

Fund guide

abrdn SICAV I – Emerging Markets Smaller Companies Fund

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Key features

USD 109.1m	2007	54	18	14.82pa
Fund size	Fund launch	Number of holdings	Fund managers years of experience	5 years return (gross)

Source: Aberdeen Investments, 31 March 2025.

Why consider the Fund?

01	Diversification benefits – EM SC offer a very different exposure to large cap EM: Unlike the MSCI EM index, China does not run the show. With China at c.8% of the index, the MSCI EM small Cap index offers a very different outcome. Moreover, EM SC is an attractive complement to an MSCI EM allocation, as the below chart demonstrates over long time periods, by increasing your allocation to smaller companies, even at an index level you can increase risk-adjusted returns. Notably, over the same time period, exposure to our strategy can increase returns and reduce risk.
02	Reducing risk – There is a widely held misconception that emerging market smaller companies represent a highly volatile allocation. However, the universe has lower volatility than large cap EM, global developed market smaller companies and other regions.
03	Growth potential – Over the long-term EM Smaller Companies have been one of the best performing equity asset classes; since 2001 they have delivered >2x the returns of DM equities.

Why invest now?



Smaller companies as rates are cut – Historical data shows that following previous rate cuts, Smaller Companies have outperformed their larger peers.



EM Stars aligning – From a microeconomic perspective we have seen an uptick in global capex spend which historically has been beneficial for EM performance. This is being driven by nearshoring, the green transition and the technological revolution taking place as companies are investing in their supply chains and technology capabilities (i.e. AI and 5G) whilst governments look to their renewable energy supply. From a macro perspective, EM governments and central banks have been far more conservative than their DM counterparts, leaving them more room to manoeuvre looking ahead.

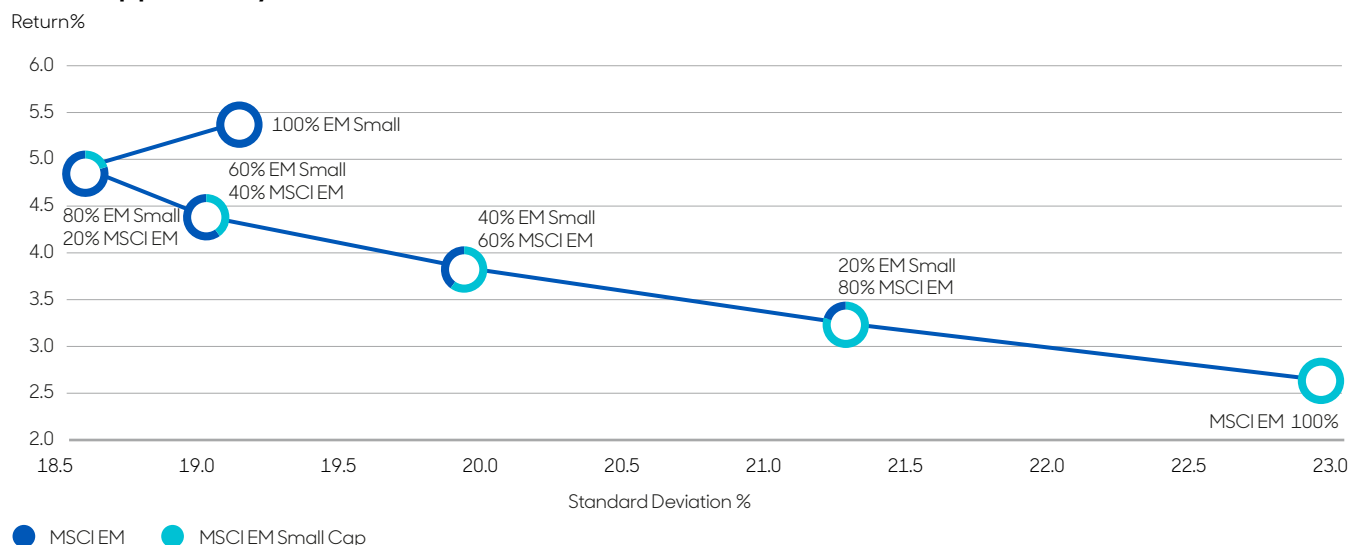


Valuations remain attractive – Currently, EM SC are more expensive relative to EM LC than they have been in the past. Importantly, whilst capital PE is trading above long-term averages on an aggregate basis, this is not representative of the entire opportunity within the EM SC universe. In fact, most SC markets are trading at a discount to the 10-year average. Thus, we continue to find mispriced, under-researched and enticing opportunities for smaller companies with attractive growth profiles.

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Blend opportunity with MSCI EM



Source: Morningstar, net returns, I Acc in USD, June 2007 to March 2025. Costs may increase or decrease as a result of currency and exchange rate fluctuations.

Why choose us?



People: Large on the ground footprint in EM: 50 investment professionals across 7 locations from Sao Paolo to Shanghai. We have been investing in EM for 30 years, during which we have consistently sought firms with strong governance credentials and maintained engagement with the companies we invest in. This makes a difference in a market with less analyst coverage (as per the table overleaf).



Process: We are active, long-term investors and take a quality approach. Furthermore, we have a consistent style footprint, regardless of market conditions. We look for strong businesses with strong return potential and future prospects positioned for sustained growth which are less influenced by external market conditions. We benefit from use of strong proprietary quant tools, specifically the matrix. The matrix tool is key during portfolio construction as it helps us identify changing dynamics of stocks within the portfolio in a consistent and objective manner.



Positioning: The best returns are driven by companies we hold over their journey from small caps to large cap as markets often underestimate the long-term return where the largest inefficiencies are.

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An under-researched opportunity set

	No. of companies	Average No. of analysts	Companies with ≤1 analyst
MSCI EM Large Cap	1206	18	95
MSCI EM Small Cap	1942	8	447

Source: Based on Aberdeen analysis, as at December 2024.

Objective

The Fund aims to achieve a combination of growth and income by investing in smaller capitalisation companies in Emerging Market countries, which adhere to the abrdn Emerging Markets Smaller Companies Promoting ESG Equity Investment Approach (the "Investment Approach"). The Fund aims to outperform the MSCI Emerging Markets Small Cap Index (USD) benchmark before charges.

Structure – SICAV I

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.

The fund invests in equity and equity related securities. These are sensitive to variations in the stock markets which can be volatile and change substantially in short periods of time.

Emerging markets are countries generally considered to be relatively less developed or industrialized, and investments in emerging markets countries are subject to a magnification of the risks that apply to foreign investments. These risks are greater for securities of companies in emerging market countries because the countries may have less stable governments, more volatile currencies and less established markets.

The shares of small and mid-cap companies may be less liquid and more volatile than those of larger companies.

The fund may invest in companies with Variable Interest Entity (VIE) structures in order to gain exposure to industries with foreign ownership restrictions. There is a risk that investments in these structures may be adversely affected by changes in the legal and regulatory framework.

Investing in China A shares involves special considerations and risks, including greater price volatility, a less developed regulatory and legal framework, exchange rate risk/controls, settlement, tax, quota, liquidity and regulatory risks.

Applying ESG and sustainability criteria in the investment process may result in the exclusion of securities within the fund's benchmark or universe of potential investments. The interpretation of ESG and sustainability criteria is subjective meaning that the fund may invest in companies which similar funds do not (and thus perform differently) and which do not align with the personal views of any individual investor.

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.

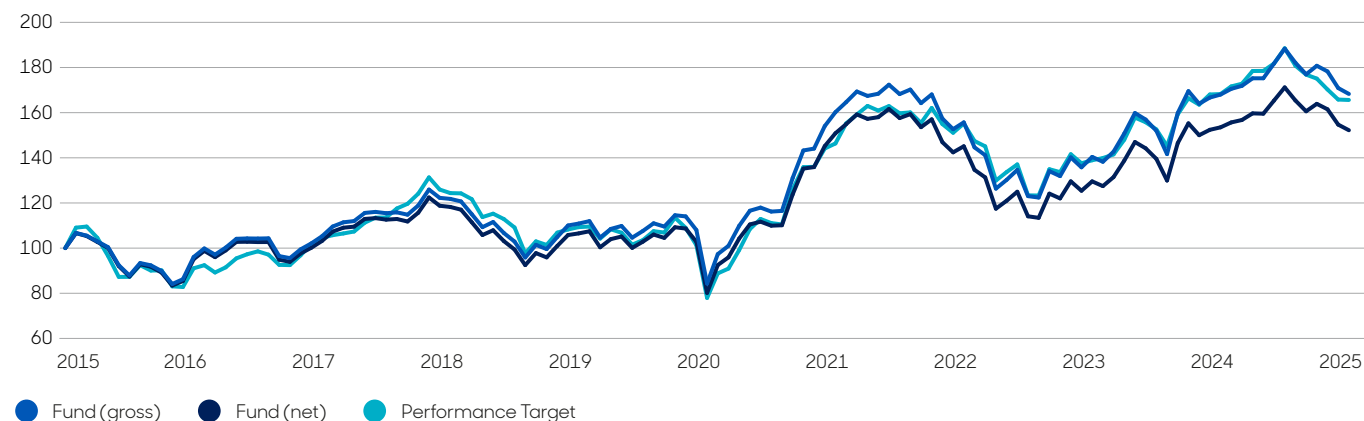
More details of the risks applicable to this fund can be found in the Key Investor Information Document (KIID) and Prospectus, both of which are available on request or at our website [aberdeeninvestments.com](https://www.aberdeeninvestments.com).

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How has the Fund performed?

Cumulative and annualised performance

%



Cumulative and annualised performance

	1 month	6 months	Year to date	1 year	3 years (p.a.)	5 years (p.a.)	10 years (p.a.)
Fund (gross) (%)	-1.53	-10.65	-6.90	0.16	2.62	14.82	5.34
Fund (net) (%)	-1.61	-11.09	-7.13	-0.84	1.60	13.68	4.29
Benchmark (%)	-0.11	-12.14	-5.41	-1.56	2.20	16.27	5.17

Discrete annual returns – year to 31 March

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Fund (gross) (%)	0.16	19.66	-9.82	-2.83	90.12	-23.98	-8.98	15.73	9.58	-3.95
Fund (net) (%)	-0.84	18.48	-10.72	-3.80	88.23	-24.74	-9.89	14.58	8.49	-4.90
Benchmark (%)	-1.56	21.10	-10.47	6.03	87.81	-28.71	-12.11	18.97	14.80	-8.93

Performance Data: Share Class I Acc USD

Benchmark history: Benchmark – MSCI Emerging Markets Small Cap Index (USD)

Source: Factset. Basis: Total Return, NAV to NAV, net of annual charges, gross Income reinvested, (USD).

Costs may increase or decrease as a result of currency and exchange rate fluctuations. This may impact what you might get back. "Fund (Net)" refers to the actual unit price performance of the shareclass shown; "Fund(Gross)" adds back charges such as the annual management charge to present performance on the same basis as the Benchmark / Benchmark / portfolio constraining benchmark. All return data includes investment management fees, operational charges and expenses, and assumes the reinvestment of all distributions. The returns provided do not reflect the initial sales charge and, if included, the performance shown would be lower.

Past performance does not predict future returns.



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information
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