

Assessment of Value Report

October 2022

Data as at 30 June 2022

abrdn OEIC III

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 our funds have performed across the seven standard categories to determinate whether the funds under review are offering value.

As the summary table shows, there have been challenges in the area of performance. In some cases we have planned, or already made, changes to address issues identified by this report. All funds, however, 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 closely with an eye toward identifying any further issues that may need to be addressed.

We thank you sincerely for investing with us.

The Board of abrdn Fund Managers Ltd

- 2 FROM THE BOARD**
- 3 RESULTS AT A GLANCE**
- 5 RESULTS COMMON TO ALL FUNDS**
- 5 FUND-SPECIFIC RESULTS**

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 funds did not score well in category 2 (performance) The recently launched Sustainable Index range did not have sufficient operating history to warrant a performance evaluation. The remaining funds have delivered positive growth over five years, and have met risk expectations, but have not delivered a positive relative return against their respective performance comparators over the target period, largely due to the impact of performance over the past 12 months.

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.

Accordingly, all funds (except the Sustainable Index range) are under review The review seeks to address each instance of a fund performing below expectation.

Findings by Fund

Fund	Service Quality	Performance	Costs	Right Class
abrdn Dynamic Multi-Asset Growth Fund	■	■	■	■
abrdn MyFolio Index I Fund	■	■	■	■
abrdn MyFolio Index II Fund	■	■	■	■
abrdn MyFolio Index III Fund	■	■	■	■
abrdn MyFolio Index IV Fund	■	■	■	■
abrdn MyFolio Index V Fund	■	■	■	■
abrdn MyFolio Managed I Fund	■	■	■	■
abrdn MyFolio Managed II Fund	■	■	■	■
abrdn MyFolio Managed III Fund	■	■	■	■
abrdn MyFolio Managed IV Fund	■	■	■	■
abrdn MyFolio Managed V Fund	■	■	■	■
abrdn MyFolio Market I Fund	■	■	■	■
abrdn MyFolio Market II Fund	■	■	■	■
abrdn MyFolio Market III Fund	■	■	■	■
abrdn MyFolio Market IV Fund	■	■	■	■
abrdn MyFolio Market V Fund	■	■	■	■
abrdn MyFolio Monthly Income II Fund	■	■	■	■
abrdn MyFolio Monthly Income III Fund	■	■	■	■
abrdn MyFolio Monthly Income IV Fund	■	■	■	■
abrdn MyFolio Multi-Manager I Fund	■	■	■	■
abrdn MyFolio Multi-Manager II Fund	■	■	■	■
abrdn MyFolio Multi-Manager III Fund	■	■	■	■
abrdn MyFolio Multi-Manager IV Fund	■	■	■	■
abrdn MyFolio Multi-Manager V Fund	■	■	■	■
abrdn MyFolio Sustainable I Fund	■	■	■	■
abrdn MyFolio Sustainable II Fund	■	■	■	■
abrdn MyFolio Sustainable III Fund	■	■	■	■
abrdn MyFolio Sustainable IV Fund	■	■	■	■
abrdn MyFolio Sustainable V Fund	■	■	■	■
abrdn MyFolio Sustainable Index I Fund*	■	■	■	■
abrdn MyFolio Sustainable Index II Fund*	■	■	■	■
abrdn MyFolio Sustainable Index III Fund*	■	■	■	■
abrdn MyFolio Sustainable Index IV Fund*	■	■	■	■
abrdn MyFolio Sustainable Index V Fund*	■	■	■	■

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

* While these funds had not been in operation long enough to report a full 12 months of results, the interim results on all criteria indicated that good value had been delivered.

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. Monitoring during the report period has

shown improvement in this regard. 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.

Fund-Specific Results

CATEGORY 2

Performance

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

All of the funds are intended to be held at least five years, and those with at least five years of operating history (meaning all funds except the Index, Sustainable and Sustainable Index funds) have delivered positive growth and have met risk expectations.

As part of our ongoing efforts to deliver good value and investor outcomes we continually review all funds for potential issues and opportunities, and will communicate any material changes in a timely fashion.

Dynamic Multi-Asset Growth Since last year's report, the fund has exceeded its comparator over the 12-month period and delivered positive growth over five years. However, the fund continues to lag over the long term, mainly due to two factors:

- The fund had anticipated the market's switch from favoring growth stocks (which are comparatively overvalued) to value stocks (which are comparatively undervalued), but the switch

happened more rapidly than the time necessary to make an orderly shift in portfolio holdings.

- The sudden and steep onset of inflation – rising to the highest level in 25 years – hurt performance because of the fund's short exposures. The fund still holds many of these positions as it expects to recoup the associated losses in due course.

Moving forward, we expect risk premia to rise across all assets, and have positioned the fund to take advantage of tightening financial conditions.

MyFolio Funds Over the past 12 months, returns for all MyFolio funds have lagged the performance of their respective comparators. This has also lowered the three- and five-year performance figures from where they were at the end of the previous report period.

For both actively and passively managed funds, the underperformance is due to three main factors:

- As outlined in the chart below, which shows market performance over the first six months of 2022, bond markets suffered a substantial negative drawdown during a time when equities markets also were down. In diversified funds such as these, bonds have typically worked as a hedge or helped overall performance when equities and other higher risk assets have underperformed.
- There have been substantial market shifts in the best performing equity sectors and in investment

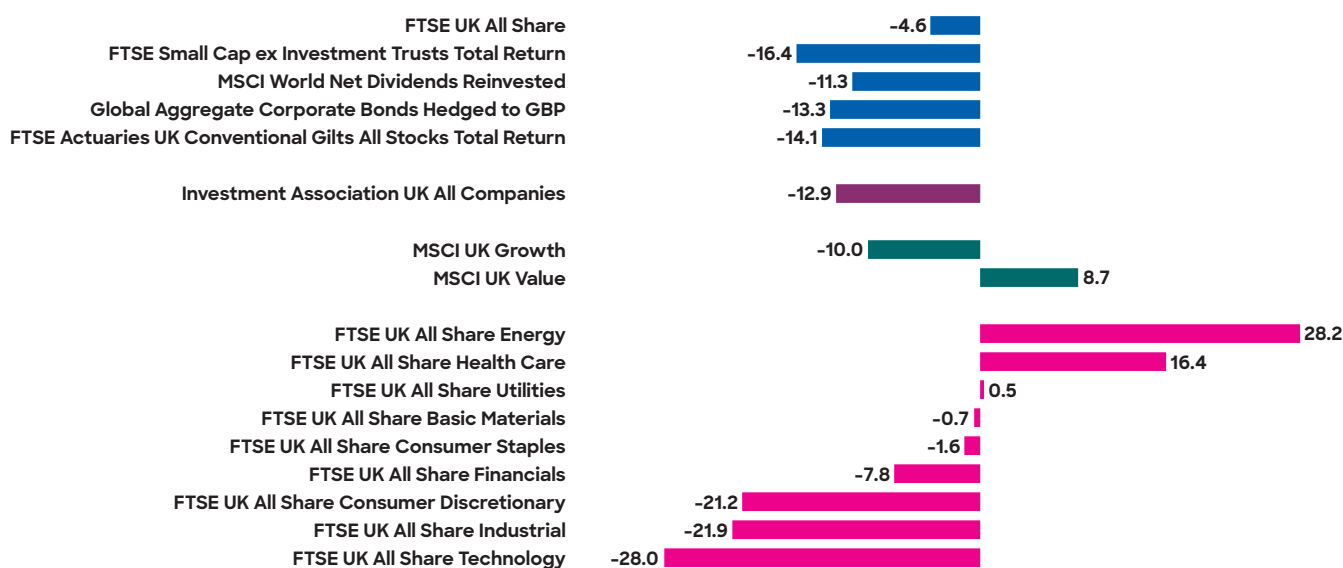
style (from growth to value). The strongest performer was the energy sector, which was unhelpful to the funds because the managers typically underweight energy.

- The money market component used in the comparators have substantially outperformed the fixed income asset classes, which has had a material effect on relative returns. We however remain confident that the comparators continue to serve their intended purpose, which is to accurately reflect the minimum volatility of each risk profile and to provide a longer-term expected return indicator.

During the report period, we made important changes, including the appointment at the beginning of 2022 of Christopher Carlton as the new Head of Research. Christopher will be driving new investment ideas and creating long-term adjustments in approach. The team have also undertaken a review to improve monitoring and management of portfolio risks and have implemented additional analysis tools to generate greater depth and quality of views.

The Board of Directors welcomes the ongoing actions taken by the Investment Manager to improve the investment process and has confidence in the ability of the funds to deliver on long-term objectives. The funds will continue to be closely monitored to ensure that all reasonable steps are taken to pursue investment and performance objectives.

SELECTED INDEX PERFORMANCE, 1 JAN - 30 JUN 2022



Source Morningstar.

KEY ■ Core indices ■ Broad UK equities ■ Equity investment style ■ Core UK equity sectors

RELATIVE PERFORMANCE (%) For periods ending 30 June 2022

Cumulative performance, relative to each fund's comparator, for Platform Class Shares (before deduction of fees and expenses) over the periods indicated.

abrdn Fund	COMPARATOR ELEMENTS AND WEIGHTINGS (%)			FUND VS COMPARATOR (%)		
	MSCI AC World Index Net Total Return (Daily Hedged to GBP)			1 Year	3 Years	5 Years
Dynamic Multi-Asset Growth Fund	100			1.66	-5.02	-3.73
	FTSE All-Share Index	MSCI World ex UK Index	SONIA Index			
MyFolio Index I Fund	5	15	80	-7.18	-1.58	-
MyFolio Index II Fund	10	25	65	-6.90	-1.72	-
MyFolio Index III Fund	15	30	55	-5.81	-1.26	-
MyFolio Index IV Fund	20	40	40	-4.64	-1.38	-
MyFolio Index V Fund	25	45	30	-2.73	-0.41	-
MyFolio Managed I Fund	5	15	80	-7.92	-1.71	-0.92
MyFolio Managed II Fund	10	25	65	-8.23	-2.36	-1.70
MyFolio Managed III Fund	15	30	55	-7.75	-1.74	-1.39
MyFolio Managed IV Fund	20	40	40	-7.24	-1.74	-1.75
MyFolio Managed V Fund	25	45	30	-7.69	-1.04	-1.56
MyFolio Market I Fund	5	15	80	-6.85	-1.63	-0.57
MyFolio Market II Fund	10	25	65	-6.64	-2.23	-1.17
MyFolio Market III Fund	15	30	55	-5.17	-1.57	-0.67
MyFolio Market IV Fund	20	40	40	-3.85	-1.31	-0.71
MyFolio Market V Fund	25	45	30	-3.15	-0.20	-0.09
MyFolio Monthly Income II Fund	10	25	65	-5.15	-2.29	-1.66
MyFolio Monthly Income III Fund	15	30	55	-3.45	-2.15	-1.73
MyFolio Monthly Income IV Fund	20	40	40	-0.93	-1.29	-1.50
MyFolio Multi-Manager I Fund	5	15	80	-6.33	-0.70	-0.23
MyFolio Multi-Manager II Fund	10	25	65	-6.61	-1.33	-0.92
MyFolio Multi-Manager III Fund	15	30	55	-6.05	-1.13	-0.92
MyFolio Multi-Manager IV Fund	20	40	40	-5.48	-1.05	-1.22
MyFolio Multi-Manager V Fund	25	45	30	-5.83	-0.61	-1.20
MyFolio Sustainable I Fund	5	15	80	-9.10	-	-
MyFolio Sustainable II Fund	10	25	65	-8.68	-	-
MyFolio Sustainable III Fund	15	30	55	-8.51	-	-
MyFolio Sustainable IV Fund	20	40	40	-6.76	-	-
MyFolio Sustainable V Fund	25	45	30	-5.92	-	-
MyFolio Sustainable Index I Fund	5	15	80	-	-	-
MyFolio Sustainable Index II Fund	10	25	65	-	-	-
MyFolio Sustainable Index III Fund	15	30	55	-	-	-
MyFolio Sustainable Index IV Fund	20	40	40	-	-	-
MyFolio Sustainable Index V Fund	25	45	30	-	-	-

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

FURTHER FUND-LEVEL INFORMATION

All documents available on 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

© 2022 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/ or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. For more detailed information about Morningstar's Analyst Rating, including its methodology, please go to: https://s21.q4cdn.com/198919461/files/doc_downloads/othe_disclosure_materials/2022/ratings-funds-enhanced-june2021.pdf.

IMPORTANT INFORMATION Please remember, 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. Please refer to the Key Investor Information Document (KIID), Prospectus and Report & Accounts for full details about the specific risks, performance history and other full investment objectives and policies applicable to each fund.

abrdn Fund Managers Limited, registered in England and Wales (7 40118) at Bow Bells House, 1 Bread Street, London, EC4M 9HH. Authorised and regulated by the Financial Conduct Authority in the UK.

For more information visit abrdn.com.

GB-091222-185037-5