abrdn SICAV I – Indian Bond Fund

Fund guide

Important information

1. The Fund invests in Indian Rupee denominated debt and debt-related securities issued by government or government-related bodies and/or corporations (including holding companies of such corporations) in India.
2. The Fund is therefore exposed to risks associated with debt securities, sovereign debt, investing in sub-investment grade and/or unrated debt securities, emerging market (including India), concentration, FPI registration, limitations on investments, India tax, securities lending transactions, exchange rates and exchange control.
3. The Fund's net derivative exposure may be up to 50% of the Fund's net asset value and subject to counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk.
4. The Fund may at its discretion pay dividends out of the capital of the Fund. Payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Fund's capital or payment of dividends effectively out of the Fund's capital (as the case may be) may result in an immediate reduction of the net asset value per share.
5. Investment in this fund may involve a high degree of risk and may not be suitable for all investors. It is possible that the entire value of the Investment could be lost.
6. Investors should not invest in this Fund based solely on this document and should read the relevant offering documents for further details including risk factors.

Why invest in Indian bonds?

Diversification benefits

Low correlation with many markets and **low volatility** of

Indian rupee **5%** vs emerging market (EM) currency basket **17%**[1]

Strong relative returns

Outperformed in the last 10 years across many asset classes, returning

64%

beating Asian equities (35%) and (EM) bonds (-11%)[2]

Under-owned, set for index inclusion

Less than 2% owned by foreign investors and

zero allocation

in global and EM indices is beneficial for early movers into Asia ex-Japan's 2nd largest sovereign market[3]

Key benefits of investing in abrdn SICAV I – Indian Bond Fund

Monthly income[4]

Running yield of

7.3% p.a[5]

as of 31 October 2023

Diversified exposure

Invests in government, state, quasi and corporate debt; can hold bonds denominated in rupees and USD resulting

low volatility of

5.5%[6]

Ease of access

Bypasses complex Indian market rules for international investors

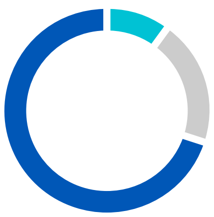
[1]Source: Bloomberg, emerging market ex-Asia currency basket, 1-year implied volatility, 31 October 2023.
[2]Source: Bloomberg, USD, Indian bonds represented by Markit iBoxx ALBI India, Asian Equities represented by MSCI AC Asia Ex Japan, Emerging Market Bonds represented by JPM GBI-EM Global Diversified, 10 years to 31 October 2023. Past performance does not predict future returns.
[3]Source: Bloomberg, 28 August 2023.
[4]Aim at monthly distribution. Dividends are not guaranteed and may be paid out of investment income, capital gains or capital at the discretion of the Board of Directors. Any dividends paid and distributed out of the Fund's capital will result in an immediate reduction of the Fund's Net Asset Value per share.
[5]Source: abrdn, 31 October 2023. Running yield is the annual income on an investment divided by its current market value. Running yield is a calculation that divides the income from coupons by the market price of the security; the value is expressed as a percentage. The running yield of the fund is not representative of the payout yield. A positive yield does not imply a positive return of the Fund.
[6]Source: Morningstar, 3-year standard deviation, A MInc USD share class, 31 October 2023.

Portfolio benefits of Indian bonds

Why investors should not ignore India's bond market

Low correlation with other markets[7]

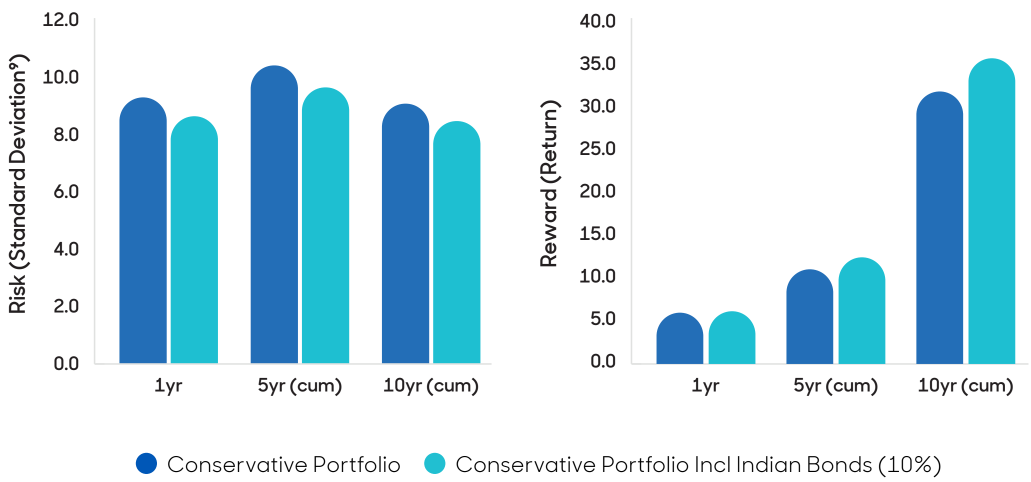
Correlation	Indian Government Bonds
WTI Crude Oil	-0.13
US Equities	0.24
US Government Bonds	0.25
China Equities	0.32
China Bonds	0.32
Global Government Bonds	0.35
Global High Yield	0.36
Global Corporate Bonds	0.42
Emerging Market USD Bonds	0.44
Asian USD Corporate Bonds	0.49
Emerging Market Local Currrency Bonds	0.50



Allocating to Indian government bonds can complement a diversified portfolio.

India's strong fiscal position and sustained growth recovery partly accounts for its low correlation with other markets. When it comes to managing currency risk, the Reserve Bank of India deploys and replenishes foreign currency reserves to maintain rupee stability.

Improving risk-reward profile[8]



Indian bonds can help to **dampen volatility** through economic cycles, **improving risk-adjusted return profile.** An **investment in Indian bonds is timelier than ever** as growth in the "Fully Accessible Route" Indian government bond market has prompted index providers to consider India as a permanent feature in global and emerging market bond indices.

[7]Source: Bloomberg Barclays Indices, abrdn, FE Analytics, USD unhedged, correlation of monthly returns over 10 years to 30 September 2023.
[8]Source: abrdn, Bloomberg Barclays Indices, 30 September 2023. For illustrative purposes only. No assumptions regarding future performance should be made.
[9]The standard deviation of returns is commonly used as a measure of risk for investments. Past performance does not predict future results.

Is India the new China?

Underpinned by government support, China's capital markets have served as a valuable portfolio diversifier for years. Now that baton is passing to India. Indian's government bond market is the

2nd largest sovereign market

in Asia ex-Japan and its local currency credit market is among the most liquid in emerging markets with

US$2.1 trillion

in total issuance.[10]

Indian bonds have low correlation with China equities (0.32)[11] and offer a

higher yield **7%**[12]

than

China bonds **3%**[12]

while the Reserve Bank of India uses FX reserves to maintain currency stability.

Fund facts

Fund manager(s)	Asian Fixed Income Team	
Fund launch date	1 Sep 2015	
Share class availability	A Acc USD A Gross MIncA USD A Gross MIncA HKD A Gross MIncA Hedged CNH	LU1254412205 LU2675280981 LU2675281013 LU2675281104
Base currency	US Dollar	
Subscription fee	Up to 5%	
Investment management fee	1% per annum	
Minimum initial investment	USD1,000, or currency equivalent	
Distribution frequency	Aim at monthly distribution	

[10]Source: Bloomberg, 28 August 2023.
[11]Source: Bloomberg Barclays Indices, abrdn, FE Analytics, USD unhedged, correlation of monthly returns over 10 years to 30 September 2023.
[12]Source: abrdn, running yield of Markit iBoxx ALBI India and FTSE Chinese Government Bond, 31 October 2023. A positive yield does not imply a positive return.

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Investment involves risk. 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 performance. Investment returns are denominated in the base currency of the fund. US / HK dollar based investors are therefore exposed to fluctuations in the US dollar / HK dollar / base currency exchange rate. No liability whatsoever is accepted for any loss arising from any person acting on any information contained in this document.

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