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# MyFolio Due diligence report

Quarter 1 2022

[abrdn.com](https://abrdn.com)

# About abrdn

## **abrdn is dedicated to helping investors around the world reach their desired investment goals and broaden their financial horizons.**

We seek to provide world-class investment expertise across a breadth of markets and asset classes. Our full range of solutions spans equities, multi-asset, fixed income, liquidity, sovereign wealth funds, real estate and private markets. Coupled with a range of investment approaches, from quantitatively-managed 'smart beta' to highly active alpha-seeking strategies, we transform new investment ideas into practical investment products designed to deliver real value for money to investors.

We have a large team of investment professionals with approximately 1,000 portfolio managers, analysts and product, risk and trading specialists located globally ensuring close proximity to our clients and the markets in which we invest. In addition, we have 500 client specialists working closely with investors and professional advisors to understand their goals and aiming to deliver innovative, world class investment solutions. Today, we manage a total of £465.3 billion of assets on behalf of governments, pension funds, insurers, companies, charities, foundations and individuals operating in over 30 locations worldwide<sup>1</sup>. As a responsible global investor, we look to leverage our scale and market leadership to raise standards in both the companies and industries in which we invest, and drive best practice across the asset management industry.

<sup>1</sup> As at 30 June 2021.

# MyFolio Investment Process

## The MyFolio funds are managed by the Multi-Manager Strategies Team at abrdn.

The abrdn team is supported in the management of the MyFolio funds by a number of our key investment professionals, in the Strategic and Tactical Asset Allocation, Fund Selection and Governance functions.

### Strategic Asset Allocation

The Strategic Asset Allocation (SAA) for the funds is determined by abrdn and combines both internal and external expertise. The SAA is formally reviewed on a quarterly basis on completion of the analysis of the risk and return of all our MyFolio fund ranges.

The aim of the SAA process is to select the optimal mix of assets for the given risk target of each portfolio, based on a ten year investment horizon. The SAA is founded on sound investment principles – it is focused on the long-term, diversified across a broad range of differentiated asset classes and is valuation-aware.

Unlike many traditional multi-asset strategies, the SAA is not constrained by a formal reference benchmark; rather it is designed to identify the most attractive portfolios based on the expected returns, volatilities and correlations of the underlying assets.

The resulting asset allocations are used to populate the asset mix 'pots' for the abrdn MyFolio Index, Market and Sustainable ranges.

### SAA for MyFolio Managed, Multi-Manager and Monthly Income Funds

abrdn believe that there are benefits from exploring additional diversifying assets in the MyFolio Managed, Multi-Manager and Monthly Income ranges.

### Tactical Asset Allocation

Tactical Asset Allocation (TAA) positions for each fund will be decided by the Multi-Asset Investment Solutions Team within abrdn. The Multi-Asset Investment Solutions Team will apply their tactical investment views to fine tune the strategic asset allocation and take advantage of shorter term opportunities. In practice this will tilt the strategic asset allocation benchmarks in the direction

of favoured asset classes over the shorter term. The TAA positions implemented across the multi-asset portfolios are reviewed on a regular basis with any changes being driven by a change in recommendation from the Global Investment Group (GIG), the team that collates our House View or by a change in the benchmark weighting in a specific asset class.

The nature of the five risk based funds requires disciplined strategic risk controls consistently applied across the suite of funds, therefore the maximum TAA positions permissible within each asset class is + /- 5%. An additional risk control is also applied at defensive and growth assets level. This higher level constraint is at the same level of +/- 5%.

### Fund Selection

#### MyFolio Index Funds

These funds invest primarily in a range of tracker funds managed by abrdn. These underlying funds will, therefore, follow their respective index down as well as up. This is the lowest cost option which does not undertake any tactical decisions between its annual Strategic Asset Allocation review.

#### MyFolio Market Funds

Fund selection for the Market Funds is largely centred on finding suitable tracker funds to replicate the performance of the strategic asset class benchmarks. The key selection criterion is confidence in the underlying Fund Managers to deliver a low tracking error fund at a competitive price.

The selection of the active real estate and active high yield bond funds follows the same process as for other active external managers with the aim of creating a well-diversified basket of assets that can act as a proxy for their respective markets.

#### MyFolio Managed Funds

The funds selected for the Managed Funds are primarily selected from those managed by abrdn. There is a wide range of quality funds available across the majority of the asset classes. Where there is not a suitable abrdn fund the Fund Manager will seek to invest in funds from the rest of the market.

# MyFolio Investment Process

## MyFolio Multi-Manager Funds

We apply a consistent tried and tested manager selection process to capitalise on opportunities we identify. By undertaking a combination of both quantitative and qualitative due diligence we aim to filter a large universe of funds into a select group of funds which represent 'best of breed' solutions.

## MyFolio Monthly Income Funds

These three funds have a bias towards generating income. The fund selection centres around investing in carefully selected, income-focused funds from leading managers in the market.

## MyFolio Sustainable Funds

MyFolio Sustainable invests in a range of funds that are focused on doing more good and less harm, whilst meeting our rigorous sustainability standards. The range does not undertake any tactical decisions between its annual Strategic Asset Allocation review.

## Portfolio Construction

From a rigorously researched position, we construct efficient, well-diversified, active portfolios with a risk/reward profile appropriate to the fund's stated mandate. In doing so, we will seek to generate superior risk-adjusted returns in a consistent manner throughout the economic cycle.

Once we invest in a fund, it is continuously monitored in order to identify any changes that could impact future returns. We recognise the importance of having a strong sell discipline and therefore consider our monitoring process as important as the initial selection. Monitoring our risk exposures also allows us to highlight any unintended risks that may emerge in our portfolios, so that we can remove them before they begin to impact returns.

The Fund Managers have ultimate responsibility for ensuring that any fund selected is an appropriate selection for the asset class the fund has been chosen to represent.

## Fund Rebalancing

abrdn aim to always keep trading costs to a minimum whilst ensuring funds remain within their agreed risk parameters.

Fund holdings are reviewed daily to determine what, if any, re-balancing is required as a result of market movements and cash flow. Daily re-balancing back to an exact pre-determined TAA position without any tolerance levels would, we believe, be counter productive from a cost perspective.

As such we consider three key areas on a daily basis, asset allocation tolerance, portfolio tracking error and deal size to determine our dealing strategy for the fund.

**Asset allocation tolerance** – we aim to keep the daily positions of each asset class within +/-1.25% of the TAA position.

**Portfolio Tracking Error** – we aim to have a low daily tracking error relative to the default portfolio position.

**Deal size** – deal sizes are considered to ensure dealing costs are not disproportionately high relative to the cash allocation.

Before any deals are struck we go through an iterative process that determines the most cost effective dealing strategy taking into account the above factors. We believe we add value through this process by keeping dealing costs low whilst ensuring the funds remain within their defined risk parameters.

The abrdn MyFolio Index and abrdn MyFolio Sustainable ranges are regularly rebalanced back to their respective risk level SAA.

# MyFolio Investment Process

## Risk Management & Control

### Portfolio Risk Management

There is an extensive risk management infrastructure to ensure that the Multi-Asset and Investment Solutions Team operate within the investment framework. Risk is monitored and controlled by a combination of organisational structures and processes. There are three distinct groups engaged in the risk management process for MyFolio:

**Multi-Manager Strategies Team** – undertakes risk analysis at portfolio level. On top of backward looking risk measures such as information ratios, monthly underlying holdings are received from fund groups to understand forward looking risk indicators. For all funds we own (and before purchase of a new fund), we insist on monthly portfolio holdings data by the 15th day of every month. For all investment groups that we deal with, we have arranged Non-Disclosure Agreements which are signed-off by both parties' legal teams to ensure confidentiality.

**Investment Risk Team** – our Investment Risk Team works independently and are responsible for monitoring the performance and risk characteristics of the portfolios managed at abrdn. We utilise Industry standard systems – such as RiskMetrics, SunGard APT and UBS Delta to measure and monitor risk.

**Investment Governance Team** – working independently this team is responsible for ensuring the consistency and integrity of the operation of the investment process versus specification/ mandate.

### Risk Management

The Investment Restrictions Control Team's sole responsibility is to monitor positions within funds on a daily basis, and ensure compliance with regulatory and client-driven investment restrictions and guidelines. This team is managed independently from our asset management teams and reports to the Director of Investment Governance.

# Performance Summary

## Growth Funds

	3 month %	1 year %	3 year Annualised %	5 year Annualised %	User Defined Performance 30/09/2010 to 31/03/2022 Overall %	User Defined Performance 30/09/2010 to 31/03/2022 Annualised %	3 year Cumulative Volatility to Last Quarter End %
ASI MyFolio Market I	-3.4	1.0	2.8	2.6	58.0	4.1	6.3
ASI MyFolio Market II	-3.2	2.5	3.7	3.3	82.4	5.4	8.1
ASI MyFolio Market III	-2.6	5.6	5.4	4.7	108.7	6.6	10.7
ASI MyFolio Market IV	-2.2	7.6	7.0	5.8	133.8	7.7	12.7
ASI MyFolio Market V	-2.0	9.2	9.3	7.2	165.9	8.9	15.0
ASI MyFolio Managed I	-4.2	-0.7	2.0	1.8	49.4	3.6	6.4
ASI MyFolio Managed II	-4.6	0.8	2.9	2.5	69.1	4.7	8.1
ASI MyFolio Managed III	-4.7	3.2	4.6	3.7	95.7	6.0	10.4
ASI MyFolio Managed IV	-4.6	4.7	5.8	4.5	114.4	6.9	12.0
ASI MyFolio Managed V	-5.3	5.3	7.6	5.5	139.0	7.9	14.0
ASI MyFolio Multi Manager I	-3.1	0.4	2.8	2.2	47.8	3.5	6.4
ASI MyFolio Multi Manager II	-3.2	1.4	3.5	2.8	69.0	4.7	8.5
ASI MyFolio Multi Manager III	-3.0	3.8	4.7	3.6	89.3	5.7	11.2
ASI MyFolio Multi Manager IV	-2.9	5.1	6.0	4.5	112.8	6.8	12.9
ASI MyFolio Multi Manager V	-3.5	5.4	7.2	5.2	130.5	7.5	15.2
ASI MyFolio Index I	-3.4	0.7	3.0				5.6
ASI MyFolio Index II	-3.2	2.5	4.6				7.6
ASI MyFolio Index III	-2.7	5.3	6.3				9.8
ASI MyFolio Index IV	-2.2	7.5	7.6				11.7
ASI MyFolio Index V	-1.7	9.8	9.5				13.2
ASI MyFolio Sustainable I	-4.8	-1.0					
ASI MyFolio Sustainable II	-5.1	-0.6					
ASI MyFolio Sustainable III	-5.3	1.3					
ASI MyFolio Sustainable IV	-5.3	4.2					
ASI MyFolio Sustainable V	-5.2	6.8					

Source: FE Analytics to 31 March 2022. Institutional accumulation share class performance shown and does not take account of adviser or platform charges which would reduce the performance shown. Standard deviation based on 36 monthly data points. Longer term performance for MyFolio Market, Managed and Multi-Manager funds refers to period since launch on 30 September 2010. MyFolio Index launched 25 March 2019, MyFolio Sustainable launched 30 November 2020.

# Performance Summary

## Income Funds

	3 months %	1 year %	3 years annualised %	5 years annualised %	Cumulative performance 6/1/2012 to 31/03/2022 %	Annualised performance 6/1/2012 to 31/03/2022 %	3 year volatility %
MyFolio Monthly Income II	-2.4	2.0	2.9	2.2	52.8	4.2	9.4
MyFolio Monthly Income III	-1.6	3.9	3.6	2.7	72.2	5.5	11.7
MyFolio Monthly Income IV	-1.3	6.4	5.7	3.9	84.8	6.2	14.6

Source: FE Analytics to 31 March 2022. Institutional accumulation share class performance shown and does not take account of adviser or platform charges which would reduce the performance shown. Standard deviation based on 36 monthly data points. Longer term performance for MyFolio Monthly Income refers to period since launch on 6 January 2012.

# Performance Summary

## MyFolio Discrete Annual Performance: to end March 2022 (%)

ASI MyFolio Index	0-12m	12-24m	24-36m	36-48m	48-60m
MyFolio Index I	0.7	11.1	-2.3		
Risk I Comparator	3.1	6.8	-0.7		
MyFolio Index II	2.5	16.6	-4.2		
Risk II Comparator	5.3	11.9	-2.0		
MyFolio Index III	5.3	21.8	-6.5		
Risk III Comparator	6.8	15.3	-3.2		
MyFolio Index IV	7.5	26.6	-8.4		
Risk IV Comparator	9.0	20.7	-4.7		
MyFolio Index V	9.8	31.7	-9.2		
Risk V Comparator	10.5	24.2	-6.0		

ASI MyFolio Market	0-12m	12-24m	24-36m	36-48m	48-60m
MyFolio Market I	1.0	11.7	-3.8	3.8	0.9
Risk I Comparator	3.1	6.8	-0.7	2.8	0.7
MyFolio Market II	2.5	16.0	-6.2	4.2	1.4
Risk II Comparator	5.3	11.9	-2.0	4.4	1.0
MyFolio Market III	5.6	22.0	-9.0	5.2	2.0
Risk III Comparator	6.8	15.3	-3.2	5.3	1.1
MyFolio Market IV	7.6	27.6	-10.9	6.0	2.2
Risk IV Comparator	9.0	20.7	-4.7	6.9	1.3
MyFolio Market V	9.2	35.1	-11.6	6.6	1.7
Risk V Comparator	10.5	24.2	-6.0	7.8	1.4



# Performance Summary

## MyFolio Discrete Annual Performance: to end March 2022 (%) (continued)

<b>ASI MyFolio Managed</b>	<b>0-12m</b>	<b>12-24m</b>	<b>24-36m</b>	<b>36-48m</b>	<b>48-60m</b>
MyFolio Managed I	-0.7	12.6	-5.1	1.9	1.1
Risk I Comparator	3.1	6.8	-0.7	2.8	0.7
MyFolio Managed II	0.8	16.8	-7.5	1.7	2.0
Risk II Comparator	5.3	11.9	-2.0	4.4	1.0
MyFolio Managed III	3.2	23.8	-10.5	1.6	3.1
Risk III Comparator	6.8	15.3	-3.2	5.3	1.1
MyFolio Managed IV	4.7	29.0	-12.3	1.6	3.8
Risk IV Comparator	9.0	20.7	-4.7	6.9	1.3
MyFolio Managed V	5.3	35.9	-12.9	1.4	3.5
Risk V Comparator	10.5	24.2	-6.0	7.8	1.4

<b>ASI MyFolio Multi-Manager</b>	<b>0-12m</b>	<b>12-24m</b>	<b>24-36m</b>	<b>36-48m</b>	<b>48-60m</b>
MyFolio Multi-Manager I	0.4	14.1	-5.2	1.3	1.3
Risk I Comparator	3.1	6.8	-0.7	2.8	0.7
MyFolio Multi-Manager II	1.4	18.9	-7.9	1.3	2.1
Risk II Comparator	5.3	11.9	-2.0	4.4	1.0
MyFolio Multi-Manager III	3.8	25.0	-11.5	1.3	2.7
Risk III Comparator	6.8	15.3	-3.2	5.3	1.1
MyFolio Multi-Manager IV	5.1	30.6	-13.3	1.4	3.2
Risk IV Comparator	9.0	20.7	-4.7	6.9	1.3
MyFolio Multi-Manager V	5.4	37.8	-15.2	1.5	2.9
Risk V Comparator	10.5	24.2	-6.0	7.8	1.4

# Performance Summary

## MyFolio Discrete Annual Performance: to end March 2022 (%) (continued)

ASI MyFolio Monthly Income <sup>2</sup>	0-12m	12-24m	24-36m	36-48m	48-60m
MyFolio Monthly Income II	2.0	17.3	-8.9	1.8	0.5
Risk II Comparator	5.3	11.9	-2.0	4.4	1.0
MyFolio Monthly Income III	3.9	21.9	-12.1	1.6	1.2
Risk III Comparator	6.8	15.3	-3.2	5.3	1.1
MyFolio Monthly Income IV	6.4	29.8	-14.4	2.0	0.6
Risk IV Comparator	9.0	20.7	-4.7	6.9	1.3

MyFolio Sustainable <sup>3</sup>	0-12m	12-24m	24-36m	36-48m	48-60m
MyFolio Sustainable I	-1.0				
Risk I Comparator	2.7				
MyFolio Sustainable II	-0.6				
Risk II Comparator	4.6				
MyFolio Sustainable III	1.3				
Risk III Comparator	5.8				
MyFolio Sustainable IV	4.2				
Risk IV Comparator	7.7				
MyFolio Sustainable V	6.8				
Risk V Comparator	9.0				

Source: FE Analytics; Institutional Acc share class; 31 December 2021; does not take account of adviser or platform charges which would reduce the performance shown. Composite comparator indices (excluding Sustainable) as follows:

Risk I 5% FTSE All-Share Index, 15% MSCI World ex UK Index, 80% SONIA Index.

Risk II 10% FTSE All-Share Index, 25% MSCI World ex UK Index, 65% SONIA Index.

Risk III 15% FTSE All-Share Index, 30% MSCI World ex UK Index, 55% SONIA Index.

Risk IV 20% FTSE All-Share Index, 40% MSCI World ex UK Index, 40% SONIA Index.

Risk V 25% FTSE All-Share Index, 45% MSCI World ex UK Index, 30% SONIA Index.

<sup>2</sup>MyFolio Monthly Income range previously named the MyFolio Multi-Manager Income range. Name change effective 1st January 2020.

<sup>3</sup>Composite Comparator for the MyFolio Sustainable range as follows:

20% MSCI All Country World, 80% SONIA

35% MSCI All Country World, 65% SONIA

45% MSCI All Country World 55% SONIA

60% MSCI All Country World, 40% SONIA

70% MSCI All Country World, 30% SONIA

# Strategic Asset Allocation Update

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## The Strategic Asset Allocation Committee

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### Mark Lane (Chair)

Senior Investment Manager,  
Multi-Manager Strategies

Mark is responsible for overseeing the SAA process and is Chairman of the SAA Committee. He is integral to the assessment, analysis and suitability of the asset classes utilised within the asset allocation models.

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### Katie Trowsdale

Head of Multi Manager Strategies

Katie is head of the Multi-Manager Strategies team, where she is co-manager of the Flagship ASI MyFolio Growth and Sustainable fund ranges.

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### David Clancy

QIS Research Director,  
Quantitative Investments

David is QIS Research Director within Quantitative Investments Strategies (QIS) and is responsible for risk, quantitative analytics and portfolio construction as well as directing the QIS research agenda.

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### Christopher Carlton

Head of Research, Multi Manager Strategies

Christopher is Head of Manager Research in the MMS team.

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### Brian Strachan

Senior Investment Specialist,  
Product Strategy & Solutions

Brian is responsible for the development, technical support and promotion of the full range of abrdn's multi-manager funds.

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### Shona Cannon

Investment Director, Fund Governance

Shona is responsible for acting as the voice of the investor, ensuring the investment of a funds are in line with legal documentation (e.g. prospectus and KIIDs) and client expectations of appropriate investment outcomes.

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### Yan Cheung

Senior Manager – Investment Risk

Yan is responsible for the investment risk monitoring of the Multi-Manager strategies within Investment Governance.

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### Max Macmillan

Investment Manager, Research

Max is responsible for generating ASI's views about long-term investment returns for asset classes, and advising on optimal long-term asset allocation.

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## Standard invitations are open to the following:

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### Jonathan Davies

Senior Investment Risk Manager

We review the Strategic Asset Allocation (SAA) for each of the funds every quarter, with the aim of ensuring that we continue to meet investors' long-term investment expectations.

At the most recent quarterly review, the SAA Committee confirmed the funds were performing in line with those expectations on both a risk and return basis and no action was required.

# Tactical Asset Allocation Update

There were no Tactical Asset Allocation changes over the quarter.

Therefore the funds continued to hold the positions that were implemented in October 2021.

We remain overweight growth assets, through modest overweight positions in US, European and emerging

market equities, as well as overweight allocations in global high-yield bonds and global REITs. We funded these overweights through underweight allocations to global government bonds, sterling corporate bonds, short-dated sterling corporate bonds and short-dated global index-linked bonds.

## Risk Management and Control Update

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### Portfolio Risk Management Governance

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Multi-Manager Strategies Team	Nothing to Report
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Investment Risk	Nothing to Report
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Investment Governance	Nothing to Report
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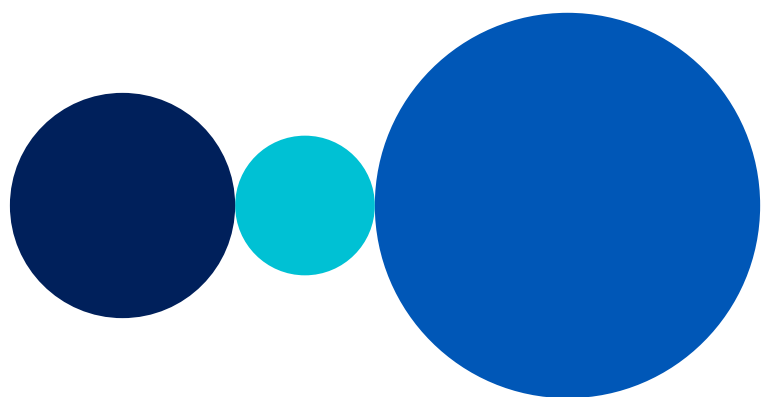
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### Risk Management

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Investment Restrictions Control	Nothing to Report
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# Fund Manager Meetings

During the quarter, the Multi-Manager Strategies Team met with the following asset managers.

abrdn	Lazard
Amundi	Legal & General
Artemis	Legg Mason
Aviva	Lindsell Train
AXA	Livingbridge
Baillie Gifford	M&G
Barings	Maitland
BlackRock	Man Group
BNY Mellon	Mayfair Capital Investment Mgmt
Brookfield	Morant Wright
Brown Advisory	Neuberger Berman
Candriam	Ninety One
Capita Financial	Nordea
Columbia Threadneedle	Old Mutual
Eaton Vance	Payden & Rygel
EFG	Phoenix
Fidelity	Pictet
Findlay Park Partners	PIMCO
First State	PineBridge
Fisher Investments	Pioneer Investments
FundRock	Prusik
Fundsmith	Robeco
GLG Partners	Royal London
Hermes Fund Managers	RWC
Insight	Savills
Invesco	Schroders
J O Hambro	Schroders
Janus Henderson	Sparinvest
JPMorgan	T Bailey
Jupiter	Universal-Investment
Kames Capital	Veritas Asset Management
Kinetic Partners	

# Fund Changes

## ASI MyFolio Managed

	<b>Buys</b>	<b>Sells</b>
Q1 2022	No significant changes	No significant changes

## ASI MyFolio Market

	<b>Buys</b>	<b>Sells</b>
Q1 2022	No significant changes	No significant changes

## ASI MyFolio Multi-Manager

	<b>Buys</b>	<b>Sells</b>
Q1 2022	No significant changes	No significant changes

## ASI MyFolio Monthly Income

	<b>Buys</b>	<b>Sells</b>
Q1 2022	No significant changes	No significant changes

## ASI MyFolio Index

	<b>Buys</b>	<b>Sells</b>
Q1 2022	No significant changes	No significant changes

## ASI MyFolio Sustainable

	<b>Buys</b>	<b>Sells</b>
Q1 2022	No significant changes	No significant changes

Fund changes may not apply at every risk level.

# Market Review

## Market review

Global equities fell in aggregate over the first quarter of 2022. Investors sold shares, concerned about the Russian invasion of Ukraine, as well as the impact of rising interest rates and accelerating inflation. Geopolitical tensions between Ukraine and Russia weighed initially on markets in January, but the biggest falls came on 24 February when Russian troops invaded Ukraine and launched attacks. While the incursion continued throughout March, investor confidence recovered from the initial shock, and global markets generally rebounded. US equities were particularly strong in March but fell overall for the quarter, amid poor performance for technology stocks in the first two months. European equities were hardest hit by the conflict, whereas the UK market posted a positive return overall, boosted by its exposure to energy and commodities companies. Japanese indices fell but by less than other developed peers.

Central banks continued to withdraw market support over the quarter, signalling higher interest rates to come in 2022, amid rising inflation rates. The Bank of England raised rates twice over the period to reach 0.75%, while the

US Federal Reserve (Fed) increased the US federal funds rate by 0.25 percentage points. The European Central Bank announced a quicker tapering of its asset-purchase programme, even as the region faces threats from the Ukrainian invasion. In response to the hawkish moves, investors continued to sell government and corporate bonds, pushing yields higher. At one point, the US yield curve briefly inverted, as the two-year yield rose above 10-year bond yields, which analysts interpret as a sign of a coming recession.

UK commercial real estate gained 6.7% over the three months to the end of February (the latest data available), according to the MSCI UK monthly index. All sectors rose, with industrials the strongest at 11.4% and hotels the weakest at 1.6%, while retail continued to bounce back from the Omicron shock, returning 5.2%. Global listed real estate rose over the quarter, amid increasing transaction activity. This outweighed concerns about the Omicron variant of Covid-19 and less-supportive policy from the Fed.

# Market Outlook

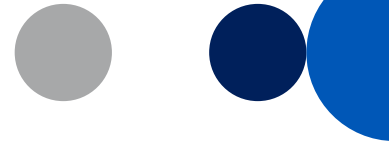
## Outlook

The Russia-Ukraine conflict is likely to dominate news flow in the short term, with the conflict adding to the challenging macroeconomic backdrop for global equities, as well as putting more pressure on energy and commodities. Markets will remain volatile, with the Omicron variant, rising inflation, higher rates and the slowdown in China also weighing on sentiment. That said, many of the risk factors throughout 2021 have moderated, with global vaccination rates rising and the direction of Chinese policy becoming clearer. The fourth-quarter reporting season also suggests that earnings are holding up quite well, despite cost pressures and supply-chain disruption.

Within fixed income, investor attention will likely focus on how effective central-bank measures to control inflation will be, especially with the Russia-Ukraine conflict

exacerbating rising consumer prices in the short term. Further hawkish comments, as well as the first interest-rate hike, from the US Federal Reserve have now led to expectations of seven rate hikes in 2022. Meanwhile, the conflict in Ukraine has left investors uncertain about the timeline of rate hikes in Europe, although the European Central Bank has not ruled out rate hikes in 2022.

In UK commercial real estate, the office sector is likely to face some major structural challenges ahead, with polarisation between the very best and the rest likely to become more evident in 2022/2023. For real estate investment trusts, inflationary fears and the debate around its transitory nature have been net positives so far. Low borrowing costs and ample liquidity are providing support to real estate valuations.



### **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.

This document relates to the range of ASI MyFolio OEIC funds. For more information on individual ASI MyFolio funds, the risks applicable to them, and their respective benchmarks, please refer to the Key Investor Information Document or the Prospectus.

This material is for informational purposes only. This should not be relied upon as a forecast, research or investment advice. It does not constitute an offer, or solicitation of an offer, to sell or buy any securities or an endorsement with respect to any investment vehicle. The opinions expressed are those of abrdn and are subject to change at any time due to changes in market or economic conditions.

### **Investment objective**

All ASI MyFolio funds aim to generate growth over the long term (5 years or more) while being managed to a defined level of risk.

#### **ASI MyFolio Index I, II, III, IV and V**

To generate growth over the long term (5 years or more) while being managed to a defined level of risk. The fund is part of the ASI MyFolio Index range, which offers five funds with different expected combinations of investment risk and return. Index I is risk level I, which aims to be the lowest risk fund in this range, and the range goes up to Index V which is risk level V, which aims to be the highest risk fund in the range.

#### **ASI MyFolio Market I, II, III, IV and V**

The fund is part of the ASI MyFolio Market range, which offers five funds with different expected combinations of investment risk and return. Market I is risk level I, which aims to be the lowest risk fund in this range, and the range goes up to Market V which is risk level V, which aims to be the highest risk fund in the range.

#### **ASI MyFolio Managed I, II, III, IV and V**

The fund is part of the ASI MyFolio Managed range, which offers five funds with different expected combinations of investment risk and return. Managed I is risk level I, which aims to be the lowest risk fund in this range, and the range goes up to Managed V which is risk level V, which aims to be the highest risk fund in the range.

#### **ASI MyFolio Multi-Manager I, II, III, IV and V**

The fund is part of the ASI MyFolio Multi-Manager range, which offers five funds with different expected combinations of investment risk and return. Multi-Manager I is risk level I, which aims to be the lowest risk fund in this range, and the range goes up to Multi-Manager V which is risk level V, which aims to be the highest risk fund in the range.

#### **ASI MyFolio Monthly Income II, III and IV**

The fund is part of the ASI MyFolio Monthly Income range, which offers three funds with different expected combinations of investment risk and return. Monthly Income II is risk level II, which aims to be the lowest risk fund in this range, and the range goes up to Monthly Income IV which is risk level IV, which aims to be the highest risk fund in the range.

#### **ASI MyFolio Sustainable I, II, III, IV and V**

To generate growth over the long term (5 years or more) while being managed to a defined level of risk. The fund is part of the ASI MyFolio Sustainable range, which offers five funds with different expected combinations of investment risk and return that follow the ASI MyFolio Sustainable Investment Approach. Sustainable I is risk level I, which aims to be the lowest risk fund in this range, and the range goes up to Sustainable V which is risk level V, which aims to be the highest risk fund in the range.



### **Risk level I across all ASI MyFolio ranges**

**Risk Target:** The defined level of risk referred to above that the management team is targeting is within in the range of 20–40% of world stock markets (represented by the MSCI World Index, over 10 years). There is no certainty or promise that this target will be achieved. The Risk Target has been chosen as it represents a risk range which is appropriate for the fund.

**Performance Comparator:** For comparison purposes, investors can compare the fund's long term performance to a basket of assets (before charges) with a risk profile at the lower range of the Risk Target stated above (i.e. 20% of world stock markets), which the ACD considers appropriate given the investment policy and Risk Target of the fund. This basket is composed of 5% FTSE All-Share Index, 15% MSCI World ex UK Index and 80% SONIA Index. (20% MSCI All Country World for Sustainable I)

### **Risk level II across all ranges**

**Risk Target:** The defined level of risk referred to above that the management team is targeting is within in the range of 35–55% of world stock markets (represented by the MSCI World Index, over 10 years). There is no certainty or promise that this target will be achieved. The Risk Target has been chosen as it represents a risk range which is appropriate for the fund.

**Performance Comparator:** For comparison purposes, investors can compare the fund's long term performance to a basket of assets (before charges) with a risk profile at the lower range of the Risk Target stated above (i.e. 35% of world stock markets), which the ACD considers appropriate given the investment policy and Risk Target of the fund. This basket is composed 10% FTSE All-Share Index, 25% MSCI World ex UK Index and 65% SONIA Index. (35% MSCI All Country World for Sustainable II)

### **Risk level III across all ranges**

**Risk Target:** The defined level of risk referred to above that the management team is targeting is within in the range of 45–75% of world stock markets (represented by the MSCI World Index, over 10 years). There is no certainty or promise that this target will be achieved. The Risk Target has been chosen as it represents a risk range which is appropriate for the fund.

**Performance Comparator:** For comparison purposes, investors can compare the fund's long term performance to a basket of assets (before charges) with a risk profile at the lower range of the Risk Target stated above (i.e. 45% of world stock markets), which the ACD considers appropriate given the investment policy and Risk Target of the fund. This basket is composed of 15% FTSE All-Share Index, 30% MSCI World ex UK Index and 55% SONIA Index. (45% MSCI All Country World for Sustainable III)

### **Risk level IV across all ranges**

**Risk Target:** The defined level of risk referred to above that the management team is targeting is within in the range of 60–90% of world stock markets (represented by the MSCI World Index, over 10 years). There is no certainty or promise that this target will be achieved. The Risk Target has been chosen as it represents a risk range which is appropriate for the fund.

**Performance Comparator:** For comparison purposes, investors can compare the fund's long term performance to a basket of assets (before charges) with a risk profile at the lower range of the Risk Target stated above (i.e. 60% of world stock markets), which the ACD considers appropriate given the investment policy and Risk Target of the fund. This basket is composed 20% FTSE All-Share Index, 40% MSCI World ex UK Index and 40% SONIA Index. (60% MSCI All Country World for Sustainable IV)

### **Risk level V across all ranges**

**Risk Target:** The defined level of risk referred to above that the management team is targeting is within in the range of 70–110% of world stock markets (represented by the MSCI World Index, over 10 years). There is no certainty or promise that this target will be achieved. The Risk Target has been chosen as it represents a risk range which is appropriate for the fund.

**Performance Comparator:** For comparison purposes, investors can compare the fund's long term performance to a basket of assets (before charges) with a risk profile at the lower range of the Risk Target stated above (i.e. 70% of world stock markets), which the ACD considers appropriate given the investment policy and Risk Target of the fund. This basket is composed 25% FTSE All-Share Index, 45% MSCI World ex UK Index and 30% SONIA Index. (70% MSCI All Country World for Sustainable V)

# Investment Policy

## Portfolio Securities (please refer to the table on page 21 to identify which comments apply)

1.1	The fund will invest at least 60% in actively managed abrdn funds to obtain broad exposure to a range of diversified investments.	2.1	It may invest up to 40% in passively managed funds (including those managed by abrdn).	3.1	Typically, at least 50% of the assets will be those traditionally viewed as lower risk, such as cash, money market instruments, government bonds (loans to a government) and investment grade corporate bonds (loans to a company).	4.1	Typically, at least 80% of the fund will be invested in assets traditionally viewed as being higher risk such as such as equities (company shares), commercial property and emerging market bonds (loans to an emerging market government).
1.2	The fund will invest at least 60% in actively managed funds, including those managed by abrdn, to obtain broad exposure to a range of diversified investments.	2.2	It may invest up to 40% in actively managed funds (including those managed by abrdn).	3.2	Typically, at least 40% of the assets will be those traditionally viewed as lower risk, such as cash, money market instruments, government bonds (loans to a government) and investment grade corporate bonds (loans to a company).	4.2	Typically, at least 60% of the fund will be invested in assets traditionally viewed as being higher risk such as such as equities (company shares), and emerging market bonds (loans to an emerging market government).
1.3	The fund will invest at least 60% in passively managed abrdn funds to obtain broad exposure to a range of diversified investments.	2.3	It may invest up to 20% in actively managed funds (including those managed by abrdn).	3.3	Typically, at least 25% of the assets will be those traditionally viewed as lower risk, such as cash, money market instruments, government bonds (loans to a government) and investment grade corporate bonds (loans to a company).	4.3	Typically, at least 80% of the fund will be invested in assets traditionally viewed as being higher risk such as such as equities (company shares), and emerging market bonds (loans to an emerging market government).
1.4	The fund will invest at least 80% in passively managed funds, including those managed by abrdn, to obtain broad exposure to a range of diversified investments.			3.4	Typically, at least 60% of the fund will be invested in assets traditionally viewed as being higher risk such as such as equities (company shares), commercial property, alternative funds and emerging market bonds (loans to an emerging market government).	4.4	Typically, at least 60% of the fund will be invested in assets traditionally viewed as being higher risk such as equities (company shares), high yield corporate bonds (loans to a company) and emerging market bonds (loans to an emerging market government).
1.5	The fund will invest its assets in actively and passively managed funds, including those managed by abrdn, to obtain broad exposure to a range of diversified investments.			3.5	Typically, at least 80% of the fund will be invested in assets traditionally viewed as being higher risk such as such as equities (company shares), commercial property, alternative funds and emerging market bonds (loans to an emerging market government).	4.5	Typically, at least 80% of the fund will be invested in assets traditionally viewed as being higher risk such as equities (company shares), high yield corporate bonds (loans to a company) and emerging market bonds (loans to an emerging market government).

# Investment Policy

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3.7	Typically, at least 60% of the fund will be invested in assets traditionally viewed as being higher risk such as such as equities (company shares), commercial property and emerging market bonds (loans to an emerging market government).	4.6	Typically, at least 30% of the assets will be those traditionally viewed as lower risk, such as cash, money market instruments, government bonds (loans to a government) and investment grade corporate bonds (loans to a company).
3.8	Typically, at least 80% of the fund will be invested in assets traditionally viewed as being higher risk such as such as equities (company shares), commercial property and emerging market bonds (loans to an emerging market government).	4.7	Typically, at least 10% of the assets will be those traditionally viewed as lower risk, such as cash, money market instruments, government bonds (loans to a government) and investment grade corporate bonds (loans to a company).
3.9	Typically, at least 60% of the fund will be invested in assets traditionally viewed as being higher risk such as such as equities (company shares), and emerging market bonds (loans to an emerging market government).	4.8	Typically, at least 50% of the fund will be invested in assets traditionally viewed as being higher risk such as such as equities (company shares), commercial property, alternative funds and emerging market bonds (loans to an emerging market government).

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# Investment Policy

5.1 The rest of the fund will be invested in a selection of other assets such as equities (company shares including property shares), commercial property and funds that can use a combination of traditional assets (such as equities and bonds) and investment strategies based on derivatives.	6.1 All funds selected will adhere to the ASI ASI MyFolio Sustainable Investment Approach available on <a href="http://abrdn.com">abrdn.com</a> under "Responsible Investing".	7.1 The use of neutral funds is limited to 35% of the total portfolio.
5.2 The rest of the fund is invested in a selection of other assets such as money market instruments including cash, government bonds (loans to a government) and investment grade corporate bonds (loans to a company) and funds that can use a combination of traditional assets (such as equities and bonds) and investment strategies based on derivatives.	6.2 This means they must have one of the following characteristics: i) Sustainable Funds – funds which explicitly target improved environmental, social and governance or sustainability related outcomes; or ii) Impact funds – funds which aim to make a positive, measurable environmental and/or social impact alongside strong financial returns; or iii) Neutral funds – funds which have no specific ESG or sustainability criteria within their investment objective or process. Neutral funds will include holdings in cash, money market instruments, government bonds (loans to a government).	7.2 The use of neutral funds is limited to 25% of the total portfolio.
5.3 The rest of the fund will be invested in a selection of other assets such as equities (company shares including property shares).		7.3 The use of neutral funds is limited to 15% of the total portfolio.
5.4 The rest of the fund is invested in a selection of other assets such as money market instruments including cash, government bonds (loans to a government) and investment grade corporate bonds (loans to a company).		7.4 The use of neutral funds is limited to 10% of the total portfolio.
5.5 The rest of the fund will be invested in a selection of other assets such as equities (company shares including property shares) high yield corporate bonds (loans to a company) and emerging market bonds (loans to an emerging market government).		7.5 The use of neutral funds is limited to 5% of the total portfolio.
5.6 The rest of the fund is invested in a selection of other assets such as money market instruments including cash, government bonds (loans to a government) and investment grade corporate bonds (loans to a company).		

# Key

Fund	Risk Level	Applicable Portfolio Security Comments						
Index	I	1.4	2.3	3.1	5.3			
Index	II	1.4	2.3	3.2	5.3			
Index	III	1.4	2.3	3.3	5.3			
Index	IV	1.4	2.3	3.9	5.4			
Index	V	1.4	2.3	4.1	5.4			
Market	I	1.3	2.2	3.1	5.1			
Market	II	1.3	2.2	3.2	5.1			
Market	III	1.3	2.2	3.3	5.1			
Market	IV	1.3	2.2	3.7	5.2			
Market	V	1.3	2.2	3.8	5.2			
Managed	I	1.1	2.1	3.1	5.1			
Managed	II	1.1	2.1	3.2	5.1			
Managed	III	1.1	2.1	3.3	5.1			
Managed	IV	1.1	2.1	3.4	5.2			
Managed	V	1.1	2.1	3.5	5.2			
Multi-Manager	I	1.2	2.1	3.1	5.2			
Multi-Manager	II	1.2	2.1	3.2	5.2			
Multi-Manager	III	1.2	2.1	3.3	5.2			
Multi-Manager	IV	1.2	2.1	3.4	5.2			
Multi-Manager	V	1.2	2.1	3.5	5.2			
Mthly Income	II	1.2	1.1	4.4	5.1			
Mthly Income	III	1.2	1.1	4.5	5.1			
Mthly Income	IV	1.2	1.1	4.6	5.2			
Sustainable	I	1.5	2.1	3.1	5.5	6.1	6.2	7.1
Sustainable	II	1.5	2.1	3.2	5.5	6.1	6.2	7.2
Sustainable	III	1.5	2.1	3.3	5.5	6.1	6.2	7.3
Sustainable	IV	1.5		4.2	5.6	6.1	6.2	7.4
Sustainable	V	1.5		4.3	5.6	6.1	6.2	7.5

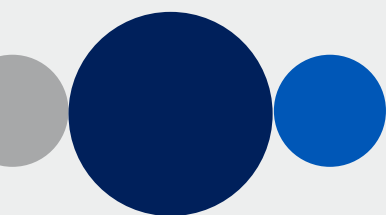
# Management Process, Derivatives and Techniques

## Management Process

- The management team use their discretion (active management) to select funds within each asset class and ensure that the strategic asset allocation (long-term proportions in each asset class) meets the fund's objectives.
- In addition, they will take tactical asset allocations (changing short term proportions in each asset class) with the aim of improving returns.
- Please note that the number contained in the fund names are not related to the SRRI contained in the Key Investor Information Document for each fund.

## Derivatives and Techniques

- The fund is not expected to invest in derivatives directly however it may invest in other funds which use derivatives more extensively.
- Investors in the fund may buy and sell shares on any dealing day (as defined in the Prospectus). If you invest in income shares, income from investments in the fund will be paid out to you. If you invest in accumulation shares, income will be added to the value of your shares.
- Recommendation: the fund may not be appropriate for investors who plan to withdraw their money within five years. Investors should satisfy themselves that their attitude to risk aligns with the risk profile of this fund before investing.



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