

MyFolio

Strategic Asset Allocation Changes

August 2023

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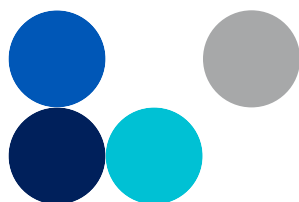
At abrdn, we formally review the Strategic Asset Allocation (SAA) for all the MyFolio funds on an annual basis and consider whether any asset changes are required. In Q2 2023 MyFolio implemented a Strategic Asset Allocation (SAA) change which added to Government Bonds and reduced the exposure to Investment Grade (IG) Credit. The range added Government Bond duration through both Nominal Bonds and Inflation Linked Bonds and was the second recent SAA shift in portfolio's following changes made in October 2022.

The ranges

The reasons for these changes are twofold. The first is our desire to re-orientate portfolios away from our short duration stance which we had held for a protracted period following the extraordinary support which Central Banks had provided financial markets and the real economy through both low interest and direct purchase of Government Bonds. Expected returns on full duration indices were therefore unfavourable which necessitated a short duration which reduced our interest rate exposure. This market dynamic has now clearly changed and with starting yields now materially different we have adjusted portfolios.

The second is the probability of a US led Global Recession. Whilst we are not expecting a recession of magnitude of 2008–09, we believe that the difficulty which Governments and Central Banks are having in containing inflation will require higher interest rates for a meaningful length of time and that this may lead to a fall in economic growth that may lead to recession. The compensation for holding IG credit (the additional yield / Credit spread) is not sufficient in our view, especially given the yields available from owning Developed Market (DM) Government Bonds.

MyFolio manages balanced portfolios and these shifts do not seek to make performance contingent on any single outcome. Nevertheless, these changes do reflect financial markets exiting a period of extraordinary support (given the post-GFC stimulus which was significantly increased during Covid) and entering into a period where fixed income valuations have changed materially and where we may be entering into a period of greater economic uncertainty.



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MyFolio Index and Sustainable Index

Index Funds	New SAA (%)					Old SAA (%)					% change absolute				
	I	II	III	IV	V	I	II	III	IV	V	I	II	III	IV	V
UK Cash	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0
UK Gilts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Global DM Govt Bonds Hedged	18.9	11.6	4.8	1.9	0.0	12.2	8.6	5.0	0.0	0.0	6.7	3.0	-0.2	1.9	0.0
Global Index Linked Bonds Hedged	11.1	7.7	4.8	2.0	0.0	9.1	6.5	2.6	0.0	0.0	2.0	1.2	2.2	2.0	0.0
Global Index Linked Bonds 1 to 10 Yrs Hedged	7.7	3.5	0.8	0.0	0.0	9.1	6.5	2.6	0.0	0.0	-1.4	-3.0	-1.8	0.0	0.0
UK IG Corporate Bonds	11.1	10.5	7.1	2.5	1.5	7.2	7.9	3.5	2.3	0.5	3.9	2.6	3.6	0.2	1.0
UK IG Corporate Bonds 1 to 5 Yrs	5.9	1.5	0.6	0.7	0.1	9.0	4.7	3.0	2.3	0.5	-3.1	-3.2	-2.4	-1.6	-0.4
Global IG Corporate Bonds Hedged	11.1	13.2	5.3	1.5	0.4	16.4	11.8	5.3	3.4	1.0	-5.3	1.4	0.0	-1.9	-0.6
Global IG Corporate Bonds 1 to 5 Yrs Hedged	3.2	1.0	0.6	0.4	0.0	6.0	3.0	2.0	1.0	0.0	-2.8	-2.0	-1.4	-0.6	0.0
Diversifying Asstets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Defensive	70.0	50.0	25.0	10.0	3.0	70.0	50.0	25.0	10.0	3.0	100.0	0.0	0.0	0.0	0.0
UK Equity	7.3	11.3	16.2	20.1	27.1	7.3	11.3	16.2	20.1	27.1	0.0	0.0	0.0	0.0	0.0
US Equity	8.2	13.8	20.6	24.7	33.0	8.2	13.8	20.6	24.7	33.0	0.0	0.0	0.0	0.0	0.0
European ex UK Equity	3.0	5.5	8.0	9.9	11.0	3.0	5.5	8.0	9.9	11.0	0.0	0.0	0.0	0.0	0.0
Japan Equity	1.2	3.9	3.6	4.5	4.2	1.2	3.9	3.6	4.5	4.2	0.0	0.0	0.0	0.0	0.0
Asia-Pacific Ex Japan Equity	2.8	5.3	7.5	9.6	12.6	2.8	5.3	7.5	9.6	12.6	0.0	0.0	0.0	0.0	0.0
Emerging Market Equity	2.8	3.2	5.0	5.8	7.8	2.8	3.2	5.0	5.8	7.8	0.0	0.0	0.0	0.0	0.0
Global High Yield Bonds Hedged	3.0	3.3	6.6	7.7	1.3	3.0	3.3	6.6	7.7	1.3	0.0	0.0	0.0	0.0	0.0
EM Debt Local	1.7	2.5	5.8	6.4	0.0	1.7	2.5	5.8	6.4	0.0	0.0	0.0	0.0	0.0	0.0
Global REITs Hedged	0.0	1.2	1.7	1.3	0.0	0.0	1.2	1.7	1.3	0.0	0.0	0.0	0.0	0.0	0.0
UK Direct Commercial Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Global Infrastructure	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Growth	30.0	50.0	75.0	90.0	97.0	30.0	50.0	75.0	90.0	97.0	0.0	0.0	0.0	0.0	0.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0					

Source abrdn, new SAA refers to the Strategic Asset Allocation from 28 June 2023 and old SAA refers to the previous Strategic Asset Allocation in place in October 2022.

MyFolio Market

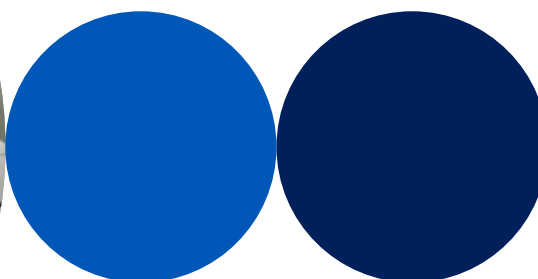
Market Funds	New SAA (%)					Old SAA (%)					% change absolute				
	I	II	III	IV	V	I	II	III	IV	V	I	II	III	IV	V
UK Cash	1.1	1.0	1.0	1.0	1.0	1.5	1.0	1.0	1.0	1.0	-0.4	0.0	0.0	0.0	0.0
UK Gilts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Global DM Govt Bonds Hedged	19.9	11.9	5.7	0.6	0.8	15.0	10.7	5.1	0.0	1.0	4.9	1.2	0.6	0.6	-0.2
Global Index Linked Bonds Hedged	10.5	7.4	4.0	3.4	0.0	7.5	5.4	2.6	0.0	0.0	3.0	2.0	1.4	3.4	0.0
Global Index Linked Bonds 1 to 10 Yrs Hedged	7.1	3.8	0.8	0.0	0.0	7.5	5.4	2.6	0.0	0.0	-0.4	-1.6	-1.8	0.0	0.0
UK IG Corporate Bonds	12.7	10.9	6.7	2.9	1.2	9.7	7.9	4.1	2.3	1.0	3.0	3.0	2.6	0.6	0.2
UK IG Corporate Bonds 1 to 5 Yrs	5.0	1.5	0.8	0.8	0.0	6.2	4.7	2.6	2.2	0.0	-1.2	-3.2	-1.8	-1.4	0.0
Global IG Corporate Bonds Hedged	11.4	10.4	5.5	1.0	0.0	18.5	11.8	5.3	3.4	0.0	-7.1	-1.4	0.2	-2.4	0.0
Global IG Corporate Bonds 1 to 5 Yrs Hedged	2.3	3.1	0.5	0.3	0.0	4.1	3.1	1.7	1.1	0.0	-1.8	0.0	-1.2	-0.8	0.0
Diversifying Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Defensive	70.0	50.0	25.0	10.0	3.0	70.0	50.0	25.0	10.0	3.0	0.0	0.0	0.0	0.0	0.0
UK Equity	6.7	11.3	17.0	21.2	29.1	6.7	11.3	17.0	21.2	29.1	0.0	0.0	0.0	0.0	0.0
US Equity	7.8	13.0	20.4	25.2	30.5	7.8	13.0	20.4	25.2	30.5	0.0	0.0	0.0	0.0	0.0
European ex UK Equity	2.0	3.5	5.0	6.0	11.6	2.0	3.5	5.0	6.0	11.6	0.0	0.0	0.0	0.0	0.0
Japan Equity	1.1	1.5	2.3	3.0	4.2	1.1	1.5	2.3	3.0	4.2	0.0	0.0	0.0	0.0	0.0
Asia-Pacific Ex Japan Equity	2.7	5.0	7.4	9.5	12.6	2.7	5.0	7.4	9.5	12.6	0.0	0.0	0.0	0.0	0.0
Emerging Market Equity	1.7	3.0	4.4	5.5	7.6	1.7	3.0	4.4	5.5	7.6	0.0	0.0	0.0	0.0	0.0
Global High Yield Bonds Hedged	2.2	2.7	4.7	5.0	1.4	2.2	2.7	4.7	5.0	1.4	0.0	0.0	0.0	0.0	0.0
EM Debt Local	1.0	2.5	3.1	4.5	0.0	1.0	2.5	3.1	4.5	0.0	0.0	0.0	0.0	0.0	0.0
Global REITs Unhedged	3.0	4.7	6.7	6.3	0.0	3.0	4.7	6.7	6.3	0.0	0.0	0.0	0.0	0.0	0.0
UK Direct Commercial Property	1.8	2.8	4.0	3.8	0.0	1.8	2.8	4.0	3.8	0.0	0.0	0.0	0.0	0.0	0.0
Global Infrastrucutre	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Growth	30.0	50.0	75.0	90.0	97.0	30.0	50.0	75.0	90.0	97.0	0.0	0.0	0.0	0.0	0.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0					

Source abrdn, new SAA refers to the Strategic Asset Allocation from 28 June 2023 and old SAA refers to the previous Strategic Asset Allocation in place in October 2022.

Managed Funds and Multi-Manager Funds

Managed Funds and Multi-Manager Funds	New SAA (%)					Old SAA (%)					% change absolute				
	I	II	III	IV	V	I	II	III	IV	V	I	II	III	IV	V
UK Cash	1.0	1.0	1.0	1.0	1.0	1.2	1.0	1.0	1.0	1.0	-0.2	0.0	0.0	0.0	0.0
UK Gilts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Global DM Govt Bonds Hedged	16.3	11.4	4.7	0.8	0.6	12.0	8.6	4.1	0.0	1.0	4.3	2.8	0.6	0.8	-0.4
Global Index Linked Bonds Hedged	9.0	6.6	4.4	1.6	0.0	6.0	4.2	2.0	0.0	0.0	3.0	2.4	2.4	1.6	0.0
Global Index Linked Bonds 1 to 10 Yrs Hedged	5.8	3.2	0.6	0.0	0.0	6.0	4.2	2.0	0.0	0.0	-0.2	-1.0	-1.4	0.0	0.0
UK IG Corporate Bonds	10.9	7.1	4.1	2.0	1.0	7.7	6.3	3.3	1.8	1.0	3.2	0.8	0.8	0.2	0.0
UK IG Corporate Bonds 1 to 5 Yrs	3.6	3.1	0.8	0.5	0.0	5.0	3.7	2.0	1.7	0.0	-1.4	-0.6	-1.2	-1.2	0.0
Global IG Corporate Bonds Hedged	8.3	7.1	4.0	1.9	0.4	14.8	9.5	4.2	2.7	0.0	-6.5	-2.4	-0.2	-0.8	0.4
Global IG Corporate Bonds 1 to 5 Yrs Hedged	1.1	0.9	0.4	0.2	0.0	3.3	2.5	1.4	0.8	0.0	-2.2	-1.6	-1.0	-0.6	0.0
Diversifying Asstets	14.0	9.6	5.0	2.0	0.0	14.0	10.0	5.0	2.0	0.0	0.0	-0.4	0.0	0.0	0.0
Defensive	70.0	50.0	25.0	10.0	3.0	70.0	50.0	25.0	10.0	3.0	0.0	0.0	0.0	0.0	0.0
UK Equity	6.7	11.3	17.0	21.2	29.1	6.7	11.3	17.0	21.2	29.1	0.0	0.0	0.0	0.0	0.0
US Equity	7.8	13.0	20.4	25.2	30.5	7.8	13.0	20.4	25.2	30.5	0.0	0.0	0.0	0.0	0.0
European ex UK Equity	2.0	3.5	5.0	6.0	11.6	2.0	3.5	5.0	6.0	11.6	0.0	0.0	0.0	0.0	0.0
Japan Equity	1.1	1.5	2.3	3.0	4.2	1.1	1.5	2.3	3.0	4.2	0.0	0.0	0.0	0.0	0.0
Asia-Pacific Ex Japan Equity	2.7	5.0	7.4	9.5	12.6	2.7	5.0	7.4	9.5	12.6	0.0	0.0	0.0	0.0	0.0
Emerging Market Equity	1.7	3.0	4.4	5.5	7.6	1.7	3.0	4.4	5.5	7.6	0.0	0.0	0.0	0.0	0.0
Global High Yield Bonds Hedged	2.2	2.7	4.7	5.0	1.4	2.2	2.7	4.7	5.0	1.4	0.0	0.0	0.0	0.0	0.0
EM Debt Local	1.0	2.5	3.1	4.5	0.0	1.0	2.5	3.1	4.5	0.0	0.0	0.0	0.0	0.0	0.0
Global REITs Hedged	3.0	4.7	6.7	6.3	0.0	3.0	4.7	6.7	6.3	0.0	0.0	0.0	0.0	0.0	0.0
UK Direct Commercial Property	1.8	2.8	4.0	3.8	0.0	1.8	2.8	4.0	3.8	0.0	0.0	0.0	0.0	0.0	0.0
Global Infrastrucutre	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Growth	30.0	50.0	75.0	90.0	97.0	30.0	50.0	75.0	90.0	97.0	0.0	0.0	0.0	0.0	0.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0					

Source abrdn, new SAA refers to the Strategic Asset Allocation from 28 June 2023 and old SAA refers to the previous Strategic Asset Allocation in place in October 2022.



MyFolio Sustainable:

MyFolio Sustainable has added two new asset classes to its SAA menu. The first is 'Diversifying Assets' which sits within the more defensive element of the portfolio. Whilst we believe that the yields and expected returns available from Government Bonds has materially improve, we expect the correlations between risk seeking (Equities and Credit) and risk reducing (Government Bonds) to remain unstable in an environment where interest rates are likely to be higher than in the period post-GFC. We therefore want to allocate to funds that can be more dynamic and reflect this.

We have chosen to allocate to TM Fulcrum Diversified Absolute Return which is also held in MyFolio Multi Manager. The directional equity allocation within the fund broadly replicates their Article 9 Global Climate Equity fund and whilst Sustainability is difficult to implement in multi asset context, partly because the regulations are opaque, this factor as well as other aspects of the portfolio give us confidence about the appropriateness of the fund for our Sustainable range. Despite this we have allocated to the fund as a 'Neutral' asset in order to maintain our own high standards of efficacy.

The second addition is Global Infrastructure and both the fund, and the sector have clear relevance to Sustainability. We have selected EcoFin Global Renewable Infrastructure. The fund invests in companies which are directly aiding the transition to a lower carbon economy with a focus on Electric Utilities which are a vital source of both power as well as carbon reduction. Many of the companies have inflation linked or regulated cashflows and are benefitting from the secular investment in carbon reduction, Climate Change mitigation and adaption. With clear carbon reduction thresholds and a strong Sustainability basis the fund is SFDR Article 9.

MyFolio Sustainable Strategic Asset Allocation

Sustainable Funds	New SAA (%)					Old SAA (%)					% change absolute				
	I	II	III	IV	V	I	II	III	IV	V	I	II	III	IV	V
UK Cash	1.0	1.0	1.0	1.7	1.0	1.0	1.0	1.2	1.0	1.0	0.0	0.0	-0.2	0.7	0.0
UK Gilts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Global DM Govt Bonds Hedged	21.7	10.5	3.3	1.8	0.0	23.8	14.5	5.0	0.0	0.0	-2.1	-4.0	-1.7	1.8	0.0
Global Index Linked Bonds Hedged	11.3	9.0	7.3	3.5	0.0	10.2	6.2	2.1	0.0	0.0	1.1	2.8	5.2	3.5	0.0
Global Index Linked Bonds 1 to 10 Yrs Hedged	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
UK IG Corporate Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
UK IG Corporate Bonds 1 to 5 Yrs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Global IG Corporate Bonds Hedged	24.5	18.2	10.9	2.3	2.0	26.6	27.6	16.6	8.0	0.0	-2.1	-9.4	-5.7	-5.7	2.0
Global IG Corporate Bonds 1 to 5 Yrs Hedged	4.5	1.8	0.0	1.4	0.0	8.4	4.9	2.9	1.0	0.0	-3.9	-3.1	-2.9	0.4	0.0
Absolute Return Bond Hedged	7.0	4.5	2.5	1.0	0.0	0.0	0.0	0.0	0.0	0.0	7.0	4.5	2.5	1.0	0.0
Defensive	70.0	45.0	25.0	11.7	3.0	70.0	54.2	27.8	10.0	1.0	0.0	-9.2	-2.8	1.7	2.0
UK Equity	2.0	2.1	2.8	6.5	5.9	2.3	2.2	3.1	7.0	6.6	-0.3	-0.1	-0.3	-0.5	-0.7
US Equity	6.7	12.1	16.3	22.6	26.6	7.9	12.9	18.2	24.2	29.9	-1.2	-0.8	-1.9	-1.6	-3.3
European ex UK Equity	2.7	6.7	8.9	9.0	12.4	3.2	7.1	9.9	9.7	13.9	-0.5	-0.4	-1.0	-0.7	-1.5
Japan Equity	0.9	2.0	4.4	2.3	2.6	1.1	2.1	4.9	2.5	3.0	-0.2	-0.1	-0.5	-0.2	-0.4
Asia-Pacific Ex Japan Equity	1.9	3.5	4.8	7.6	8.9	3.0	4.2	6.2	10.2	12.6	-1.1	-0.7	-1.4	-2.6	-3.7
Emerging Market Equity	1.9	3.5	4.8	7.6	8.9	1.4	3.3	4.5	6.0	7.4	0.5	0.2	0.3	1.6	1.5
Global Equities (Impact)	5.4	10.0	13.9	18.5	21.8	6.3	10.6	15.6	19.9	24.4	-0.9	-0.6	-1.7	-1.4	-2.6
Global High Yield Bonds Hedged	3.6	6.2	7.9	4.5	1.3	3.0	2.3	7.2	8.2	1.2	0.6	3.9	0.7	-3.7	0.1
EM Debt Local	3.4	6.1	7.5	5.2	3.7	1.8	1.1	2.6	2.3	0.0	1.6	5.0	4.9	2.9	3.7
Global REITs Unhedged	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
UK Direct Commercial Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Global Infrastructure	1.5	2.8	3.7	4.5	4.9	0.0	0.0	0.0	0.0	0.0	1.5	2.8	3.7	4.5	4.9
Growth	30.0	55.0	75.0	88.3	97.0	30.0	45.8	72.2	90.0	99.0	0.0	9.2	2.8	-1.7	-2.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0					

Source abrdn, new SAA refers to the Strategic Asset Allocation from 28 June 2023 and old SAA refers to the previous Strategic Asset Allocation in place in October 2022.

Important Information

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 and Prospectus which are available on our website **abrdn.com**. The Prospectus also contains a glossary of key terms used in this document. Subscriptions will only be received and shares issued on the basis of the current Prospectus, relevant Key Investor Information Document (KIID) and Supplementary Information Document (SID) for the fund. These can be obtained free of charge from abrdn Fund Managers Limited, PO Box 9029, Chelmsford, CM99 2WJ or available on abrdn.com.

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