt Team
Launch date	30 December 2010
Fund size	USD 948.7m
Base currency	USD
Number of holdings	268

Source: abrdn, August 2024.

Risk factors you should consider before investing:

- The Fund invests in securities that are exposed to the risk of that the issuer may default on interest or capital payments.
- The Fund price can go up or down day by day for a number of reasons, including changes in interest rates, inflation expectations or the perceived credit quality in some countries or securities.
- The Fund invests in shares and / or bonds from emerging markets. Investing in emerging markets involves a larger risk of loss than investment in more developed markets due to including major political, tax, economic, currency, liquidity and regulatory risks.
- The fund invests in high yielding bonds which carry a greater risk of default than those with lower yields.
- Convertible securities are investments that can be changed to another form by certain triggers. They can thus lead to credit, equity and interest rate risk. Contingent convertible securities (CoCo securities) reminiscent of convertible securities, but has additional triggers which means that they are more prone to losses and unstable price movements and thus becomes less liquid.
- The use of derivatives entails a risk of reduced liquidity, significant losses and increased volatility under adverse market conditions, for example defaults among market participants. The use of derivatives may lead to the fund is leveraged (when market exposure and thus the potential for losses for the fund exceed the amount it has invested), and below these market conditions, the effect of gearing will be that losses increase.

To help you understand this fund and for a full explanation of risks and the overall risk profile of this fund and the share classes within it, please refer to the Key Investor Information Documents available in the local language, and Prospectus available in English, which are available on our website abrdn.com. The Prospectus also contains a glossary of key terms used in this document. A summary of investor rights can be found in English on our website abrdn.com/corporate/legal.





Important Information

The value of investments and the income from them can go down as well as up and investors may get back less than the amount invested. Past performance is not a guide to future results.

The Fund is a sub-fund of a abrdn SICAV I, a Luxembourg-domiciled UCITS fund, incorporated as a Société Anonyme and organized as a Société d'Investissement à Capital Variable (a "SICAV"). A summary of investor rights can be found in English on our website abrdn.com/corporate/legal. Any decision to invest should take into account all objectives of the fund. To help you understand this Fund and for a full explanation of risks and the overall risk profile of this fund and the shareclasses within it, please refer to the Key Investor Information Documents available in the local language, and Prospectus available in English, which are available on our website abrdn.com. The Prospectus also contains a glossary of key terms used in this document. This Fund concerns the acquisition of units or shares in a fund, and not in a given underlying asset such as a building or shares of a company.

Details of our Sustainable and Responsible Investment Approach are published at abrdn.com under **Sustainable Investing**.

In Spain, abrdn SICAV I has been registered with the Comisión Nacional del Mercado de Valores under the number 107.

In Switzerland these documents along with the fund's articles of association can be obtained from the fund's Representative and Paying Agent, BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, CH 8002 Zürich, Switzerland (Tel. 058 212 63 77). These documents and the articles of incorporation are available in English/ Italian/German/ French free of charge on abrdn.com. **In Italy** these documents can be obtained from one of the Paying Agents listed in the prospectus of the fund. **In Germany** these documents can be obtained from the Paying Agent Marcard, Stein & Co. AG, Ballindamm 36, D-20095 Hamburg. **In Austria** from the Fund's Representative and Paying Agent Raiffeisen Bank International Aktiengesellschaft, Am Stadtpark 9, A-1030 Wien.

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

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

In the United Kingdom: Deemed authorised and regulated by the Financial Conduct Authority. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority's website. Under Luxembourg law, there is no compensation scheme available to UK investors in funds managed by such firms, which includes this Fund.

The Fund has been authorised for public sale in certain jurisdictions and private placement exemptions may be available in others. It is not intended for distribution or use by any person or entity that is a citizen or resident of or located in any jurisdiction where such distribution, publication or use would be prohibited.

This information is intended to be of general interest only and should not be considered as an offer, investment recommendation or solicitation to deal in the shares of any securities or financial instruments. Subscriptions for shares in the fund may only be made on the basis of the latest prospectus, relevant Key Investor Information Document (KIID) and, in the case of UK investors, the Supplementary Information (SID) for the fund which provides additional information as well as the risks of investing. These may be obtained free of charge from the Fund Management company abrdn Investments Luxembourg S.A. 35a, Avenue J.F. Kennedy, L-1855 Luxembourg or the local paying agents detailed below. All documents are also available on **abrdn.com**. The Fund Management company may terminate arrangements for marketing the fund under the Cross-border Distribution Directive denotification process.

United Kingdom (UK): Issued by abrdn Investments Luxembourg S.A. 35a, Avenue J.F. Kennedy, L-1855 Luxembourg. No. 120637. Authorised in Luxembourg and regulated by CSSF.

Austria, Belgium, Denmark, Finland, Germany, Hungary, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain and Sweden: Issued by abrdn Investments Luxembourg S.A. 35a, Avenue J.F. Kennedy, L-1855 Luxembourg. No. B120637. Authorised in Luxembourg and regulated by CSSF.

Switzerland: Issued by abrdn Investments (Switzerland) AG. Registered in Switzerland (CHE-114.943.983) at Schweizergasse 14, 8001 Zürich.

For more information visit abrdn.com

abrdn.com

STA1024615290-001