



## Assessment of Value Summary

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

# Chairman's message



As independent Chairman of the abrdn Fund Managers Limited ("AFML") Board, my role is to lead the board, with the aim of ensuring effective oversight of the funds managed by AFML. Key to this is ensuring that the interests of our fund clients are at the forefront of our minds. At all times the decisions made and actions taken must be focused on delivering a good outcome for our clients.

When I joined the board in November 2018, I considered delivery of the Assessment of Value regulation, (launched by our regulator, the Financial Conduct Authority (FCA), in 2019) as an important exercise. My board colleagues and I welcome the transparency of the annual Assessment of Value report that each fund range is required to publish. The FCA's objective of ensuring the asset management industry acts in investors best interests is my objective in serving you as independent Chairman.

We publish this report to provide you with comfort that the funds in which you invest are delivering value. Where we identify issues, you can be assured that the Board is working with abrdn to rectify them. As we enter the third year of this ongoing assessment, you can be assured that we will pay close attention to funds which have previously highlighted any concerns and will ensure that remedial action is in train or has been taken.

The Board and I have worked closely with the abrdn team to develop a proactive, robust assessment process. The detailed output of this assessment is presented to the Board, allowing for challenge and further investigation before we sign off the outcomes and share the summaries

with you. The ongoing nature of the process means that my Board colleagues and I can continually monitor any areas of concern.

Set out in the following pages is a summary of the seven 'Pillars' outlined in the FCA regulation which have been categorised into three core components; Service, Performance and Cost, for ease of understanding.

The funds which have been reviewed in this report have a broad range of investment remits and objectives. Each has been assessed on their own merit to measure that they are behaving as they should be and are delivering the required outcome.

Having reviewed both the inputs and outcomes of this assessment, I am confident in the process and the analysis. Where any issues have been highlighted, my Board colleagues and I are committed to ensuring action is taken where necessary and will monitor progress carefully. Our aim is to ensure that you consistently receive high standards in service and investment performance at a reasonable price.

Thank you for taking the time to read this report. My aim, and that of my board colleagues, is to protect your interests and ensure your money is properly looked after. I hope this report gives you an insight into how we are doing just that.

If you use a Financial Adviser, you should contact them for further explanation or detail on any of the areas covered.

**With very best wishes**



**Jamie Matheson**

Chairman  
abrdn Fund Managers Ltd

# Assessment of Value Process



The graphic below shows how abrdn have taken the FCA's initial requirements, interpreted them into what we are being asked to measure, then considered what an appropriate investor outcome would look like for each one.

To meet our overall Assessment of Value standards, each fund must demonstrate **all** characteristics listed in the investor outcome section. These will be shown in the results section with a ✓.

## FCA Requirements

## abrdn Interpretation

## Intended Investor outcome

**Pillar 1** - The range and quality of services provided to unitholders

**Pillar 2** - The performance of the scheme as set out in the prospectus over an appropriate timescale having regard to the scheme's investment objectives, policy and strategy.

**Pillar 3** - In relation to each charge, the cost of providing the service to which the charge relates, and when money is paid directly to associates or external parties, the cost is the amount paid to that person.

**Pillar 4** - Whether the Authorised Fund Manager is able to achieve savings and benefits from economies of scale, relating to the direct and indirect costs of managing the scheme property

**Pillar 5** - In relation to each service, the market rate for any comparable service provided by (a) the Authorised Fund Manager; or (b) to the Authorised Fund Manager or on its behalf, including by a person to which any aspect of the scheme's management

**Pillar 6** - In relation to each separate charge, the Authorised Fund Manager's charges and those of its associates for comparable services provided to clients, including for institutional mandates of a comparable size and having similar investment objectives and policies;

**Pillar 7** - Whether it is appropriate for unitholders to hold units in classes subject to higher charges than those applying to other classes of the same scheme with substantially similar rights.

**Service** - How we monitor and measure the success of: external suppliers helping to run the funds; internal services which provide oversight of our investment function and client service and communication

**Performance** - How we measure the performance our products deliver against the objectives stated to clients. This includes: performance against targets, risk monitoring, whether relevant funds have delivered income and if they have generated growth on investment for clients

**Cost** - How we ensure that our funds are priced suitably:

- For both the investment service we provide and the additional costs required to run each fund
- Generating cost savings for our clients through efficient management of our funds and the external suppliers we use to run them
- Competitively priced against the marketplace
- Consistent across our fund ranges
- With cost effective share classes, relevant to client type and level of investment

**Service** - The fund provides:

- Efficient operational management
- Robust investment process oversight
- Strong client service

**Performance** - The fund has delivered performance in line with stated objectives and expectations over its stated performance target period

**Cost** - The fund is priced appropriately:

- With a clear cost framework and cost savings passed to clients where possible
- Compared to similar products available in the market
- In line with other abrdn product, with suitable share classes offered for each client type

The **Service** and **Performance** components link directly to one of the original FCA 'Pillars'. For **Costs**, we have grouped the relevant five FCA Pillars (3-7) under one heading to make it simpler to understand what area the assessment focuses on. We assess each of the five pillars and if a fund fails to meet **any** of those individual requirements, the outcome will state that it does not deliver value for the **Costs** component.

Funds which our assessment concludes do not meet value for any component, will be marked with a ✗ and further details on the elements of the assessment which were not satisfactory and what action will be taken to rectify them are provided in the relevant fund specific updates below.

# Assessment of Value Results

The analysis determines whether each fund has delivered, and is capable of delivering, a reasonable value outcome for investors.

In addition to this report, we publish other Fund Documentation on the Literature section of our website ([abrdn.com](http://abrdn.com)) which you may find useful:

- Full details of the financial accounts for each fund can be viewed in its **Annual Report**
- Latest performance and details of fund holdings are available in our **Monthly Factsheets**
- A summary of objectives, fees and performance in the **Key Investor Information Document (KIID)**
- Details of the operational structure, objectives and policies for each fund are shown in the **Prospectus**

We use a broad range of underlying data to create an objective assessment of each of the pillars, detailed on page 3. The results of this objective examination are then analysed to establish the reason any fund has been flagged for further investigation. This includes whether a fund is highlighting genuine concerns over its delivery of a reasonable value outcome for investors. The Assessment of Value process has been carried out in line with abrdn's internal governance and monitoring of these funds.

Explanations of areas of concern highlighted by the assessment process for specific funds are covered in detail below.

The remedial actions identified will be passed through the standard abrdn governance framework and regulatory processes. Updates will be communicated to clients in line with regular methods and procedures.

The analysis process through which abrdn has carried out this assessment and the output and remedial actions have been subject to scrutiny by the independent directors and the chair of the abrdn Fund Managers Limited ("AFML") governing body.

Fund Umbrella	Fund Name	Quality of service	Performance	Costs
abrdn ACS I	abrdn Sustainable Index UK Equity Fund	✓	✓	✓
	abrdn Sustainable Index World Equity Fund	✓	✓	✓
abrdn Global Real Estate Fund		✓	✓	✓
abrdn UK Real Estate Fund		✓	✓	✓
abrdn UK Real Estate Feeder Fund		✓	✓	✓

# Assessment of Value Results

The abrdn OEIC IV range mainly contains two types of funds. Whilst all funds are assessed in the same way, as detailed on the previous pages, it is important to note the different processes by which they are managed and therefore the differing outcomes:

**Tracker Funds** – These types of funds are also widely known as index funds. They are aligned to a particular market index (such as the FTSE All Share), generally holding the same stocks in the same proportion as that index. Their returns should therefore follow the same pattern as the market and the return profile should be broadly in line (excluding the effect of charges).

Fund Umbrella	Fund Name	Quality of service	Performance	Costs
abrdn OEIC IV	abrdn American Equity Tracker 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 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 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 Index Managed Fund	✓	✓	✓

**Enhanced Index Funds** – These are actively managed funds, which invest in a diversified range of companies to seek higher returns than a relevant market index with comparable risk. The investment managers select investments which reflect a set of thematic factors that they expect to outperform persistently over the long run based on historic evidence and forward looking reasoning. The factors include value (inexpensive companies), quality (well managed companies) or momentum (companies displaying positive trend). These factors are relatively independent of each other, enabling abrdn to combine them together to offer diversification throughout the market cycle.

Fund Umbrella	Fund Name	Quality of service	Performance	Costs
abrdn OEIC IV	abrdn American Equity Enhanced Index Fund	✓	✗	✓
	abrdn Asia Pacific Equity Enhanced Index Fund	✓	✓	✓
	abrdn European Equity Enhanced Index Fund	✓	✗	✓
	abrdn Japan Equity Enhanced Index Fund	✓	✗	✓
	abrdn UK Equity Enhanced Index Fund	✓	✗	✓
	abrdn World Equity Enhanced Index Fund	✓	✗	✓
abrdn OEIC VI	abrdn Emerging Markets Equity Enhanced Index Fund	✓	✗	✓

# Assessment of Value Results

Since Assessment of Value (AoV) review last year, performance has been positive across all regions within the Enhanced Index range, with all funds delivering growth over the period. With a backdrop of a more supportive environment for multifactor funds during 2021, the team have delivered strong performance primarily driven by improved factor returns, initially from Value stocks and latterly from Momentum stocks. The table below outlines one year performance as at the end of 2020 and 2021. We can see an improvement across all regions.

			1 year to end December 2021			1 year to end December 2020			
Fund	Comparator	Target	Fund (%)	Comparator (%)	Target (%)	Performance Relative to Comparator (%)	Performance Relative to Target (%)	Performance Relative to Comparator (%)	Performance Relative to Target (%)
abrdn OEIC IV									
abrdn UK Equity Enhanced Index Fund	FTSE All Share	FTSE All-Share Index + 0.75%	19.8	18.3	19.1	1.2	0.6	-1.0	-1.8
abrdn European Equity Enhanced Index Fund	MSCI Europe ex UK	MSCI Europe ex UK Index + 0.75%	19.1	17.6	18.3	1.3	0.6	-1.2	-1.9
abrdn American Equity Enhanced Index Fund	S&P 500	S&P 500 Index + 0.75%	33.0	29.9	30.6	2.4	1.8	-1.3	-2.0
abrdn Asia Pacific Equity Enhanced Index Fund	MSCI AC Asia Pacific ex Japan	MSCI Asia Pacific ex Japan Index + 0.75%	1.3	-1.8	-1.0	3.1	2.3	0.1	-0.6
abrdn Japan Equity Enhanced Index Fund	MSCI Japan	MSCI Japan Index + 0.75%	2.7	3.0	3.7	-0.3	-1.0	-5.5	-6.3
abrdn World Equity Enhanced Index Fund	MSCI World	MSCI World Index + 0.75%	25.3	23.5	24.2	1.4	0.8	-2.4	-3.1
abrdn OEIC VI									
abrdn Emerging Markets Equity Enhanced Index Fund	MSCI Emerging Markets	MSCI Emerging Markets Index + 0.75%	1.3	-1.3	-0.6	2.6	1.9	-3.5	-4.2

Fund Source: abrdn. Gross of fees as end of March 2022. Index Data Source: FTSE, MSCI, S&P as at end March 2022.

As noted last year while outperformance from the combination of the factors outlined above is expected over the long term, there can be periods of performance volatility, especially over periods when market returns are led by a small cohort of large names, (a bad environment for diversified strategies), and/or non-targeted factors such as Growth perform well; this has been the case at times over the 3- and 5-year performance horizon. The fund management team have been working to continuously improve the investment process in order to ensure the funds meet their objectives over the long term. Examples of changes made include implementing a more proactive risk management process, applying region specific variation with the execution of core themes and increasing the breadth and quality of sub theme research to drive insights and decision making. The team have also integrated broader management of portfolio ESG (Environmental, Social and Governance) risks & opportunities by adding abrdn ESG rating & green revenue to complement existing ESG and Carbon components within the investment process.

The Board of Directors are pleased with the recent improvement in performance of the range and welcomes the ongoing actions taken by the Investment Managers to improve the position. The funds will continue to be closely monitored to ensure that all reasonable steps are taken to pursue each fund's investment and performance objectives.

## 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 (740118) at Bow Bells House, 1 Bread Street, London, EC4M 9HH. Authorised and regulated by the Financial Conduct Authority in the UK. Authorised and regulated by the Financial Conduct Authority in the UK.

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

GB-180822-179348-3

**abrdn.com**

STA0822675140-001