

# abrdn UK Ethical Equity Fund

Institutional A Acc GBP



30 November 2023

## Objective

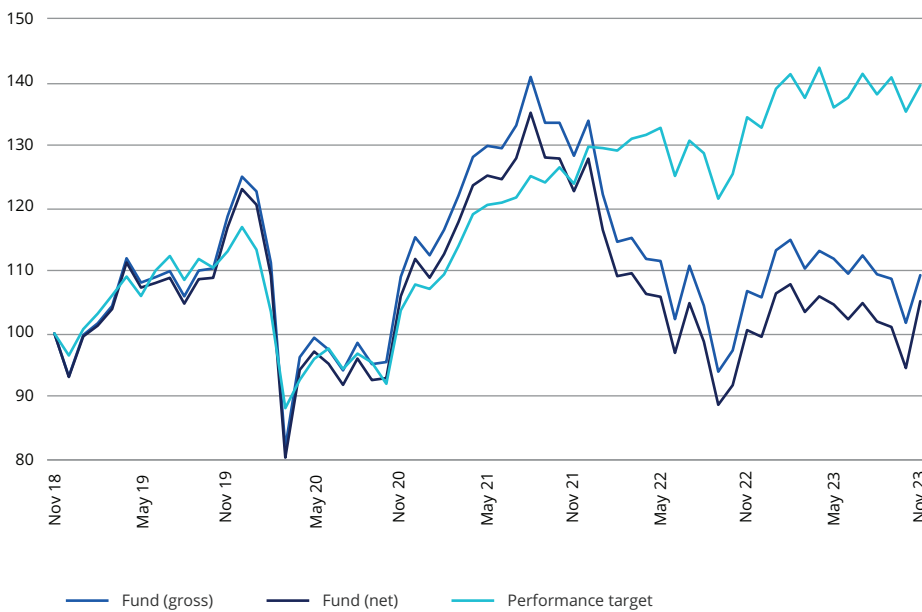
To generate growth over the long term (5 years or more) by investing in UK equities (company shares) which adhere to the abrdn UK Ethical Equity Investment Approach.

**Performance Target:** To achieve the return of the FTSE All-Share Index, plus 2% per annum over rolling five year periods (before charges). The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target. The ACD believes this is an appropriate target for the fund based on the investment policy of the fund and the constituents of the index.

## Portfolio securities

- The fund will invest at least 70% in equities and equity related securities of companies listed, incorporated, or domiciled in the UK or companies that derive a significant proportion of their revenues or profits from UK operations or have a significant proportion of their assets there.
- All investments will adhere to the abrdn UK Ethical Equity Investment Approach available on [www.abrdn.com](http://www.abrdn.com) under "Fund Centre".
- The fund may also invest in other funds (including those managed by abrdn), money-market instruments, and cash.
- The fund will invest at least 70% in companies that the abrdn ESG House Score quantitatively identifies as having preferred ESG characteristics in a global context. This analysis covers areas such as human rights, labour rights, environmental safeguards and combating bribery and corruption.
- The approach utilises abrdn's equity investment process, where companies invested in are given an overall quality rating, a component of which is the ESG Quality Rating which enables the management teams to qualitatively identify and avoid ESG laggards.
- Additionally, the fund applies a set of company exclusions which are related but not limited to animal testing, weaponry, pornography, gambling, tobacco and alcohol.

## Performance



## Cumulative and annualised performance

|                        | 1 month | 6 months | Year to date | 1 year | 3 years (p.a.) | 5 years (p.a.) |
|------------------------|---------|----------|--------------|--------|----------------|----------------|
| Fund (gross) (%)       | 7.45    | -2.34    | 3.34         | 2.37   | 0.09           | 1.79           |
| Fund (net) (%)         | 11.25   | 0.50     | 5.70         | 4.58   | -0.25          | 1.01           |
| Performance target (%) | 3.10    | 2.59     | 5.08         | 3.79   | 10.39          | 6.88           |

## Discrete annual returns - year to 30/11

|                        | 2023 | 2022   | 2021  | 2020  | 2019  |
|------------------------|------|--------|-------|-------|-------|
| Fund (gross) (%)       | 2.37 | -16.77 | 17.67 | -8.12 | 18.65 |
| Fund (net) (%)         | 0.93 | -18.01 | 15.76 | -9.38 | 16.87 |
| Performance target (%) | 3.79 | 8.53   | 19.43 | -8.31 | 13.06 |

Performance Data: Share Class Institutional A Acc GBP.

Benchmark history: Performance target – FTSE All Share +2.00%

Source: abrdn (Fund & Benchmark) and Morningstar (Sector). Basis: Total Return, NAV to NAV, UK Net/Gross Income Reinvested.

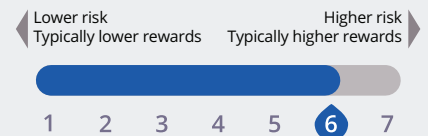
"Fund (Net)" refers to the actual unit price performance of the shareclass shown; "Fund(Gross)" adds back charges such as the annual management charge to present performance on the same basis as the performance target / performance comparator / portfolio constraining benchmark. These figures do not include the initial charge; if this is paid it will reduce performance from that shown.

Past performance is not a guide to future returns and future returns are not guaranteed.

## Key facts

|                                     |                              |
|-------------------------------------|------------------------------|
| Fund manager(s)                     | Rebecca Maclean & Ian Hewett |
| Fund managers start date            | 01 February 2018             |
| Fund launch date                    | 16 February 1998             |
| Share class launch date             | 25 January 2016              |
| Authorised corporate director (ACD) | abrdn Fund Managers Limited  |
| Fund size                           | £180.8m                      |
| Number of holdings                  | 54                           |
| Performance target                  | FTSE All Share +2.00%        |
| Fund historic yield <sup>1</sup>    | 1.71%                        |
| Distribution frequency              | Annual                       |
| Entry charge (up to) <sup>2</sup>   | 0.00%                        |
| Annual management charge            | 1.50%                        |
| Ongoing charge figure <sup>3</sup>  | 1.59%                        |
| Minimum initial investment          | GBP 5,000,000                |
| Fund type                           | OEIC                         |
| Valuation point                     | 12:00 (UK time)              |
| Base currency                       | GBP                          |
| Sedol                               | BYY3808                      |
| ISIN                                | GB00BYY38081                 |
| Bloomberg                           | SLUEIAA LN                   |
| Citicode                            | E2RQ                         |
| Domicile                            | United Kingdom               |

## Risk and reward profile



This indicator reflects the volatility of the fund's share price. See the relevant UCITS Key Investor Information Document (KIID) or PRIIPs Key Information Document (KID) for details

## Key risks

- The value of investments and the income from them can fall and investors may get back less than the amount invested.
- 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.
- A concentrated portfolio may be more volatile and less liquid than a more broadly diversified one. The fund's investments are concentrated in a particular country or sector, or closely related group of industries or sectors.
- 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.

Investor Services  
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## Management process

- The fund management team use their discretion (active management) to maintain a diverse asset mix at sector and stock level.
- Their primary focus is on stock selection using research techniques to select companies where the management team have a different view than that of the market, and which align with their views regarding future economic and business conditions.
- Engagement with external company management teams is used to evaluate the ownership structures, governance and management quality of those companies in order to inform portfolio construction.
- Through the application of the abrdn UK Ethical Equity Investment Approach the fund is expected to have a lower carbon intensity than the FTSE All-Share Index.
- This approach reduces the benchmark investable universe by a minimum of 20%.
- In seeking to achieve the Performance Target, the FTSE All-Share Index is used as a reference point for portfolio construction and as a basis for setting risk constraints. The expected variation ('tracking error') between the returns of the fund and the index is not ordinarily expected to exceed 12%. Due to the ethical nature of the management process, there are a material number of stocks and sectors in the FTSE All-Share Index that the fund is unable to invest, which means the Fund's performance profile may deviate significantly from that of the FTSE All Share Index.

## Top Ten Holdings

|                                   |             |
|-----------------------------------|-------------|
| RELX PLC                          | 5.0         |
| SSE PLC                           | 3.7         |
| Kainos Group PLC                  | 3.2         |
| Sirius Real Estate Ltd            | 3.2         |
| Prudential PLC                    | 3.1         |
| Intermediate Capital Group PLC    | 2.8         |
| London Stock Exchange Group PLC   | 2.8         |
| Ashtead Group PLC                 | 2.8         |
| Softcat PLC                       | 2.7         |
| Lloyds Banking Group PLC          | 2.6         |
| <b>Assets in top ten holdings</b> | <b>31.9</b> |

Source : abrdn 30/11/2023

Figures may not always sum to 100 due to rounding.

## Sector (%)

|                        |      |                                   |
|------------------------|------|-----------------------------------|
| Financials             | 25.3 | <div style="width: 25.3%;"></div> |
| Industrials            | 22.8 | <div style="width: 22.8%;"></div> |
| Information Technology | 14.1 | <div style="width: 14.1%;"></div> |
| Consumer Discretionary | 11.4 | <div style="width: 11.4%;"></div> |
| Utilities              | 7.5  | <div style="width: 7.5%;"></div>  |
| Communication Services | 5.9  | <div style="width: 5.9%;"></div>  |
| Real Estate            | 4.9  | <div style="width: 4.9%;"></div>  |
| Materials              | 4.3  | <div style="width: 4.3%;"></div>  |
| Other                  | 3.2  | <div style="width: 3.2%;"></div>  |
| Cash                   | 0.7  | <div style="width: 0.7%;"></div>  |

## Risk stats

|  |        |
|--|--------|
| Alpha <sup>^</sup>                     | -11.17 |
| Benchmark Volatility (SD) <sup>^</sup> | 12.59  |
| Beta <sup>^</sup>                      | 1.30   |
| Fund Volatility (SD) <sup>^</sup>      | 18.29  |
| Information Ratio <sup>^</sup>         | -1.06  |
| R-Squared <sup>^</sup>                 | 0.81   |
| Sharpe Ratio <sup>^</sup>              | 0.02   |
| Tracking Error <sup>^</sup>            | 8.92   |

Source : abrdn. <sup>^</sup> Three year annualised.

## Ratings

Morningstar ★★

## Derivative usage

- The fund may use derivatives to reduce risk, to reduce cost and/or generate additional income or growth consistent with the risk profile of the fund (often referred to as 'Efficient Portfolio Management').
- Derivative usage in the fund is expected to be very limited. Where derivatives are used, this would mainly be in response to significant inflows into the fund so that in these instances, cash can be invested while maintaining the fund's existing allocations to company shares.

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To help you understand this fund and for a full explanation of risks and the overall risk profile of this fund and the shareclasses within it, please refer to the Key Investor Information Documents and Prospectus which are available on our website [www.abrdn.com](http://www.abrdn.com) The Prospectus also contains a glossary of key terms used in this document.

<sup>1</sup>The Historic Yield as at 31/10/2023 reflects distributions declared over the past twelve months as a percentage of the mid-market share price, as at the date shown. It does not include any preliminary charge and investors may be subject to tax on their distributions.

<sup>2</sup>These are the maximum charges that we might take out of your money before it is invested. In some cases, the charges may be less and you should speak to your financial advisor about this.

<sup>3</sup>The Ongoing Charge Figure (OCF), is the overall cost shown as a percentage of the value of the assets of the fund. It is made up of the Annual Management Charge (AMC) of 1.50% and other charges. It does not include any initial charges or the cost of buying and selling stocks for the fund. The Ongoing Charges figure can help you compare the annual operating expenses of different funds.

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The fund is a sub-fund of abrdn OEIC II, an authorised open-ended investment company (OEIC).

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