



abrdn Falcon Fund

Interim Report (unaudited)
For the six months ended 31 August 2023

abrdn.com

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* Collectively, these items comprise the Manager's Report for the purposes of the rules contained in the Collective Investment Schemes Sourcebook ('the Sourcebook').

Report of the Authorised Fund Manager

The abrdn Falcon Fund ('the fund') is an authorised unit trust, established under a trust deed dated 2 July 1998 (as amended) (the 'trust deed'). The effective date of the authorisation order for the fund made by the Financial Services Authority (the predecessor of the Financial Conduct Authority) was 9 July 1998. The fund's FCA Product Reference Number is 186703.

Appointments

Fund Information		
Manager	Registered Office	Correspondence Address
abrdn Fund Managers Limited	280 Bishopsgate London EC2M 4AG	PO Box 12233 Chelmsford CM99 2EE
Investment Adviser	Sub-Adviser	Registrar
abrdn Investment Management Limited 1 George Street Edinburgh EH2 2LL	LGT Wealth Management Limited 1 Lochrin Square 92-98 Fountainbridge Edinburgh EH3 9QA	SS&C Financial Services Europe Limited SS&C House St Nicholas Lane Basildon Essex SS15 5FS
Trustee	Registered Office	Independent Auditor
Citibank UK Limited	Citigroup Centre Canada Square Canary Wharf London E14 5LB	KPMG LLP 319 St Vincent Street Glasgow G2 5AS

The investment adviser has full authority to make all investment decisions on behalf of the manager concerning the scheme property of the fund which is managed by it. The Investment Management Agreement gives the investment adviser the discretion to appoint specialist asset management companies either from within or out with the abrdn group as investment managers in order to benefit from their expertise and experience. The manager also employs the investment adviser to perform certain activities involving valuation, pricing, dealing and other back-office functions. The investment adviser is permitted to sub-delegate these functions to other persons. The investment adviser has sub-delegated responsibility for strategic asset allocation, tactical asset allocation, portfolio construction and implementation to LGT Wealth Management Limited. LGT Wealth Management Limited is authorised and regulated by the Financial Conduct Authority.

The Manager of the fund is abrdn Fund Managers Limited, which is a private company limited by shares incorporated on 7 November 1962. Its ultimate holding company is abrdn plc.

Financial details and Fund Managers' reviews of the fund for the period ended 31 August 2023 are given in the following pages of this report.

The fund operates as a single priced scheme, calculated with reference to the net asset value of the fund.

The daily price for each fund appears on the Investment Adviser's website at abrdn.com.

The investment objective of the fund is disclosed within the Fund Profile and the investment activities are disclosed within the Investment Report.

Unitholders in the fund are not liable for the debts of the fund.

Report of the Authorised Fund Manager

Continued

Significant events

On the 24th February 2022 Russia launched a military offensive against Ukraine resulting in widespread sanctions on Russia and heightened security and cyber threats. Market disruptions associated with the geopolitical event have had a global impact, and uncertainty exists as to the implications. Such disruptions can adversely affect assets of funds and performance thereon, specifically Russian and Ukrainian assets.

The Management Company has delegated various tasks to abrdn's Investor Protection Committee (IPC). The IPC is responsible for ensuring the fair treatment of investors.

The IPC undertakes regular reviews of the following:

- Market liquidity across each asset class and fund;
- Asset class bid-offer spread monitoring;
- Review of fund level dilution rate appropriateness;
- Review of daily subscriptions/redemptions to anticipate any potential concerns to meet redemption proceeds;
- Any requirement to gate or defer redemptions;
- Any requirement to suspend a fund(s);
- Any fair value price adjustments at a fund level.

abrdn's Valuation and Pricing Committee (VPC) also continue to review the valuation of assets and the recoverability of income from those assets making appropriate adjustments where necessary. The VPC is made up of a wide range of specialists across abrdn with a wide range of experience in asset pricing.

The Management Company has also evaluated, and will continue to evaluate, the operational resilience of all service providers. The Company's key suppliers do not have operations pertaining to the Company in Ukraine or Russia.

On 1 September 2023, abrdn Capital Limited became part of the LGT Group (a Liechtenstein Private Banking and Asset Management Group). As part of the sale, it was agreed that the Manager and suppliers to the Fund will change, subject to approval by the FCA. These changes are expected to occur during 2024. A full client communication will be issued prior to the change.

Developments and prospectus updates since 1 March 2023

- On 7 March 2023, Mr. Neil Machray was appointed as a director of abrdn Fund Managers Limited.
- The list of funds managed by the Manager was updated, where appropriate.
- Performance and dilution figures were refreshed, where appropriate.
- The list of sub delegates was refreshed, where appropriate.

- The list of eligible markets was refreshed, where appropriate.
- The list of sub-investment advisors to the funds was refreshed, where appropriate.
- The risk disclosures in relation to the funds were refreshed, where appropriate.

Assessment of Value

In 2017 the Financial Conduct Authority (FCA) published the final Asset Management Market Study. This introduced (among other reforms) new governance rules with the aim of enhancing duty of care and ensuring the industry acts in investors' best interests. The rules were outlined in the FCA policy statement PS18/8 and came into effect from 30 September 2019. As a result, abrdn Fund Managers Limited is required to perform a detailed annual assessment, determining whether our funds are "providing value to investors". The resulting findings will be published on a composite basis throughout the year and can be found on the 'Literature' pages of our website.

Climate-related Financial Disclosures

The recommendations by the Taskforce for Climate-related Financial Disclosures (TCFD) – initiated by the Financial Stability Board in 2015 and adopted in 2017 – provide organisations with a consistent framework for disclosing financial impacts of climate-related risks and opportunities. The disclosure in line with TCFD recommendations enables external stakeholders to gain a better understanding of the climate-related risks and opportunities (including how they are managed) that are likely to impact the organisation's future financial position as reflected in its income statement, cash flow statement, and balance sheet. The TCFD has developed 11 recommendations which are structured around four thematic areas, notably governance, strategy, risk management and metrics and target. In Policy Statement 21/24 the Financial Conduct Authority (FCA) have created a regulatory framework for asset managers, life insurers and FCA-regulated pension providers to make climate-related disclosures consistent with the recommendations of the TCFD. As a result of the disclosure requirements, funds are required to perform a detailed annual assessment, determining financial impacts of climate-related risks and opportunities. The resulting findings are published here:

TCFDA_UTOK_D_311222_GBP_EN_5.pdf (abrdn.com)

Manager's Statement

In accordance with the requirements of the COLL Rules as issued and amended by the Financial Conduct Authority, we hereby certify the report on behalf of abrdn Fund Managers Limited, the Authorised Fund Manager.

Aron Mitchell
Director
26 October 2023

Adam Shanks
Director
26 October 2023

Fund Profile and Investment Report

Manager: John Ewen and John Hair

Launch Date

13 November 1998

Investment Objective

To generate growth over the long term (5 years or more) by investing in global equities (company shares).

Performance target: To exceed the ARC Private Client Indices (PCI) Equity Risk Net Return Index per annum after charges over rolling 3 year periods. The performance target is the level of performance the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the performance target.

The manager believes this is an appropriate target for the fund since it reflects the risk and return profile that private clients expect and aligns with the investment policy of the fund.

Investment Policy

Portfolio Securities

- The fund invests at least 70% in equities and equity related securities of companies listed on global stock exchanges.
- The fund may also from time to time adopt temporary defensive positions in response to adverse market conditions and invest up to 10% in bonds (loans to companies or governments).
- The fund may also invest in other funds (including those managed by abrdn), money-market instruments and cash.

Management Process

- The management team use their discretion (active management) to maintain a diverse asset mix at country, sector and stock level.
- Their primary focus is on stock selection using research techniques to select individual holdings. The research process includes identifying companies where the management team have a different view of a company's prospects to that of the market or looking for high quality companies at attractive valuations that can be held for the long term.

- In seeking to achieve the performance target, a composite index, details of which are provided below, 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 composite index, is not ordinarily expected to exceed 6%. Due to the fund's risk constraints, the intention is that the fund's performance profile will not deviate significantly from that of the composite index over the longer term.
- Composite Index: 30% FTSE All-Share Index, 70% FTSE World ex UK Index.

Derivatives and Techniques

- 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.

Reporting dates

Interim	31 August
Annual	28 February (29 February in a leap year)

Distribution record dates

Interim	31 August
Annual	28 February (29 February in a leap year)

Payment dates

Two dealing days before	
Interim	31 October
Annual	30 April

Keeping you Informed

You can keep up to date with the performance of your investments by visiting our website abrdn.com.

Alternatively, if you would rather speak to us, please call 0345 113 6966 (+44 (0) 1268 445 488 if outwith the UK) between 8:30am and 5:30pm Monday to Friday.

Fund Profile and Investment Report

Continued

Environment

After a difficult year in 2022, 2023 started on a highly positive note, with strong stock market gains. The collapse of two regional US banks and the forced sale of Credit Suisse to rival UBS in March then evoked fears of a banking crisis. Stock markets recovered after an initial selloff but after a quiet April, most stock markets fell in May. This was against a backdrop of further interest rate rises, protracted negotiations over raising the US government's debt ceiling and signs of slowing economic momentum. However, news of a compromise agreement over the debt limit and further encouraging inflation data then led to equities having a strong month in June.

Despite recent aggressive central bank actions, core inflation, which strips out volatile items such as energy and food, stayed at elevated levels in many countries. Nevertheless, economic growth held up better than many investors expected, defying fears of a recession triggered by higher rates. Slowing US and eurozone annual inflation rates prompted hopes that an end to interest rate rises might be imminent. The US Federal Reserve has continued to raise rates in 2023 as the strong momentum in the US economy continued and annual core inflation remained elevated. The Bank of England (BoE) increased its base rate at every opportunity in the period as inflation stayed stubbornly high and the core rate rose further. In the UK we saw the first positive surprise for quite some time with June CPI falling to 7.9%. Whilst one swallow doesn't make a summer this was still a material first improving data point. Rate increase expectations were reduced as a result with the UK terminal rate falling from 6.2% to 5.8% by January next year.

Growing expectations that global inflationary pressures may be peaking, leading to hopes that the cycle of interest rate rises may be nearing its end, helped corporate bonds to perform better as the period continued. Turbulence in the global banking sector then caused credit spreads to widen to levels last seen at the start of 2023. However, the effect was offset by lower government bond yields amid a flight to safety. Calm returned to bond markets over the second quarter, with spreads steadily tightening, although they still ended the period near to where they were before March's volatility.

Equity markets were generally weaker over August. In Italy, the government announced a tax on banks' "excess" profits prompting weakness in the banking sector. The US equity market posted its first monthly decline since February. After performing strongly on the back of optimism over Artificial Intelligence (AI) – with strong gains in companies such as Apple, Microsoft, Nvidia, Tesla, Meta, Alphabet, Amazon – the Nasdaq 100 declined –1.5% over the month.

Performance

The fund ended the period up 1.8% (net of the full retail fee), which was behind the benchmark return of 3.6% but ahead of the peer group as measured by the ARC Equity Risk which returned +0.6%.

Strong returns were generated by the fund's holdings in the Healthcare and Telecommunications sectors whilst the Financials, Technology and Consumer Discretionary sectors were the main drivers of underperformance.

Within healthcare, Eli Lilly and Boston Scientific drove positive relative performance. Eli Lilly performed strongly over the period driven by positive results for Alzheimer's drug Donanemab in a phase 3 trial, the strong ramp-up in diabetes drug Mounjaro and the anticipation of a likely approval for Mounjaro in obesity following strong weight-loss data from the recent SURMOUNT-2 trial. Medical equipment holding Boston Scientific was also a strong positive contributor, benefitting from the reopening of non-essential surgery as the world returned to normal post Covid. Dechra shares rallied on the back of an offer from private equity company EQT. The firm offer price was 5% below the initial soft offer, but still a healthy premium on the closing price before the bid interest was made known. The holding was subsequently sold. Medical equipment and services holding West Pharmaceutical Services was also a strong positive contributor as the stock recovered strongly from its poor 2023 as the market began to re-appreciate the longer term possibilities for the company after its Covid boom had ended.

Within the telecom sector, the fund benefitted from its holding in Dutch telco company, which performed well in contrast to most peers producing negative returns.

Events in the banking sector weighed heavily on markets in the first quarter of 2023. Silicon Valley Bank (SVB) collapsed amid large deposit withdrawals from its largely venture capital clients. The Federal Reserve took action to protect deposit holders of the bank. First Republic Bank, sadly suffered from contagion from the issues at SVB. First Republic's full name is the First Republic Bank of San Francisco, highlighting the bank's largest market. Despite not having the same fundamental issues that SVB had, First Republic suffered large deposit outflows as clients feared they could lose capital above the deposit insurance level of \$250k. Subsequently we took the painful decision to exit the position. We had owned First Republic Bank for many years given its differentiated client service business model and the quality of the credit of its clients. These attributes had helped the bank to drive sector-leading loan growth despite reporting lower impairments than most peers during downturns. For the most part, it had been a successful investment for the fund as we had taken profits over time. Prior to SVB's collapse, First Republic Bank

Fund Profile and Investment Report

Continued

had faced more challenges in terms of leadership issues and disappointment over net interest margins, which prompted us to start reducing our position. We halved it last year when we added the Singaporean bank DBS Group Holdings. The weighting in First Republic Bank had thus fallen below 1% by the start of 2023.

The technology sector was strong, but this was driven by a handful of mega-cap companies. These companies benefitted from a variety of different factors, some stylistic and other more fundamentals driven. These included the emergence of AI as a potentially powerful new structural growth driver; the perceived defensiveness of the dominant tech businesses given their strong ecosystems and critical nature of their products and services; the re-rating of higher duration growth stocks as the market has anticipated a peak in this latest tightening cycle and finally the market rewarding tech companies' efforts to protect their margins through recently announced cost-cutting measures. Some of these factors also contributed to better-than-expected earnings delivery. The fund was affected by a negative stock selection effect due to the voids in Nvidia and Meta Platforms. The positive contribution from holdings in Microsoft, Alphabet, TSMC and ASML failed to offset this effect.

Within consumer discretionary, stock selection was negative due to personal goods holdings Estée Lauder and Watches of Switzerland. Estée Lauder shares underperformed following a disappointing earnings release which showed that the recovery in Asia travel retail was much slower than the company expected. This was material as the division is a key contributor to profitability and the slower-than-expected recovery led to material earnings downgrades as the market revised its expectations for the next few quarters. Watches of Switzerland underperformed following an earnings release in which, despite growth holding up in the fourth quarter, the company revised down guidance owing to a slower start to the year. Furthermore, sales on credit have been a headwind to margins as rates have moved higher. Leisure goods holding Keywords Studios also weighed on relative returns. Keywords' share price came under pressure following the market's focus on business models that might be adversely impacted by generative AI. Management have since provided a robust defence of the opportunities that AI creates, and argue that they are well positioned for the future but the market still harbours concerns about the potentially disruptive nature of the latest developments in this area of technology.

Activity

In light of the more difficult economic environment that we anticipate lies ahead, the focus has been on selectively adding to higher quality stocks with quality earnings, solid financial positions and defensive business models. Taking a longer-term view we have also looked to introduce as well as build existing positions in stocks with exposure to end markets exhibiting attractive long-term growth prospects.

We introduced Prologis to the fund in the period. The company is an owner, operator and developer of industrial real estate, with a focus on logistics and distribution facilities. Its portfolio is skewed to the Americas (68%) and EMEA (30%), where demand for industrial space should continue to grow supporting rental revenues and development activity. We funded this acquisition by selling Segro as we sought to reduce exposure to the UK where we believe the macroeconomic backdrop is more challenged and where Segro's logistics feature.

Other activity included the sales of Verizon Communications and Reckitt Benckiser. The US telecoms sector remains highly competitive and Verizon has continued to lose market share as consumers have become more cost conscious given the current cost-of-living crisis. The sale of Reckitt Benckiser was predicated on a number of factors; we felt the new CEO was an uninspiring choice whilst we harbour longer term concerns about the growth of the infant nutrition business as well as the commoditised nature of the company's hygiene business, which we believe is vulnerable to downtrading.

We initiated a position in Tetra Tech. The company provides consultancy and engineering services focusing on water, environment, sustainable infrastructure, renewable energy and international development to a customer base of government/development agencies and corporates, predominantly in the US (~70% of revenues), but with a growing international presence in markets like Canada, Australia and the UK. It gives the portfolio exposure to a differentiated set of growth drivers related to water resilience and climate transition which are underpinned by growing fiscal support and corporate and management quality.

As mentioned above, we sold the remaining position in First Republic Bank, having earlier diversified our bank holdings by buying Singaporean bank, DBS Group. The latter is well placed to benefit from structural growth in small-to-medium enterprises, transaction banking and wealth management, all of which will be driven by a rising middle class and higher income levels in regional economies in Singapore and Greater China. We also added to names with strong brands such as Apple and Coca Cola.

Fund Profile and Investment Report

Continued

We sold the position in Dechra Pharmaceuticals following EQT's firm offer to buy the company. The shares were trading slightly below the offer price, but this reflected regulatory approval risks and the time value of money discount to the deal's completion. We redeployed the capital raised by adding to a number of holdings already held within the fund. These included CRH, AstraZeneca, Coca-Cola, Mercedes-Benz, Tetra Tech, Schneider Electric and Keywords Studios.

Outlook

Although central banks look to be reducing the pace at which they are pushing up borrowing costs, we believe that persistently stubborn core inflation will result in many having to go further, possibly leaving them in place for longer than expected before even considering loosening their policy. The result is that most major economies will likely slip into recession by the end of the year.

While we are keenly aware of the near-term risks and economic uncertainty at present, we believe the fund will benefit from a diversified portfolio of high quality companies that are well placed to take advantage of powerful structural growth over the medium to long term. Our experienced and well-resourced team is well equipped to seek out the most attractive opportunities going forward.

September 2023

Fund Profile and Investment Report

Continued

Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the fund. The table below shows the fund's ranking on the Risk and Reward Indicator.

Typically lower rewards, lower risk				Typically higher rewards, higher risk		
←				→		
1	2	3	4	5	6	7

Risk and reward indicator table as at 31 August 2023.

The fund is rated as 5 because of the extent to which the following risk factors apply:

- 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.
- The fund invests in emerging market equities and / or bonds. Investing in emerging markets involves a greater risk of loss than investing in more developed markets due to, among other factors, greater political, tax, economic, foreign exchange, liquidity and regulatory risks.
- Investing in China A shares involves special considerations and risks, including greater price volatility, a less developed regulatory and legal framework, exchange rate risk/controls, settlement, tax, quota, liquidity and regulatory risks.
- 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.

All investment involves risk. This fund offers no guarantee against loss or that the fund's objective will be attained.

The price of assets and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

Inflation reduces the buying power of your investment and income.

The value of assets held in the fund may rise and fall as a result of exchange rate fluctuations.

The fund could lose money if an entity (counterparty) with which it does business becomes unwilling or unable to honour its obligations to the fund.

In extreme market conditions some securities may become hard to value or sell at a desired price. This could affect the fund's ability to meet redemptions in a timely manner.

The fund could lose money as the result of a failure or delay in operational processes and systems including but not limited to third party providers failing or going into administration.

Comparative Tables

Income	31 August 2023	28 February 2023	28 February 2022	28 February 2021
Closing net asset value (£'000)	9,029	6,155	6,676	6,446
Closing number of units	1,949,930	1,334,922	1,421,121	1,465,574
Closing net asset value per unit (pence)	463.06	461.07	469.76	439.87
Change in net asset value per unit	0.43%	(1.85%)	6.80%	19.32%
Operating charges	1.52%	1.52%	1.52%	1.53%
Accumulation	31 August 2023	28 February 2023	28 February 2022	28 February 2021
Closing net asset value (£'000)	10,290	3,205	4,702	4,779
Closing number of units	1,820,446	578,644	846,175	921,836
Closing net asset value per unit (pence)	565.23	553.89	555.63	518.41
Change in net asset value per unit	2.05%	(0.31%)	7.18%	19.73%
Operating charges	1.52%	1.52%	1.52%	1.53%
M (Net Accumulation) ^A	31 August 2023	28 February 2023	28 February 2022	28 February 2021
Closing net asset value (£'000)	-	-	1	1
Closing number of units	-	-	1,334	1,334
Closing net asset value per unit (pence)	-	-	98.32	92.17
Change in net asset value per unit	-	-	6.67%	19.92%
Operating charges	-	-	0.67%	0.68%
Z (Net Income)	31 August 2023	28 February 2023	28 February 2022	28 February 2021
Closing net asset value (£'000)	39,321	43,791	46,771	43,167
Closing number of units	45,644,907	51,060,913	53,536,056	52,777,756
Closing net asset value per unit (pence)	86.14	85.76	87.36	81.79
Change in net asset value per unit	0.44%	(1.83%)	6.81%	19.61%
Operating charges	0.02%	0.02%	0.02%	0.03%
Z (Accumulation)	31 August 2023	28 February 2023	28 February 2022	28 February 2021
Closing net asset value (£'000)	157,431	168,868	162,890	147,326
Closing number of units	142,132,739	155,313,153	150,256,318	147,638,199
Closing net asset value per unit (pence)	110.76	108.73	108.41	99.79
Change in net asset value per unit	1.87%	0.30%	8.64%	21.31%
Operating charges	0.02%	0.02%	0.02%	0.03%

The closing net asset value (£'000) divided by the closing number of units may not calculate to the closing net asset value per unit (pence) due to rounding differences. The published closing net asset value per unit (pence) is based on unrounded values and represents the actual price.
The change in the net asset value per unit is the change from the beginning of the period to the close of the period.

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the unit class.

^A M (Net Accumulation) share class was closed on 28 September 2022.

Portfolio Statement

As at 31 August 2023

Holding	Investment	Market value £'000	Percentage of total net assets
Equities (92.16%)		210,282	97.32
European Equities (24.99%)		54,590	25.26
Denmark (1.58%)		2,483	1.15
49,161	Ørsted	2,483	1.15
France (3.64%)		9,173	4.25
2,539	Hermes International	4,134	1.92
37,095	Schneider Electric	5,039	2.33
Germany (1.81%)		3,895	1.80
67,244	Mercedes-Benz	3,895	1.80
Ireland (5.90%)		13,371	6.19
25,112	Accenture 'A'	6,416	2.97
97,704	CRH	4,438	2.05
165,153	Keywords Studios++	2,517	1.17
Italy (1.33%)		3,382	1.56
636,377	Enel	3,382	1.56
Israel (0.99%)		-	-
Netherlands (5.96%)		12,790	5.92
1,669	Adyen	1,104	0.51
13,100	ASML	6,821	3.16
1,759,961	Koninklijke KPN	4,865	2.25
Switzerland (3.78%)		9,496	4.39
66,287	Nestle	6,302	2.91
13,736	Roche (Participating certificate)	3,194	1.48

Portfolio Statement

As at 31 August 2023 continued

Holding	Investment	Market value £'000	Percentage of total net assets
Japanese Equities (0.80%)		1,612	0.75
13,900	Shimano	1,612	0.75
North American Equities (31.78%)		89,146	41.26
United States (31.78%)		89,146	41.26
26,778	Activision Blizzard	1,943	0.90
52,106	Alphabet 'A'	5,599	2.59
30,168	Amazon.com	3,285	1.52
70,824	Ameresco 'A'	2,426	1.12
16,164	American Tower REIT	2,312	1.07
46,268	Apple	6,860	3.18
23,322	Autodesk	4,082	1.89
101,511	Boston Scientific	4,321	2.00
103,826	Coca-Cola	4,901	2.27
22,664	Eli Lilly	9,915	4.59
4,793	Equinix REIT	2,953	1.37
27,023	Estee Lauder 'A'	3,423	1.58
22,461	Mastercard 'A'	7,311	3.38
41,454	Microsoft	10,722	4.96
81,346	NextEra Energy	4,287	1.98
43,554	Procter & Gamble	5,305	2.46
28,286	Prologis REIT	2,771	1.28
25,530	Tetra Tech	3,170	1.47
11,086	West Pharmaceutical Services	3,560	1.65
Pacific Basin Equities (9.38%)		19,317	8.94
Australia (2.30%)		4,801	2.22
211,173	BHP	4,801	2.22
Hong Kong (1.64%)		2,970	1.38
414,816	AIA	2,970	1.38

Portfolio Statement

As at 31 August 2023 continued

Holding	Investment	Market value £'000	Percentage of total net assets
Singapore (1.96%)		4,048	1.87
208,000	DBS	4,048	1.87
Taiwan (3.48%)		7,498	3.47
76,503	Taiwan Semiconductor Manufacturing ADR	5,647	2.61
51,500	Voltronic Power Technology	1,851	0.86
UK Equities (25.21%)		45,617	21.11
Basic Materials (1.45%)		3,038	1.41
62,355	Rio Tinto	3,038	1.41
Consumer Discretionary (3.82%)		8,058	3.73
228,340	RELX	5,884	2.72
373,552	Watches of Switzerland	2,174	1.01
Consumer Staples (1.06%)		-	-
Energy (8.93%)		18,313	8.47
1,583,477	BP	7,719	3.57
439,413	Shell	10,594	4.90
Financials (2.78%)		5,128	2.37
1,389,033	Apax Global Alpha	2,331	1.08
245,349	Prudential	2,370	1.09
1,352,893	Schiehallion Fund 'C'	427	0.20
Health Care (4.49%)		7,588	3.51
71,186	AstraZeneca	7,588	3.51

Portfolio Statement

As at 31 August 2023 continued

Holding	Investment	Market value £'000	Percentage of total net assets
Industrials (1.70%)		3,492	1.62
1,118,562	DS Smith	3,492	1.62
Real Estate (0.98%)		-	-
Total investment assets		210,282	97.32
Net other assets		5,789	2.68
Total Net Assets		216,071	100.00

All investments are listed on recognised stock exchanges and are approved securities within the meaning of the FCA rules.
The percentage figures in brackets show the comparative holding as at 28 February 2023.
++ AIM listed.

Financial Statements

Statement of Total Return

For the six months ended 31 August 2023

	31 August 2023		31 August 2022	
	£'000	£'000	£'000	£'000
Income:				
Net capital gains/(losses)		1,092		(1,906)
Revenue	3,440		2,970	
Expenses	(110)		(99)	
Interest payable and similar charges	-		(1)	
Net revenue before taxation	3,330		2,870	
Taxation	(222)		(202)	
Net revenue after taxation		3,108		2,668
Total return before distributions		4,200		762
Distributions		(3,108)		(2,668)
Change in net assets attributable to unitholders from investment activities		1,092		(1,906)

Statement of Change in Net Assets Attributable to Unitholders

For the six months ended 31 August 2023

	31 August 2023		31 August 2022	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		222,019		221,040
Amounts receivable on the issue of units	9,774		28,099	
Amounts payable on the cancellation of units	(19,196)		(29,555)	
		(9,422)		(1,456)
Change in net assets attributable to unitholders from investment activities (see above)		1,092		(1,906)
Retained distribution on accumulation units		2,382		2,135
Closing net assets attributable to unitholders		216,071		219,813

Comparative information is provided for the statement of change in net assets attributable to unitholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

Financial Statements

Continued

Balance Sheet

As at 31 August 2023

	31 August 2023		28 February 2023	
	£'000	£'000	£'000	£'000
Assets:				
Fixed assets:				
Investment assets		210,282		204,623
Current assets:				
Debtors	694		7,668	
Cash and bank balances	6,289		10,277	
		6,983		17,945
Total assets		217,265		222,568
Liabilities:				
Creditors	(543)		(146)	
Distribution payable	(651)		(403)	
		(1,194)		(549)
Total liabilities		(1,194)		(549)
Net assets attributable to unitholders		216,071		222,019

Notes to the Financial Statements

Accounting Policies

For the six months ended 31 August 2023

Basis of Accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for Financial Statements of Authorised Funds issued by the Investment Management Association in May 2014 (IMA SORP 2014), FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The Manager has considered the impact of the emergence and spread of COVID-19 and potential implications on future operations of the fund of reasonably plausible downside scenarios. The Manager has undertaken a detailed assessment, and continues to monitor, the fund's ability to meet its liabilities as they fall due, including liquidity, declines in global capital markets and investor redemption levels. Based on this assessment, the fund continues to be open for trading and the Manager is satisfied the fund has adequate financial resources to continue in operation for at least the next 12 months and accordingly it is appropriate to adopt the going concern basis in preparing the financial statements.

Distribution Policy

The revenue from the fund's investments accumulates during each accounting period. If revenue exceeds expenses during the period, the net revenue of the fund is available for distribution (or re-investment) at unit class level to the unitholders in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook. If expenses exceed revenue during the period, the net revenue shortfall may be funded from capital.

The fund makes dividend distributions.

Gains and losses on non-derivative investments and currencies, whether realised or unrealised, are taken to capital and are not available for distribution. For derivative investments, where positions are undertaken to enhance capital return, the gains and losses are taken to capital, otherwise where they generate revenue, the amounts are included as revenue or expense and affect distributions.

Distribution Table

For the six months ended 31 August 2023 (in pence per unit)

Interim dividend distribution

Group 1 – units purchased prior to 1 March 2023

Group 2 – units purchased between 1 March 2023 and 31 August 2023

	Revenue	Equalisation	Distribution paid 27/10/23	Distribution paid 27/10/22
Income				
Group 1	4.6194	–	4.6194	2.9770
Group 2	2.3369	2.2825	4.6194	2.9770
Accumulation				
Group 1	9.1442	–	9.1442	4.3913
Group 2	3.0714	6.0728	9.1442	4.3913
M (Net Accumulation)				
Group 1		–	–	13.0468
Group 2			–	13.0468
Z (Net Income)				
Group 1	1.2298	–	1.2298	1.1268
Group 2	0.4575	0.7723	1.2298	1.1268
Z (Accumulation)				
Group 1	1.5590	–	1.5590	1.3864
Group 2	0.8114	0.7476	1.5590	1.3864

Equalisation

This applies only to units purchased during the distribution period (group 2 units). It is the average amount of revenue included in the purchase price of group 2 units and is refunded to the holders of these units as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

Further Information

Documentation

Copies of the current Prospectus and Key Investor Information Documents (KIIDs) for the fund, daily prices, together with the latest Annual (and if issued later the interim) Report and Accounts for the fund, are available to download at <https://www.abrdn.com/en-gb/intermediary/funds/abrdn-capital?tab=2>. A paper copy of the Report and Accounts is available on request from the Manager.

Notices/Correspondence

Please send any notices to abrdn Fund Managers Limited, PO Box 12233, Chelmsford, CM99 2EE. Any notice to the Manager will only be effective when actually received by the Manager. All notices will be sent to the investor at the address set out in the Application form or the latest address which the investor has notified to the Manager, and will be deemed to have been received three days after posting. Events detailed in these terms and conditions will be carried out on the dates specified, unless the dates are a non-business day, when they will be carried out on the next business day.

Complaints and Compensation

If you need to complain about any aspect of our service, you should write to the Complaints Team, abrdn, PO Box 12233, Chelmsford, CM99 2EE, who will initiate our formal complaints procedure. If you prefer, you may call the Complaints Team on 0345 113 6966 or email complaints@abrdn.com in the first instance. Alternatively if you have a complaint about the Company or fund you can contact the Trustee directly. A leaflet detailing our complaints procedure is available on request.

We will endeavour to respond to your complaint as soon as possible and will notify you of our outcome within 8 weeks. If the complaint is not resolved by us to your satisfaction then you may have the right take your complaint to the Financial Ombudsman Service (FOS). To contact the FOS Service you should write to The Financial Ombudsman Service, Exchange Tower, London, E14 9SR, email complaint.info@financial-ombudsman.org.uk or telephone 0800 023 4567 (free for landlines and mobiles) or 0300 123 9123 (calls cost no more than calls to 01 and 02 numbers) or +44 20 7964 0500 (available from outside the UK – calls will be charged).

We are covered by the Financial Services Compensation Scheme, which means if we become insolvent, you may be entitled to compensation. The level of compensation will depend on the type of business and the circumstances of your claim. Investments are covered up to £85,000 for claims against firms that fail on or after 1 April 2019. Details are available from the FSCS Helpline on 0800 678 1100 or 020 7741 4100 and on the FSCS website: www.fscs.org.uk.

UCITS

The fund was certified under the Undertaking for Collective Investment in Transferable Securities (UCITS) directive, which allows the Manager to market the fund in member States of the European Union subject to relevant local laws, specifically marketing laws.

Important Information

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