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Fund Guide

Aberdeen Standard SICAV I – Frontier Markets Bond Fund

September 2021

Key features

100+

Dedicated portfolio of 100+ frontier market bonds.

Benchmark free

No official benchmark gives us significant scope to look for best opportunities.

ESG

Deeply integrated into our investment process.

Why should you consider frontier market bonds?

- **Under-researched asset class** – in our experience, smaller/frontier markets tend to be less widely followed/researched by professional investors. This can help the chances of uncovering attractive investments.
- **Attractive income potential** – in the continuing low yield world, frontier market bonds have the potential to provide attractive yields and good income compared to most other assets. For example, the market's current yield of 6.9% compares to 1.4% for US Treasuries, 4.9% for emerging market (EM) government bonds and 1.3% for EM equities.¹
- **Strong economic growth** – frontier market economies have been growing fast, but potential growth rates are often even higher; faster economic growth tends to support tax revenues and company earnings, making repaying debt easier.
- **Diversification benefits** – frontier market bonds have many different characteristics to other EM bonds, which can help improve diversification.

Why invest in this abrdn strategy?

- We have a **long history of investing in emerging markets** – 32 years in EM equity, 27 years in EM debt and 20 years in EM corporate bonds.
- We also have a long track record of investing in frontier market bond segment. Indeed, we are among just a handful of managers to offer **dedicated frontier market bond funds**.
- We have **ample resources**, with over 100 EM investment professionals, including 50 EM fixed income professionals.²

"Frontier markets are still a relatively new and uncrowded part of the emerging market debt space, but we have an established presence and track record in this area."

Kevin Daly

Investment Director
Emerging Market Debt, abrdn

Aberdeen Standard SICAV I – Frontier Markets Bond Fund

- We believe we have the **research capacity to look wider and deeper** in the traditionally less widely followed frontier bond market.
- We have a strong **focus on risk management** – we play very close attention to a wide range of risk factors in order to limit downside wherever possible.
- ESG is central to everything we do, helping you **be a better investor**.
- **Peer recognition** – strategy has a four-star rating from Morningstar.³

How do we build your portfolio?

We have a robust and repeatable process for deciding which frontier market bonds to buy. For each frontier country bond, we look at a wide range of aspects. These include economic trends, debt ratios, politics, credit ratings and ESG factors. In turn, these elements (which includes an ESG score), help us determine expected prices, including for 'best case' and 'worst case' scenarios, as well as a 'central' scenario.

For each frontier company bond, we look at a wide range of aspects, including industry conditions, earnings, cash-flows, valuations and ESG factors, which collectively determine a number of key research outputs. In turn, these outputs (which includes an ESG score), determine the recommended positioning.

When it comes to how much to invest in individual frontier market bonds (i.e. weightings), this essentially depends on both the strength of conviction and on how this is likely to affect overall portfolio risk and return characteristics.

ESG integration – helping us all be better investors

We believe that ESG factors are financially 'material' and can affect country and company 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 country and 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 country and company representatives.

Portfolio in numbers

01	50 EM fixed income professionals
02	Over \$500 million in assets managed
03	Over 300 calls with key policymakers during Covid-19 period 4
04	In-person research visits to 18 Frontier market countries in 2019

Key info

Objective	The Fund aims to provide income 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 Frontier Market countries.
Fund manager(s)	Global Emerging Market Debt Team
Fund launch date	25 September 2013
Performance target/ Performance comparator	JP Morgan Next Generation Markets

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A Inc share class. Source: Morningstar Basis: total return, NAV to NAV, net of annual charges, gross income reinvested, USD.

⁴ Reference period: 1 March to 31 December 2020.



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.

- Credit risk – The fund invests in securities which are subject to the risk that the issuer may default on interest or capital payments.
- Interest rate risk – The fund price can go up or down daily for a variety of reasons including changes in interest rates, inflation expectations or the perceived credit quality of individual countries or securities.
- Emerging Markets risk – The fund invests in emerging market equities and / or bonds. Investing in emerging markets involves a greater risk of loss than investing in more developed markets due to, among other factors, greater political, tax, economic, foreign exchange, liquidity and regulatory risks.
- High Yield Credit risk – The fund invests in high yielding bonds which carry a greater risk of default than those with lower yields.
- Asset Backed / Mortgage Backed Securities – The fund invests in mortgage and asset-backed securities (which may include collateralised loan, debt or mortgage obligations (respectively CLOs, CDOs or CMOs)). These are subject to prepayment and extension risk and additional liquidity and default risk compared to other credit securities.
- Derivatives risk – The use of derivatives carries the risk of reduced liquidity, substantial loss and increased volatility in adverse market conditions, such as a failure amongst market participants. The use of derivatives may result in the fund being leveraged (where market exposure and thus the potential for loss by the fund exceeds the amount it has invested) and in these market conditions the effect of leverage will be to magnify losses.
- 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. A summary of investor rights can be found in English on our website's Legal Notice at abrdn.com.

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The fund is a sub-fund of Aberdeen Standard SICAV I a Luxembourg-domiciled UCITS fund, incorporated as a Société Anonyme and organized as a Société d'Investissement à Capital Variable (a "SICAV").

In Spain, Aberdeen Standard 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).

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STA0921285590-001