



# Assessment of Value Report

April 2023

*Data as at 31 December 2022*

abrdn ACS I

abrdn OEIC IV

abrdn OEIC VI

abrdn Global Real Estate Fund

abrdn UK Real Estate Funds ICVC

abrdn UK Real Estate Trust

# From the Board

Dear Fund Investor,

We're pleased to deliver this Assessment of Value report to you. In keeping with past reports, it describes how the funds under review have performed across the seven standard categories to determine whether these funds are offering value.

As the summary table shows, almost all funds demonstrated good value during the report period and have been managed within their expected risk profiles, which are based on shares being held for at least five years.

Delivering value to you is a central consideration for us. We will continue to monitor all funds during the current report period for any value-related concerns.

We thank you sincerely for investing with us.

*The Board of abrdn Fund Managers Ltd*

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# Results at a Glance

## Evaluation Categories

Our Assessment of Value Report looks at the seven categories established by the Financial Conduct Authority:

- 1 Service Quality** The quality and range of services provided to the funds and their investors, whether by abrdn or others.
- 2 Performance** How each fund has performed, in light of its objective, risk profile and recommended minimum holding period.
- 3 - 6 Costs:**
  - 3 General costs:** What fund investors pay for the services they and the funds receive.
  - 4 Economies of scale:** Any reductions in investor costs made possible by growth of the funds' total assets.
  - 5 Comparable market rates:** What the funds paid for services compared to what similar funds from other firms paid.
  - 6 Comparable services:** What the funds pay abrdn for its services and whether both the services and their costs are consistent with what abrdn charges other funds it manages.
- 7 Right class** Whether all investors are in the most advantageous share class for which they are eligible.

## Overview of Findings

**Our value assessment process** In making the assessments for this report, we have used a broad range of data and have aimed for the highest possible level of objectivity. The process has been consistent with our ongoing fund monitoring, any remedial actions will comply with regulations and with our governance practices, and the outcomes will be reviewed in detail by the Board's chair and independent directors.

**Most of the funds scored well in category 2 (performance), relative to expectations described in fund prospectuses** However, 3 out of the 28 funds reviewed have fallen short of these expectations and one other fund, while delivering value, is being monitored for performance improvement. We've provided detailed explanations along with examples of action being taken to improve performance, and we remain confident fund-specific objectives can be met over the longer term.

**All funds scored well in categories 1 and 3 - 7** No issues were identified as far as the quality of the service the funds received, the general level of ongoing fees, the benefits achieved from economies of scale, the fees abrdn charges the funds (either on a relative or absolute basis) or those the fund pays to other service providers. In addition, all investors were shown to be holding the share class that is most appropriate for their circumstances.

# Findings by Fund

Funds <i>grouped by legal entity name</i>	Service Quality	Performance	Costs	Right Class
<b>abrdn ACS I</b>				
abrdn Sustainable Index UK Equity Fund	■	■	■	■
abrdn Sustainable Index World Equity Fund	■	■	■	■
<b>abrdn OEIC IV</b>				
abrdn American Equity Enhanced Index Fund	■	■	■	■
abrdn American Equity Tracker Fund	■	■	■	■
abrdn Asia Pacific Equity Enhanced Index Fund	■	■	■	■
abrdn Asia Pacific ex-Japan Equity Tracker Fund	■	■	■	■
abrdn Emerging Markets Equity Tracker Fund	■	■	■	■
abrdn Emerging Markets Local Currency Bond Tracker Fund	■	■	■	■
abrdn European Equity Enhanced Index Fund	■	■	■	■
abrdn European Equity Tracker Fund	■	■	■	■
abrdn Global Corporate Bond Tracker Fund	■	■	■	■
abrdn Global Government Bond Tracker Fund	■	■	■	■
abrdn Global Inflation-Linked Bond Tracker Fund	■	■	■	■
abrdn Global REIT Tracker Fund	■	■	■	■
abrdn Japan Equity Enhanced Index Fund	■	■	■	■
abrdn Japan Equity Tracker Fund	■	■	■	■
abrdn Short Dated Global Corporate Bond Tracker Fund	■	■	■	■
abrdn Short Dated Global Inflation-Linked Bond Tracker Fund	■	■	■	■
abrdn Short Dated Sterling Corporate Bond Tracker Fund	■	■	■	■
abrdn Sterling Corporate Bond Tracker Fund	■	■	■	■
abrdn UK All Share Tracker Fund	■	■	■	■
abrdn UK Equity Enhanced Index Fund	■	■	■	■
abrdn UK Equity Index Managed Fund	■	■	■	■
abrdn World Equity Enhanced Index Fund	■	■	■	■
<b>abrdn OEIC VI</b>				
abrdn Emerging Markets Equity Enhanced Index Fund	■	■	■	■
<b>abrdn Global Real Estate Fund</b>				
abrdn Global Real Estate Fund	■	■	■	■
<b>abrdn UK Real Estate Funds ICVC</b>				
abrdn UK Real Estate Fund	■	■	■	■
<b>abrdn UK Real Estate Trust</b>				
abrdn UK Real Estate Feeder Fund	■	■	■	■

KEY ■ Good value delivered ■ Value delivered; could be improved ■ Improvement necessary

# Results Common to All Funds

## CATEGORIES 1, 3, 4, 5 AND 6

### Service Quality and Costs

**Focus** The quality and range of services provided to the funds and their investors, whether by abrdn or others; the costs paid by the funds as compared to industry standards and averages.

**Finding** All funds received a high standard of service and scored well for ongoing charges, fees paid for internal services, benefits from economies of scale and industry-comparable fee rates.

Since the cost and quality of services the funds receive and provide are for the funds as a group, service quality is measured at the group level. There were no issues with services from third-party

providers. The service provided by the funds to their investors also was shown to be excellent. The funds also scored well on all four cost-related categories.

## CATEGORY 7

### Right Class

**Focus** Whether all investors are in the most advantageous share class for which they are eligible.

**Finding** All investors are invested in the most advantageous class for which they are eligible.

Because share classes have different minimum investments and other requirements, it is possible an investor could be eligible for a more advantageous

share class than the one they currently hold. We did not identify any instances where this was the case.

# Category-Specific Results

## CATEGORY 2

### Performance

**Focus** How each fund has performed, in light of its objective, risk profile and recommended minimum holding period.

#### Enhanced Index Funds

These are actively managed funds that invest in a diversified range of companies and seek higher returns than a relevant market index.

The investment manager identifies thematic factors it believes will outperform over the long term, and selects investments based on historic evidence and forward-looking analysis. Examples of thematic factors include value (inexpensive companies), quality (well-managed companies with above average growth and a sound balance sheet) and momentum (companies whose share prices are displaying a positive trend).

These factors tend to be relatively independent of each other, enabling us to create strategies that are designed to combine them for diversification throughout the market cycle.

Since our previous Assessment of Value (AoV) report for these funds last year most of the Enhanced Index Funds have performed comparatively well, with all funds above or close to their respective indexes over the past two years. This performance was driven by several factors, with Value performing particularly well. In most regions, this was enough to offset underwhelming performance from Quality and Momentum factors, but this was not the case in Europe or the UK, leading to 1-year underperformance in these regions.

Although the American and Emerging Markets Equity Enhanced Index funds continue to lag their respective indexes over the long term, the performance has been trending in the right direction since the review 12 months ago.

The underperformance of the fund is broadly due to pricing differences between the fund's 12 noon valuation point and the index's market close valuation point.

While we expect the fund to outperform the index over the long term, there is always the potential for shorter periods of performance volatility in any particular region, given a variation in local economic cycles or when the majority of index names underperform.

The fund management team have been working to continuously improve the investment process in order to ensure the funds meet their long-term objectives. For example, we have combined a risk management process with abrdn's macro-research insights to address exposures and risks. As a result, the portfolios are now better exposed to the intended sources of risk and return.

The Board of Directors are pleased with the recent improvement in the performance of the range and welcome the ongoing actions taken by the investment managers. We will continue to closely monitor to ensure that all reasonable steps are taken to pursue each fund's investment and performance objectives.

# Relative performance (%) *For periods ending 31 December 2022*

Cumulative performance, relative to each fund's benchmark, for Platform Class Shares (before deduction of fees and expenses) over the periods indicated. The target is an internal target that each investment team sets for itself, and which is generally designed to be higher than the benchmark.

abrdn Fund*	Benchmark	FUND VS BENCHMARK (%)			FUND VS TARGET (%)		
		1 Yr	3 Yrs	5 Yrs	1 Yr	3 Yrs	5 Yrs
<b>abrdn ACS I</b>							
Sustainable Index UK Equity Fund	MSCI UK IMI Select ESG Climate Solutions	-0.06	-	-	-	-	-
Sustainable Index World Equity Fund	MSCI World Select ESG Climate Solutions	-0.12	-	-	-	-	-
<b>abrdn OEIC IV</b>							
American Equity Enhanced Index Fund	S&P 500	-1.06	-0.32	-0.76	-1.86	-1.00	-1.43
American Equity Tracker Fund	S&P 500 (-1D)	-0.96	-0.45	-	-0.96	-0.45	-
Asia Pacific Equity Enhanced Index Fund	MSCI AC Asia Pacific ex Japan	0.66	1.06	0.27	-0.14	0.33	-0.46
Asia Pacific ex-Japan Equity Tracker Fund	MSCI AC Asia Pacific ex Japan	0.17	-	-	-	-	-
Emerging Markets Equity Tracker Fund	MSCI Emerging Markets	-0.06	-	-	-	-	-
Emerging Markets Local Currency Bond Tracker Fund	JP Morgan GBI-EM Global Diversified	4.99	1.56	-	4.99	1.56	-
European Equity Enhanced Index Fund	MSCI Europe ex UK	-1.26	-0.79	-0.79	-2.05	-1.49	-1.50
European Equity Tracker Fund	MSCI Europe ex UK	0.18	-0.24	-	0.18	-0.24	-
Global Corporate Bond Tracker Fund	Bloomberg Global Aggregate Corporates (Hedged to GBP)	0.33	-0.02	-0.02	0.33	-0.02	-0.02
Global Government Bond Tracker Fund	JP Morgan Government Bond Global (Hedged to GBP)	0.09	-	-	0.09	-	-
Global Inflation-Linked Bond Tracker Fund	Bloomberg World Government Inflation Linked (Hedged to GBP)	-0.07	0.03	-	-0.07	0.03	-
Global REIT Tracker Fund	FTSE EPRA Nareit Developed (Hedged to GBP)	-0.06	-0.16	-	-0.06	-0.16	-
Japan Equity Enhanced Index Fund	MSCI Japan	-0.66	-2.09	-1.46	-1.45	-2.80	-2.17
Japan Equity Tracker Fund	MSCI Japan	-0.61	-0.30	-	-0.61	-0.30	-
Short Dated Global Corporate Bond Tracker Fund	Bloomberg Global Aggregate Corporate (1-5 Yrs) (Hedged to GBP)	-0.18	-0.03	-	-0.18	-0.03	-
Short Dated Global Inflation-Linked Bond Tracker Fund	Bloomberg World Government Inflation Linked (1-10 Yrs) (Hedged to GBP)	-0.11	-0.05	-	-0.11	-0.05	-
Short Dated Sterling Corporate Bond Tracker Fund	Markit iBoxx Sterling Non-Gilts (1-5 Yrs)	0.21	0.00	-	0.21	0.00	-
Sterling Corporate Bond Tracker Fund	Markit iBoxx Sterling Non-Gilts	-0.04	0.08	-	-0.04	0.08	-
UK All Share Tracker Fund	FTSE All Share	0.54	0.15	0.23	0.54	0.15	0.23
UK Equity Enhanced Index Fund	FTSE All Share	-0.11	-0.03	-0.16	-0.85	-0.76	-0.88
UK Equity Index Managed Fund	FTSE 100	1.66	0.81	0.54	0.70	-0.17	-0.43
World Equity Enhanced Index Fund	MSCI World	1.16	0.10	-0.83	0.35	-0.59	-1.51

\*The fund names in this column have been abbreviated for convenience. Each fund's full name appears in the table on page 4.

abrdn Fund*	Benchmark	FUND VS BENCHMARK (%)			FUND VS TARGET (%)		
		1 Yr	3 Yrs	5 Yrs	1 Yr	3 Yrs	5 Yrs
<b>abrdn OEIC VI</b>							
Emerging Markets Equity Enhanced Index Fund	MSCI Emerging Markets	-0.23	-0.32	-0.13	-1.05	-1.06	-0.86
<b>abrdn Global Real Estate Fund</b>							
Global Real Estate Fund	MSCI Global Custom Property/MSCI World Real Estate Custom	-5.25	-0.87	-0.04	-5.25	-0.87	-0.04
<b>abrdn UK Real Estate Funds ICVC</b>							
UK Real Estate Fund	MSCI UK Daily Traded APUTs and PAIFs in the UK Quarterly Universe Property Index (unfrozen)	-2.79	0.14	0.27	-2.79	0.14	0.27
<b>abrdn UK Real Estate Trust</b>							
UK Real Estate Feeder Fund	MSCI UK Daily Traded APUTs and PAIFs in the UK Quarterly Universe Property Index (unfrozen)	-2.94	0.07	0.23	-2.94	0.07	0.23

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Source Fund performance: abrdn. Index performance: the respective index providers.

## FURTHER FUND-LEVEL INFORMATION

All documents available on [abrdn.com](https://abrdn.com)

**Financials** Annual/Semi-annual Reports

### Performance

- Key Investor Information Document (KIID)
- Monthly fact sheets
- Annual/Semi-annual Reports

**Holdings** Monthly fact sheets

### Objectives, fees

- KIID
- Prospectus

**Investment policies, risks, buying/selling shares, operational structure** Prospectus

**IMPORTANT INFORMATION** The value of investments and the income from them can go down as well as up and an investor may get back less than the amount invested. Past performance is not a guide to future results. See the Key Investor Information Document (KIID), Prospectus and Report & Accounts for more details about the specific risks, performance history and full investment objectives and policies applicable to each fund.

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For more information visit [abrdn.com](https://abrdn.com).

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