

ABRDN GLOBAL SMALLER COMPANIES - GBP

INVESTMENT RESEARCH NOTE
FEBRUARY 2024

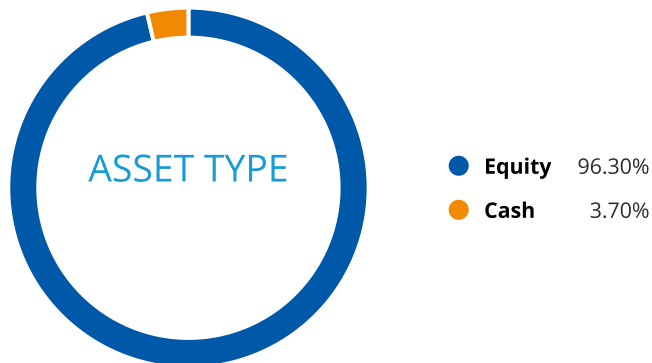
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SUMMARY

Abrdn was created by the merger of Aberdeen and Standard Life Investment Management in 2017. The company manages c.£600bn of assets worldwide.

The fund is managed by the Smaller Companies Equity team headed by Kirsty Desson which includes nine equity investment professionals who have an average of 16 years industry experience. The fund management and research activities are performed as a combined role. The team has the support of a quantitative analyst as well as a dedicated ESG analyst.

This is a long-only actively managed equity fund, with concentrated holdings, operating in the global smaller companies space, and the fund holds a predominantly developed country bias. The strategy investment process centres around the firm's 'Focus on Change' principle.



INVESTMENT PROCESS

The investment process is a team approach focused on delivering long-term results by following a process that is governed by the following principles:

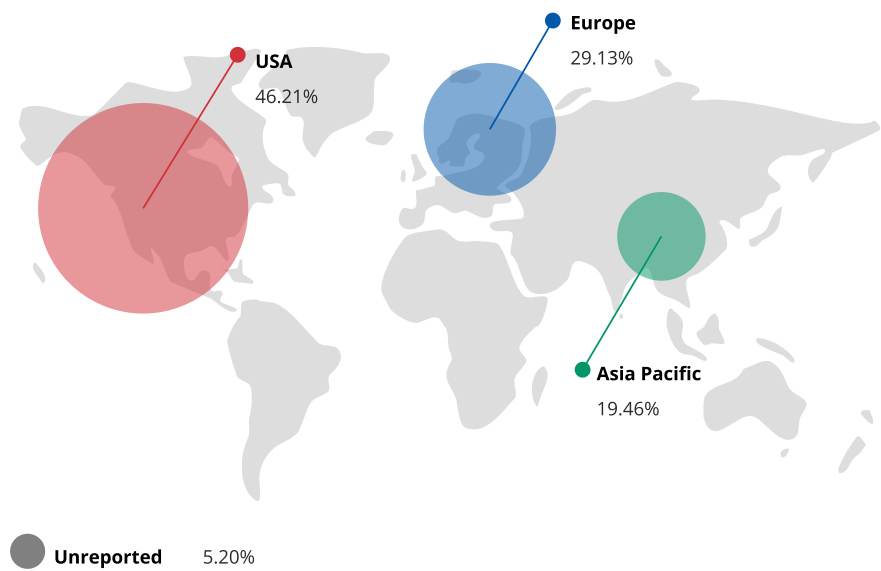
1. Focus on quality factors to enhance returns and reduce risk; such as corporate governance, stable returns on capital, healthy margins, profitable growth, sustainable competitive advantage, strong balance sheet and management track record in delivering the strategy.
2. Look for sustainable growth - sustainable, predictable, and consistent growth for companies with low leverage and low dependency on global economic development.
3. Momentum – price momentum and business momentum
4. The Matrix – quantitative screening on quality, growth and momentum that focusses the research time on best options.
5. Long-term investment
6. Management quality
7. Valuation

Idea generation starts with the Smaller Companies Matrix which screens based on 13 factors that have predictive power. The research team is divided into regions and uses the matrix output to further focus the research firepower on top quintile companies. Then, the process removes cyclical companies that benefit from short-term change in macro factors like oil & gas and materials, biotechnology and companies with a free float less than \$500m.

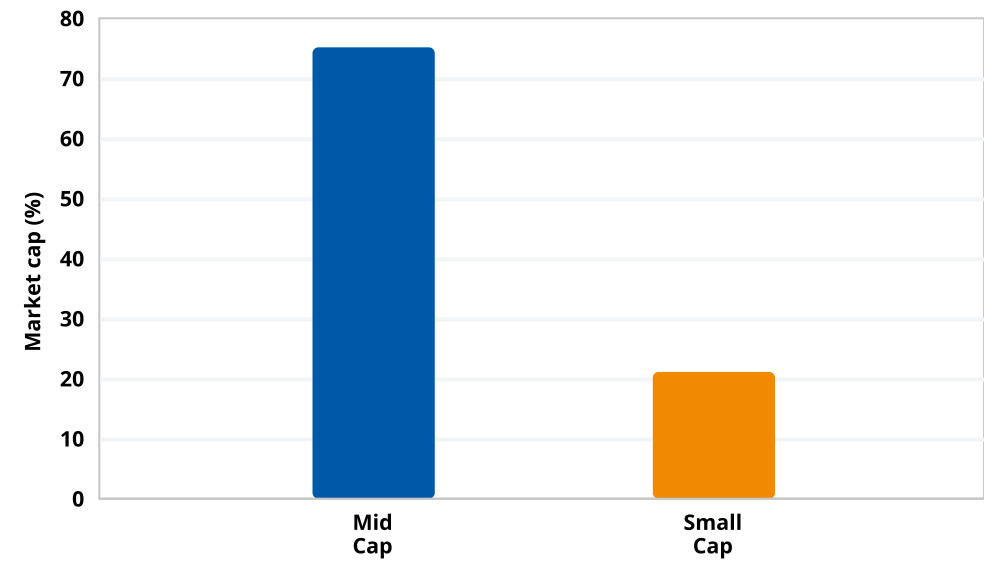
Since inception, the strategy has held 40-60 stocks with 1-2% weight at position initiation and a hard cap at 5%, and 30-35% of the fund value has been held in the top 10 holdings. Stocks are removed from the portfolio because of negative score in the matrix, deteriorating fundamentals, relative underperformance or if price has reached the fair value. The fund has hard limits relative to the assigned benchmark with the ability to invest 30% of the fund in non-benchmark stocks.

AGGREGATED NET EXPOSURE

REGIONAL EXPOSURE



EQUITY MARKET CAP (%)



Not Applicable



Not Applicable

OVERALL PERFORMANCE

● abrdn Global Smaller Companies P1 Acc ● World Small Cap Equity NR USD

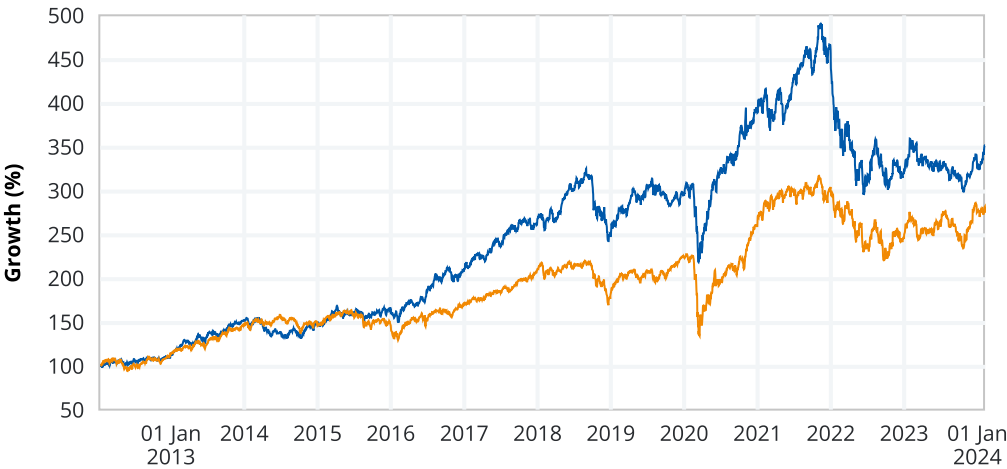
GROWTH (%) - OVER 1 YEAR

14 Feb 2023 - 13 Feb 2024



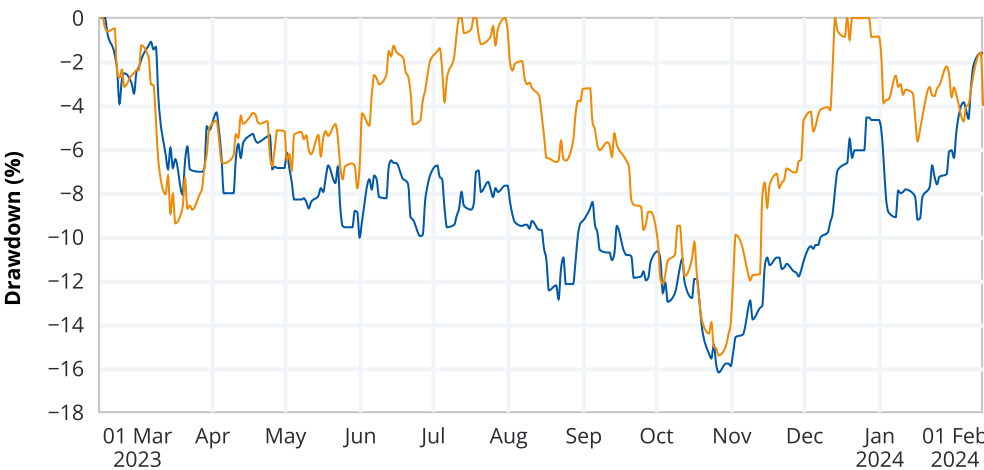
GROWTH (%) - FROM INCEPTION

20 Jan 2012 - 13 Feb 2024



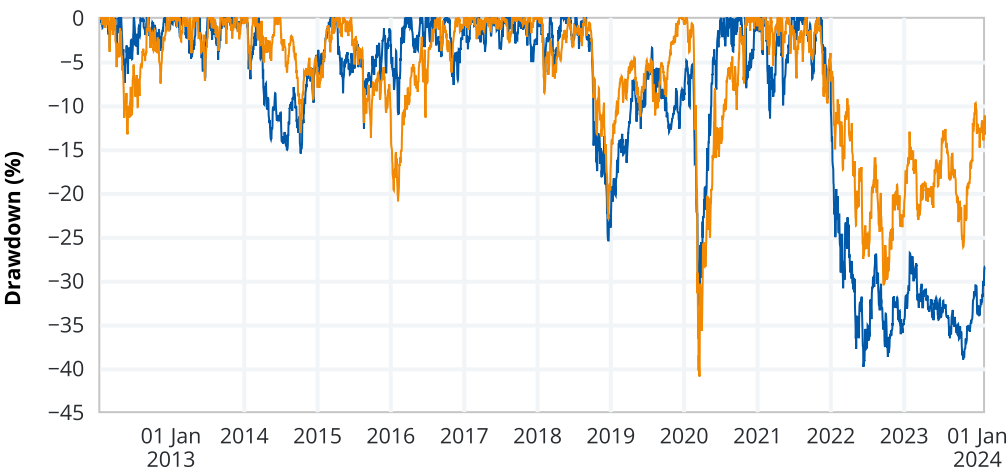
DRAWDOWN (%) - OVER 1 YEAR

14 Feb 2023 - 13 Feb 2024



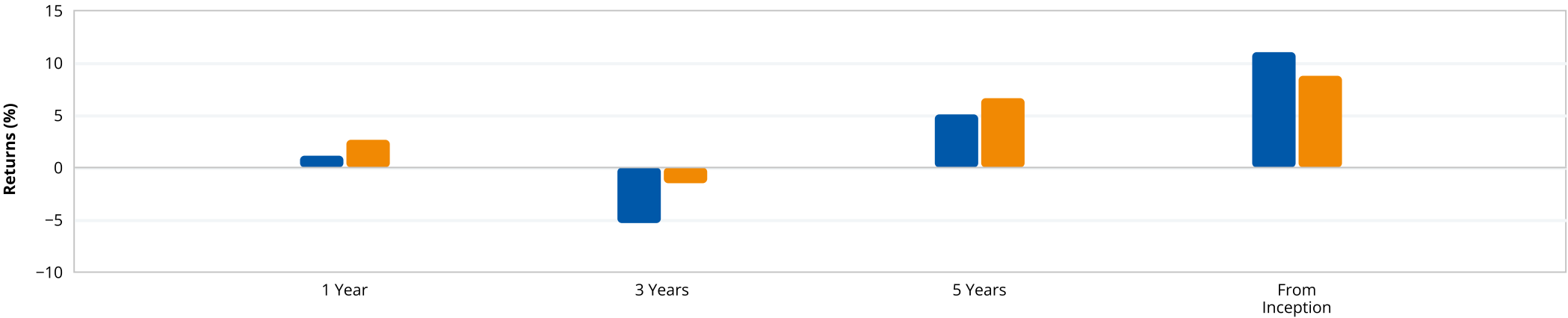
DRAWDOWN (%) - FROM INCEPTION

20 Jan 2012 - 13 Feb 2024



RETURNS

● abrdn Global Smaller Companies P1 Acc ● World Small Cap Equity NR USD



MONTHLY BREAKDOWN AND YEARLY TOTALS (%)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2024	-1.45	4.72											3.20
2023	5.94	2.07	-1.73	-1.82	-2.16	1.83	-0.50	-1.87	-1.91	-5.25	5.06	7.75	6.77
2022	-18.96	-2.13	1.50	-8.07	-3.88	-7.52	9.81	0.18	-8.00	1.13	4.92	-3.06	-31.51
2021	-0.16	-1.21	-0.11	6.91	-3.56	6.80	3.06	5.47	-2.55	3.53	1.68	-1.35	19.36
2020	-0.42	-7.58	-10.79	14.40	11.54	3.40	1.10	3.00	5.08	3.07	4.98	3.38	32.59
2019	5.29	5.11	0.22	9.25	-3.96	2.91	5.18	-3.02	-2.98	-3.42	4.48	-1.11	18.28

Capped to 6 years.

ANNUALISED ROLLING RETURNS (%)

	1 YEAR	3 YEAR	5 YEAR	INCEPTION
abrdn Global Smaller Companies P1 Acc	1.13	-5.31	5.08	11.03
World Small Cap Equity NR USD	2.65	-1.50	6.63	8.77

CUMULATIVE RETURNS (%)

	1 YEAR	3 YEAR	5 YEAR	INCEPTION
abrdn Global Smaller Companies P1 Acc	1.13	-15.02	27.94	251.66
World Small Cap Equity NR USD	2.64	-4.40	37.62	174.57

● abrdn Global Smaller Companies P1 Acc

● World Small Cap Equity NR USD

PERFORMANCE - OVER 1 YEAR

14 Feb 2023 - 13 Feb 2024

RETURNS (%)	1.13	2.65
VOLATILITY (%)	13.07	14.89
ALPHA	-0.38 *	
BETA	0.77 *	1.00
CORRELATION	0.75 *	1.00
SHARPE RATIO	-0.27	-0.15
SORTINO RATIO	-0.37	-0.22
MAX DRAWDOWN (%)	-16.19	-15.41

*Calculated over a 3 year period where history permits.

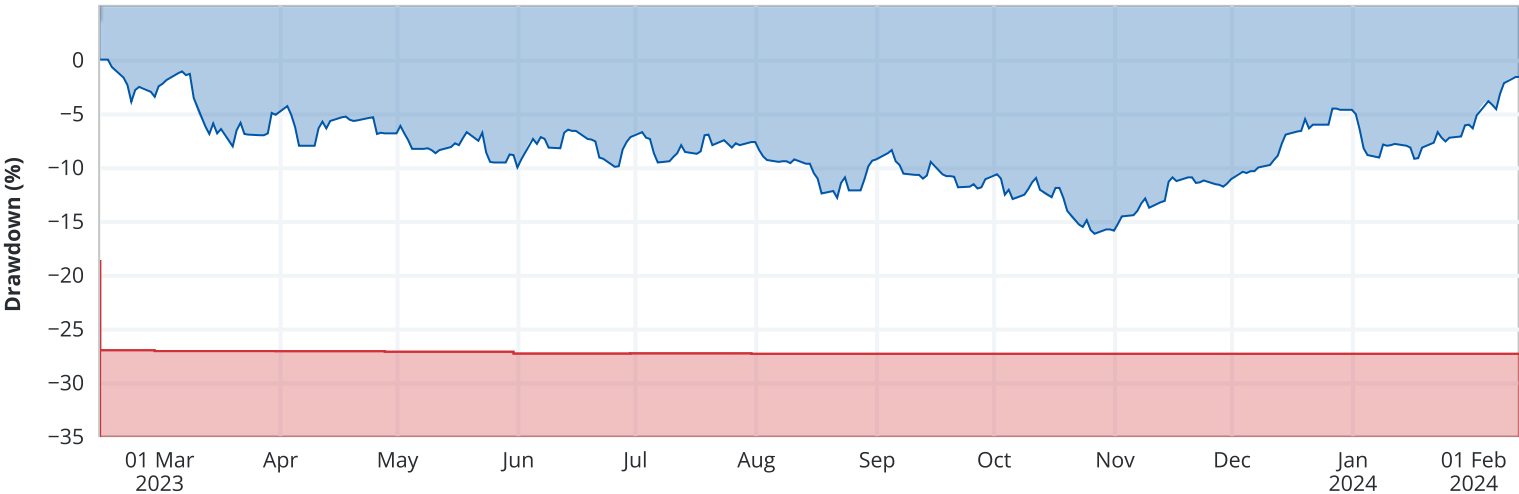
PERFORMANCE - FROM INCEPTION

20 Jan 2012 - 13 Feb 2024

RETURNS (%)	11.03	8.77
VOLATILITY (%)	16.09	15.98
ALPHA	0.40	
BETA	0.67	1.00
CORRELATION	0.72	1.00
SHARPE RATIO	0.62	0.46
SORTINO RATIO	0.86	0.63
MAX DRAWDOWN (%)	-39.83	-40.93

SIMPLE STRESS TEST DRAWDOWN (%)

14 Feb 2023 - 13 Feb 2024



Stress test notes

The chart shows the calculated drawdown over the last year. The Review Point is the fund intervention point. Any drawdown above this line indicates a typical drawdown in a normal market cycle. Should the drawdown hit the review point, then this indicates that market conditions may be abnormal. This is the point that we would consider taking immediate action for an extreme market event.

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