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## abrdn Quantitative Index Solutions

January 2025

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

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## Who we are



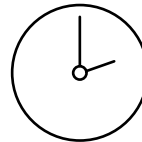
We take a systematic approach to equity and fixed income investing. We offer solutions in passive, evolve and enhanced indexation, as well as bespoke portfolios to meet our clients' needs.

"Whether investors want to replicate market returns, address their sustainability concerns, or seek to outperform an index in a systematic way, abrdn offers cost-effective solutions to help them achieve their goals."

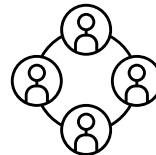
Sean Phayre, PhD  
Global Head of Quantitative Index Solutions

**£86bn**  
AUM

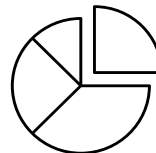
## Our expertise



Inception in 2005



23 dedicated investment professionals



20% of abrdn's total assets under management (AUM)



Active stewardship across all our strategies

"By investing in one of our building blocks, investors can gain exposure to hundreds of securities and implement their own asset allocation in the most cost-effective manner."

Source: abrdn, 31 December 2024.

# What we offer

## 1

### Passive indexation

- Track equity and fixed income indices with minimal tracking error.
- Replicate indices across a range of global, regional and local markets through full replication, optimisation or sampling.
- Voting and engagement.

## 2

### Evolve indexation

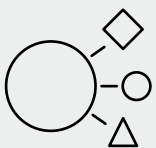
- Track customised equity and fixed income indices.
- Design proprietary indices to deliver enhanced sustainability outcomes, while maintaining a risk and return profile similar to the parent index.
- Voting and engagement.

## 3

### Enhanced indexation

- Tilt market-cap indices towards multiple risk factors, such as value, quality and momentum.
- Target index outperformance over the long term, while keeping tracking error under control (typically 75-150 bps) and applying index constraints.
- Voting and engagement.

## Why choose us?



**30 building blocks to choose from**

We offer a full range of equity and fixed income strategies across local, regional and global markets.

Cost-effective and risk-controlled implementation enables investors to meet their goals.



**Sustainability**

We integrate ESG considerations into our process. We implement active engagement and use our voting rights to drive positive change.



**Experience**

Clients benefit from the expertise of a stable investment team, with a demonstrable track record since 2005.



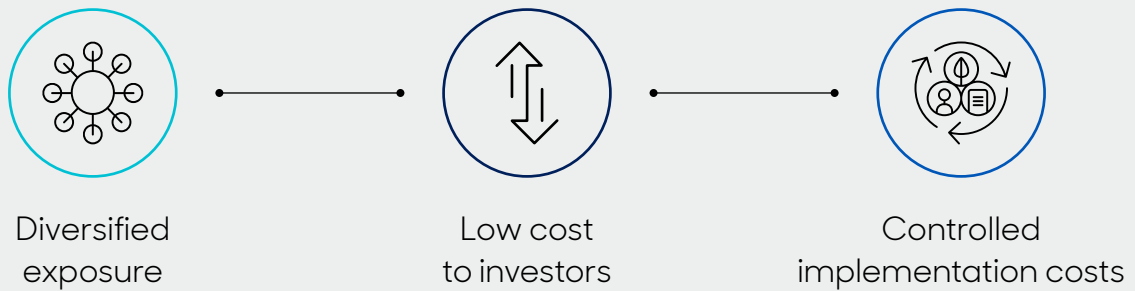
# Passive indexation



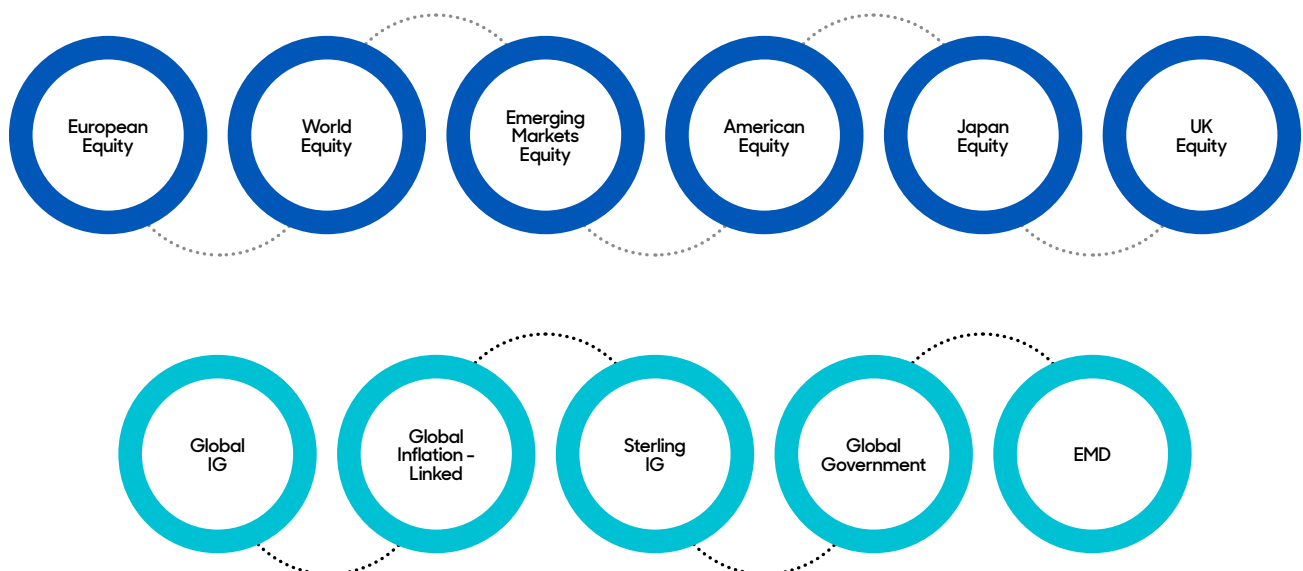
## Replicating the risk and return profile of market indices in the most cost-efficient way

- Simple, transparent and cost-effective approach to equity and fixed income investing.
- Voting across all our equity portfolios and active stewardship that is supported by our central sustainability team.

### Key benefits of passive indexation:



### Our range of passive strategies cover:



The above strategies are provided to illustrate our range of capabilities only and may not be available in all jurisdictions.

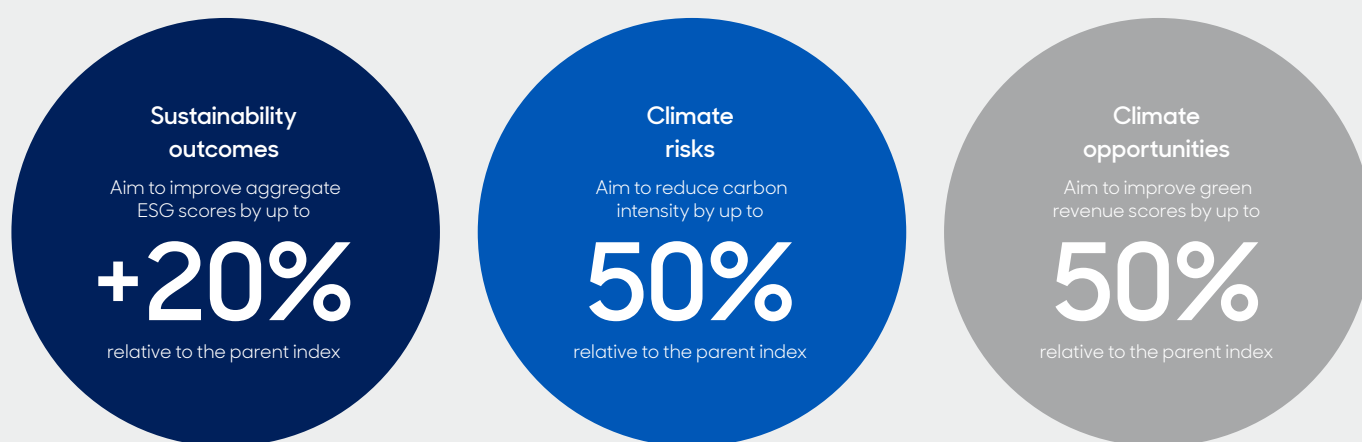







## Balancing long-term financial returns with sustainable improvements

- We aim to generate long-term returns by replicating the risk and return profile of customised indices with sustainable improvements.
- abrdn has designed customised proprietary indices in partnership with the calculation agent MSCI – a global leader in index design, ESG (environmental, social and governance) data and analytics.
- abrdn indices focus on minimising the long-term risks associated with ESG concerns. They also leverage opportunities arising from the transition to cleaner technologies.
- Partnership with the calculation agent MSCI, a global leader in index design and provision of ESG data and analytics.

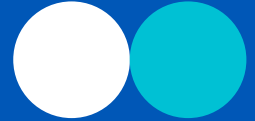
### Sustainability outcomes:



### How we achieve this:

Exclusion screening	Portfolio targeting	Active stewardship
 <ul style="list-style-type: none"> <li>• Excluding key sustainability risks                             <ul style="list-style-type: none"> <li>– Severe controversies</li> <li>– Tobacco*</li> <li>– Thermal coal</li> <li>– Unconventional oil and gas*</li> <li>– Controversial weapons</li> </ul> </li> </ul> <p><small>* &gt;5% revenue from those industries</small></p>	 <ul style="list-style-type: none"> <li>• Material sustainability improvement                             <ul style="list-style-type: none"> <li>– 10-20% improvement in ESG score</li> <li>– 50% reduction in carbon intensity</li> <li>– 50% reduction in potential emissions</li> <li>– 50% increase in green revenue</li> </ul> </li> <li>• Retain benefits of standard index                             <ul style="list-style-type: none"> <li>– Minimise TE to parent</li> <li>– Manage unintended bias</li> <li>– Stock, sector, country constraints</li> </ul> </li> </ul>	 <ul style="list-style-type: none"> <li>• Engagement to encourage sustainable business practice</li> <li>• Frequent dialogue on ESG issues with company management</li> <li>• Voting policy</li> </ul>
Universe construction stage	Portfolio construction stage	Ownership

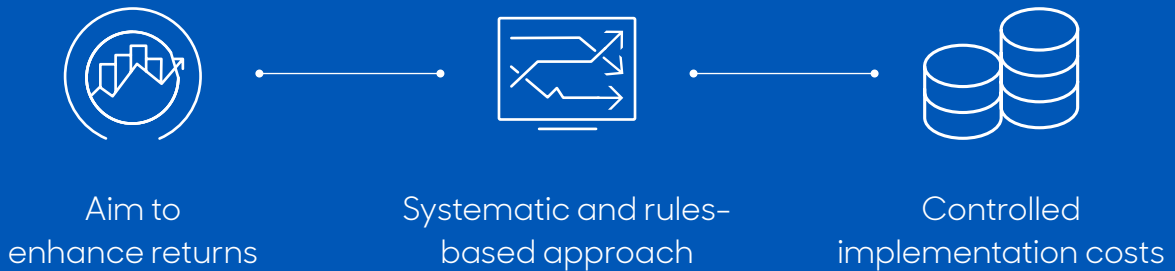
# Enhanced indexation



## A factor-driven strategy that goes beyond traditional indexation

### What is enhanced indexing?

Enhanced indexing applies a multi-factor approach to an index portfolio. It tilts its constituents towards specific risk factors – such as quality, value and momentum – to achieve above-benchmark returns over the long term. This is a systematic, rules-based strategy that relies on proprietary risk factors.



## Our approach

**Systematic** – apply a systematic approach to investment

**Diversified** – focus on multiple enhanced risk factors

**Dynamic** – apply proprietary definition of risk factors

**Cost-effective** – provide cost-efficient access to regional and global equity markets

## Why invest in enhanced indexation at abrdn?



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