



abrdn Phoenix Fund

Interim Long Report (unaudited)
For the six months ended 31 January 2024

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 Phoenix Fund (the "fund") is an authorised unit trust, established under the Trust Deed and is authorised and regulated by the Financial Conduct Authority. The effective date of the authorisation order for the fund made by the Financial Services Authority (the predecessor of the FCA) was 10 April 1996. The fund's FCA Product Reference Number is 177993.

Appointments

Fund Information		
Manager	Registered Office	Correspondence Address
abrdn Fund Managers Limited	280 Bishopsgate London EC2M 4AG	PO Box 12233 Chelmsford Essex 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 January 2024 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

The military offensive from Russia against Ukraine since February 2022 continues to pose widespread sanctions on Russian assets. Geopolitical events can adversely affect assets of funds and performance thereon. To ensure the fair treatment of investors, abrdn's Investor Protection Committee (IPC) undertakes regular reviews of market liquidity across each asset class and fund and making appropriate adjustments where necessary.

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.

Significant Events

On 26th February 2023, abrdn agreed the sale of abrdn Capital Limited business and funds to LGT Group (a Liechtenstein based Private Banking and Asset Management Group). This sale will result in the Manager and suppliers to the fund changing. These changes are expected to occur in June 2024. A full client communication will be issued prior to the change.

Developments and Prospectus Updates Since 1 August 2023

- On 30 September 2023, Mr. Neil Machray resigned as a director of abrdn Fund Managers Limited.
- On 23 November 2023, Mrs. Denise Thomas resigned as a director of abrdn Fund Managers Limited.
- The list of funds managed by the ACD was updated, where appropriate.
- Performance and dilution figures were refreshed, where appropriate.
- The list of sub-custodians 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 [TCFDA_URXW_D_311222_GBP_EN_2.pdf](#).

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
25 March 2024

Adam Shanks
Director
25 March 2024

Fund Profile and Investment Report

Manager: Ben Ward

Launch Date

10 April 1996

Investment Objective

To generate growth with income over the long term (5 years or more) by investing in a diversified portfolio of equities (company shares and investment companies) and bonds (loans to governments or companies).

Performance Target: To exceed the return of the ARC Private Client Indices (PCI) Balanced Asset Index per annum, evaluated over rolling three year periods (after 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 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 global equities (company shares and investment companies), and bonds including government bonds (loans to a government) and investment grade corporate bonds (loans to a company) issued anywhere in the world.
- The fund's equity holdings may include for example investments in companies operating in infrastructure, energy, property and commodities.
- The fund's bond holdings may include for example investment in sub-sovereign debt, sub-investment grade and convertible issued anywhere in the world.
- The fund has flexibility to seek returns from currencies.
- 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 identify holdings and derivatives based on an analysis of global economic and market conditions (for example, interest rates and inflation) and analysis of a company's prospects and creditworthiness compared to that of the market.
- They focus on selecting company shares, bonds and derivatives, and ensuring that the allocation of assets meets the fund's objectives.

- The team also seek to reduce the risk of losses and the expected change (as measured by annual volatility) in the value of the fund, is not ordinarily expected to exceed 12%.

Derivatives and Techniques

- The fund may routinely use derivatives to reduce risk, to reduce cost and/or generate extra income or growth consistent with the risk profile of the fund (often referred to as "efficient portfolio management"), and for investment purposes.
- Derivatives include instruments used to manage expected changes in interest rates, companies share prices, currencies or creditworthiness of corporations or governments.
- The fund may also invest in other funds which may use derivatives extensively although these investments shall be in line with fund's overall risk profile.

Reporting dates

Interim	31 January
Annual	31 July

Distribution record dates

Interim	31 January
Annual	31 July

Payment dates

Interim	24 March
Annual	22 September

Keeping you Informed

You can keep up to date with the performance of your investments by visiting our website [abrdn.com](https://www.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.

Market Commentary

After months of mixed returns from equity and bond markets, both asset classes posted strong rallies over the final few months of 2023. The market viewed inflation data and central bank communications as a signal that interest rates have peaked and will need to be cut in 2024 to avoid recession.

Fund Profile and Investment Report

Continued

This was an about-turn from a few months ago, when strong growth led to the very real possibility of further rate hikes. Resilient growth, aided by relatively loose fiscal policy meant the US economy shrugged off tightening by the US Federal Reserve (Fed). Economic resilience saw concerns mount over booming deficits and the prospect that interest rates would remain higher for longer, which sent 10 year Treasury yields surging to 5% in October for the first time since 2007.

However, as price pressures abated, the possibility of more rate hikes faded. Softer economic data, muted price pressures and a weaker labour market boosted confidence that the hiking cycle may well and truly be over. The market also began rapidly pricing in rate cuts for 2024, with expectations for policy rates of around 4% by the end of 2024. 10 year Treasury yields retreated to below 4% as a result, cementing a remarkable 1% drop in less than two months.

The Fed has been cautious in its language, and although closer to its inflation target, wants further evidence that the job market is cooling before cutting rates. While US Job Openings and Labor Turnover Survey (JOLTS) in January showed a decline from peak, it still showed a relatively high number of job openings. The tight labour market may keep inflation high, but recent data allows them to gradually reduce rates should inflation continue to edge down. Similarly, the BoE echoed this patient approach, as UK service inflation remains elevated compared to other Western countries. Nevertheless, the BoE is now projecting 1% of rate cuts by year-end with inflation declining below 3%.

As the Fed appeared to pivot, both the Bank of England (BoE) and the European Central Bank (ECB) took a more hawkish tone. The BoE has the furthest to go in reaching its inflation target and ideally would like to see further evidence of wage growth slowing before it considers any rate cuts. Its position is also complicated by potential further fiscal loosening in the form of tax cuts ahead of the election. Growth is muted and inflation is declining while remaining more persistent than other developed countries. The market has higher conviction that ECB rate cuts will be forthcoming, with growth in Europe stagnating for months as the economy flirts with a recession. The ECB is likely to be the first to cut rates, now expected in April.

This backdrop led to equity markets surging in November, a rally that continued in December, with the S&P 500 finishing Q4 up 11.7%. The equity rally was broad based, with the FTSE 100, Eurostoxx 600 and Topix up 2.3%, 6.8% and 2.0% respectively over the quarter in local currency terms.

The turn of the year saw US equities continuing to lead the charge, with the S&P 500 hitting all-time highs throughout the month before paring back and finishing January up 1.6%. Sentiment was dented by lingering concerns of US commercial real estate. The so-called Magnificent 7 rose nearly 2% in January, having been up nearly 6% intra-month. This comes despite Tesla's disappointing earnings after it warned of slowing growth in electric vehicle sales and increased competition from China leading to shares down 25%. On the other hand, Microsoft's revenue surged as the company is poised to benefit from the ongoing artificial intelligence boom. It rose 5.7% in January.

Commodities were a mixed bag, as Chinese economic data continued to disappoint. Geopolitical tensions, spurred by the conflict in the Middle East, initially sent oil prices sharply higher before drifting back at the end of the year, despite further production cuts announced by OPEC+. In mid-January, the US and UK launched a round of strikes on Yemen's Houthis, as the armed group continues to target commercial ships in the Red Sea. Houthis' attacks on ships, which began in November, have disrupted maritime trade, and pose ongoing problems to shipping. The price of Brent moved above \$80 a barrel at the end of January. Trade disruption has the potential to keep inflation elevated, which might give central banks pause for thought.

Elsewhere on the geopolitical front, the period saw China and United States open communication channels, when Presidents Xi Jinping and Joe Biden met in California in November. They discussed reopening military communications, climate change, artificial intelligence and the Taiwanese election. This marked a positive step as tensions had been elevated for months. China's economy continues to stutter despite its incremental policy loosening to bolster growth prospects, with some evidence emerging that lower export prices from the world's largest export economy are contributing to disinflation in elsewhere in the world. China had weak start to 2024 as the Hang Seng fell 8.7% in January.

Performance

The Phoenix Fund returned 2.6% (net of fees) over the period, behind the performance comparator (ARC Balanced Asset peer group estimate) return of 3.4%.

The fund generated strong contributions from its allocations to bonds and equities whilst its allocation to alternatives cost the fund returns.

Fund Profile and Investment Report

Continued

The largest contribution to the funds' return came from the allocation to fixed income. Bond yields fell aggressively (prices went up) as the market pivoted away from "higher for longer" interest rate expectations to debating when rates would go up and how aggressively would they be cut. The fund holds government bonds issued by the UK, US, Canada and Australia. During the period it was mainly the UK and US issues which generated returns as the market moved from expecting interest rates to increase by another 0.85% before peaking in mid 2024 to up to 1.4% of cuts in both markets. Corporate bond performance was even stronger for the holdings within the fund as strong stock selection drove excess returns. Having increased the fixed income weight from around 25% to more than 40% over the past 2 years it was encouraging for these assets to start delivering a return.

Within equities positive selections came from within the technology, healthcare, real estate and industrial sectors whilst losses came from the financials, energy and utilities sectors.

Technology continued its strong year with holdings in Intuit, Autodesk, ASML, and Microsoft all generating returns in excess of 20% in the period with limited stock specific newsflow.

Within health care, positive returns were driven by the pharmaceuticals holding Eli Lilly. The company reported earnings which came in ahead of expectations on the back of strong performance for key diabetes medication Mounjaro. In addition to the strong operational progress, there was also positive read across from Novo Nordisk's SELECT study which demonstrated stronger than expected patient benefits and helps to build the wall of evidence in support of broader payer coverage in the US.

Real Estate benefitted from the fall in interest rates. Real Estate tends to be heavily inversely correlated with interest rates given that investors in the asset class are typically investing to get an income from their investment. With interest rates peaking in the 4th quarter and bond yields falling as the market speculated that rates would need to be cut, we saw a rally in these assets. American Tower produced a near 30% return in the quarter whilst logistics holdings Segro and Prologis were also very strong.

Holdings in Accenture and Mastercard, both classified as industrial support services, were positive contributors. Accenture continued to see strong demand in consulting end markets and Mastercard benefited from resilient consumer spending and a recovery in cross-border transactions supported by pent up demand for travel, particularly from Asia. The holding in CRH was a notable positive as the building materials giant reported strong interim earnings and the acquisition of Texan cement assets from US competitor Martin Marietta should improve

the company's already impressive scale in a region which has a number of large infrastructure projects. Furthermore, electrical and equipment holding Schneider Electric was also a positive contributor. The new CEO provided a strategy update to investors in November, underpinning the announcement of ambitious medium-term revenue and margin targets, which were well received by the market. The event confirmed a focus on organic growth to consolidate recent acquisitions (such as AVEVA), with the company's software offering a key development area. We continue to consider the company's portfolio of hardware and software as well positioned in the context of trends such as decarbonisation and automation.

Within the financials sector the fund has had exposure to 3 Asia exposed companies that were all weak owing to the same trend, effectively Chinese economic weakness. Insurers AIA and Prudential attribute their largest growth opportunities to the growth in life assurance products to serve the aging Chinese demographic in both Hong Kong and China, whilst Singaporean bank DBS, has suffered owing to a slowdown in the broader region.

Energy sector weakness was driven by alternative energy company, Ameresco, who lowered its growth expectations when it reported in November. The company appears to be performing well, continuing to win new contracts but with sentiment over the growth in renewables the stock has been very weak. In a similar vein we saw weakness in the Utilities sector. Higher yields affected the relative attractiveness of the sector. Holdings in Ørsted and NextEra Energy were both notable performance detractors. Ørsted took a large impairment to its US pipeline assets owing to operational and regulatory issues and higher rates leading to the devaluation of projects. This was also an issue for NextEra Energy as its yieldco, NextEra Energy Partners, downgraded its growth owing to the increased cost of funding. This raised doubts about NextEra Energy's ability to fund its pipeline.

Utilities suffered over the period as higher yields affected the relative attractiveness of the sector. Holdings in Ørsted and NextEra Energy were both notable performance detractors. Ørsted took a large impairment to its US pipeline assets owing to operational and regulatory issues and higher rates leading to the devaluation of projects. This was also an issue for NextEra Energy as its yieldco, NextEra Energy Partners, downgraded its growth owing to the increased cost of funding. This raised doubts about NextEra Energy's ability to fund its pipeline.

The position in alternatives was a relative performance detractor as the sector weakened further over the period due to rising interest rates. Gresham House Energy Storage was a notable negative due to a deterioration in revenues due to connection issues with the grid and lack of take up for battery storage usage from National Grid in the

Fund Profile and Investment Report

Continued

balancing mechanism. Performance within infrastructure holdings were muted, despite largely positive operational progress.

Activity

A new holding was initiated in Airbnb. The company has become ubiquitous in the private rented accommodation sector, it currently has around four million hosts and more than six million active listings. We consider the company have significant long-term growth potential, powered by the increase in active listings and favourable dynamics around lodging growth globally. There are also significant additional monetisation opportunities through the dominant platform position which means 90% of traffic comes direct or through unpaid channels. The valuation appears attractive for the quality and growth potential on offer, and the strong net cash balance sheet will enable continued investment in the business going forward.

The holding in Estee Lauder was sold. The initial investment case was based upon premiumisation in the beauty industry, outperformance of skincare, channel shifts to e-commerce, specialty retailers and travel retail, and continued success of the high-quality portfolio supported by successful bolt-on acquisitions. However, the share price performance has been poor as rising bond yields have driven multiple contraction. Furthermore, there have been earnings downgrades due to Chinese lockdowns which led to subdued travel activity (impacting retail spend) and weak consumer sentiment in the region. By FY26, consensus assumes that earnings recover to FY22 levels. However, there is evidence that domestic beauty brands are consistently gaining share in China and celebrity beauty brands are gaining share from larger brands in North America and Europe. Against this backdrop, Estee Lauder is unlikely able to be as acquisitive as it has been in the past. Leverage is reasonably extended and there are >\$500m of maturities due annually for most years over the next decade which will need to be refinanced – likely at much higher rates. This dynamic suggests the business model will be challenged in the long-term, so we reluctantly exited the position.

We took action to reduce the interest rate sensitivity of the holdings outside of the fixed income allocation within the portfolio. As a result, we reduced exposure to real estate sector with holdings such as Assura and Tritax Big Box failing to offer attractive returns in excess of corporate bonds. We also sold American Tower as our conviction in the holding has reduced, it is currently focusing on deleveraging as opposed to growth.

As mentioned previously, within the fixed income space we saw bond yields fall in the final quarter of the year. We thought this move had gone too far so as a result we

took action to reduce some interest sensitivity by selling down the 2031 UK government bond and reinvesting the cash into the 2025 gilt. This move was cash neutral but increased the yield on the holdings. We also sold some high quality corporate bonds after they appeared to offer less attractive value this included an issue by GlaxSmithKline and Walmart.

Outlook

The economic environment is still precariously balanced, yet the recent performance of risk assets would have you believe that all is well. Much of the economic optimism can be attributed to the belief that rates have peaked. It is likely that interest rates will move lower from here, however the timing and scope of cuts remains uncertain and will be highly data dependent. The market narrative that there would be a raft of cuts beginning in early 2024 is not as clear-cut as perhaps the market was pricing in. As ever, there are many factors to consider. The disruption to shipping lanes and the number of high-profile elections in 2024 could lead to supply side shocks or geopolitical surprises, which could drive prices higher, disrupting the path to disinflation and keeping rates higher for longer.

Although we do not expect global growth to collapse over the coming months, we are cautious about the positive correlation between assets, as well as stretched valuations and overly optimistic earnings projections.

We consider equities to offer very compelling long-term returns and patiently await opportunities to add to positions in great companies when valuations more accurately reflect the short-term risks. Experience has taught us that companies with strong balance sheets, and those that can create value by generating cash flows exceeding their operational requirements tend to generate stronger and more sustainable returns. They are also usually better positioned to reinvest in their businesses and distribute earnings to shareholders. We believe these types of companies merit long-term positions in portfolios regardless of shorter-term sentiment.

Fixed income holdings have been a positive performance contributor, and we still consider these positions to offer a compelling source of returns. Although the interest rate hiking cycle has driven significant volatility, it does seem likely that rates will fall over 2024, which should support further capital appreciation.

February 2024

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 January 2024.

The fund is rated as 4 because of the extent to which the following risk factors apply:

- Equity Risk – 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.
- Credit Risk – The fund invests in securities which are subject to the risk that the issuer may default on interest or capital payments.
- Interest Rate Risk – The fund invests in securities which can be subject to price fluctuation for a variety of reasons including changes in interest rates or inflation expectations.
- Emerging Markets Risk – The fund may invest in emerging markets, where political, economic, legal and regulatory systems are less developed. As a result, investing in emerging markets may involve higher volatility and a greater risk of loss than investing in developed markets. In particular, where the fund invests in Variable Interest Entity (VIE) structures to gain exposure to industries with foreign ownership restrictions or invests in Chinese assets via Stock Connect/Bond Connect, there are additional operational risks, which are outlined in the prospectus.
- Derivatives Risk – The use of derivatives may involve additional liquidity, credit and counterparty risks. In some cases the risk of loss from derivatives may be increased where a small change in the value of the underlying investment may have a larger impact on the value of the derivative.

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

B Accumulation	31 January 2024	31 July 2023	31 July 2022	31 July 2021
Closing net asset value (£'000)	96	94	102	108
Closing number of units	41,925	41,925	41,925	41,925
Closing net asset value per unit (pence)	229.69	224.52	242.21	256.13
Change in net asset value per unit	2.30%	(7.30%)	(5.43%)	10.31%
Operating charges	1.02%	1.23%	1.27%	1.06%
B Income	31 January 2024	31 July 2023	31 July 2022	31 July 2021
Closing net asset value (£'000)	93	1,356	223	21
Closing number of units	62,163	918,615	137,070	12,198
Closing net asset value per unit (pence)	149.34	147.60	162.87	175.09
Change in net asset value per unit	1.18%	(9.38%)	(6.98%)	8.48%
Operating charges	1.02%	1.23%	1.27%	1.06%
Z (Net Accumulation)	31 January 2024	31 July 2023	31 July 2022	31 July 2021
Closing net asset value (£'000)	152,774	163,538	169,150	113,533
Closing number of units	202,952,342	223,114,279	215,641,021	137,963,697
Closing net asset value per unit (pence)	75.28	73.30	78.44	82.29
Change in net asset value per unit	2.70%	(6.55%)	(4.68%)	11.19%
Operating charges	0.02%	0.23%	0.27%	0.06%
Z (Net Income)	31 January 2024	31 July 2023	31 July 2022	31 July 2021
Closing net asset value (£'000)	60,275	79,081	86,743	61,378
Closing number of units	109,761,028	145,670,814	144,798,907	95,233,024
Closing net asset value per unit (pence)	54.91	54.29	59.91	64.45
Change in net asset value per unit	1.14%	(9.38%)	(7.04%)	8.47%
Operating charges	0.02%	0.23%	0.27%	0.06%

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.

In July 2020, the Investment Association issued Guidance on Disclosure of Fund Charges and Costs effective from 30 June 2022 which updated the Ongoing Charges disclosure requirements to include indirect costs associated with funds' holdings of closed-ended investment funds. This resulted in an increase of 0.22% in the Ongoing Charges figures disclosed as at 31 July 2022 and an increase of 0.21% as at 31 July 2023.

In December 2023, the Investment Association issued Guidance on Disclosure of Fund Charges and Costs effective from 30 November 2023 which updated the Ongoing Charges disclosure requirements to exclude indirect costs associated with funds' holdings of closed-ended investment funds.

Portfolio Statement

As at 31 January 2024

Holding	Investment	Market value £'000	Percentage of total net assets
Bonds (40.77%)		84,747	39.74
Australian Dollar Denominated Bonds (1.74%)		2,252	1.06
Government Bonds (1.74%)		2,252	1.06
between 10 and 15 years to maturity			
4,523,000	Australia (Commonwealth of) 3.75% 2037	2,252	1.06
Canadian Dollar Denominated Bonds (0.92%)		-	-
Government Bonds (0.92%)		-	-
Euro Denominated Bonds (0.72%)		1,117	0.52
Corporate Bonds (0.72%)		1,117	0.52
less than 5 years to maturity			
500,000	BBVA 3.5% 2027	426	0.20
800,000	Volkswagen International Finance 3.75% 2027	691	0.32
Sterling Denominated Bonds (27.61%)		62,772	29.44
Corporate Bonds (15.51%)		36,077	16.92
less than 5 years to maturity			
351,000	America Movil 5% 2026	352	0.16
350,000	Bank of America 7% 2028	382	0.18
484,000	Close Brothers 7.75% 2028	502	0.24
445,000	Coventry Building Society 7% fixed to floating 2027	459	0.22
714,000	General Motors Financial 2.35% 2025	679	0.32
451,000	HSBC 5.75% 2027	464	0.22
1,300,000	Inter-American Development Bank 4.125% 2028	1,301	0.61
703,000	Lloyds Banking 2.25% 2024	687	0.32
1,007,000	Mizuho Financial 5.628% 2028	1,034	0.48
645,000	NatWest Markets 6.375% 2027	675	0.32
382,000	Verizon Communications 4.073% 2024	380	0.18
700,000	Virgin Money UK FRN 2025	690	0.32
1,042,000	Yorkshire Building Society 6.375% fixed to floating 2028	1,066	0.50
between 5 and 10 years to maturity			
1,000,000	Amgen 4% 2029	971	0.46
1,010,000	Anglian Water Services Financing 5.875% 2031	1,046	0.49

Portfolio Statement

As at 31 January 2024 continued

Holding	Investment	Market value £'000	Percentage of total net assets
1,500,000	Apple 3.05% 2029	1,431	0.67
859,000	Assura Financing REIT 1.5% 2030	690	0.32
1,369,000	AT&T 4.375% 2029	1,338	0.63
1,676,000	Barclays 3.25% 2033	1,419	0.67
1,000,000	BNP Paribas 1.25% 2031	763	0.36
914,000	Close Brothers Finance 1.625% 2030	705	0.33
622,000	Digital Stout REIT 3.75% 2030	571	0.27
759,000	ENW Finance 4.893% 2032	763	0.36
729,000	Experian Finance 3.25% 2032	664	0.31
1,159,000	Intesa Sanpaolo 6.625% 2033	1,224	0.57
729,000	Lloyds Banking 6.625% fixed to floating 2033	741	0.35
1,000,000	London & Quadrant Housing Trust 2% 2032	798	0.37
498,000	Pension Insurance 8% 2033	532	0.25
800,000	Segro REIT 2.375% 2029	703	0.33
650,000	Southern Electric Power Distribution 5.5% 2032	681	0.32
750,000	Tesco Corporate Treasury Services 2.75% 2030	659	0.31
1,000,000	Verizon Communications 2.5% 2031	859	0.40
425,000	Virgin Media Secured Finance 4.25% 2030	373	0.17
between 10 and 15 years to maturity			
200,000	Aviva 6.125% fixed to floating 2036	203	0.10
532,000	Cadent Finance 5.75% 2034	545	0.26
600,000	E.ON International Finance 5.875% 2037	624	0.29
1,000,000	Motability Operations 3.625% 2036	881	0.41
1,348,000	Severn Trent Utilities Finance 5.25% 2036	1,355	0.64
1,000,000	United Utilities Water Finance 1.75% 2038	669	0.31
between 15 and 25 years to maturity			
200,000	Legal & General 5.375% fixed to floating 2045	198	0.09
960,000	National Grid Electricity Transmission 5.272% 2043	927	0.43
1,000,000	Optivo Finance 3.283% 2048	695	0.33
600,000	Sanctuary Capital 6.697% 2039	705	0.33
671,000	Segro REIT 5.125% 2041	652	0.31
greater than 25 years to maturity			
800,000	Engie 5.625% 2053	805	0.38
385,000	NGG Finance 5.625% fixed to floating 2073	379	0.18
787,000	Vodafone 5.125% 2052	714	0.33

Portfolio Statement

As at 31 January 2024 continued

Holding	Investment	Market value £'000	Percentage of total net assets
Perpetual			
800,000	BP Capital Markets 4.25% fixed to floating Perpetual	753	0.35
375,000	Credit Agricole 7.5% fixed to floating Perpetual	370	0.17
Government Bonds (12.10%)		26,695	12.52
less than 5 years to maturity			
1,250,000	BNG Bank 5.2% 2028	1,299	0.61
5,150,000	UK (Govt of) 0.25% 2025	4,937	2.32
5,946,386	UK (Govt of) 1% 2024	5,896	2.76
between 5 and 10 years to maturity			
1,400,000	European Investment Bank 4.5% 2029	1,443	0.68
1,650,000	International Bank for Reconstruction & Development 1% 2029	1,396	0.65
between 10 and 15 years to maturity			
9,541,500	UK (Govt of) 0.625% 2035	6,608	3.10
2,845,700	UK (Govt of) 3.75% 2038	2,720	1.28
greater than 25 years to maturity			
2,710,100	UK (Govt of) 3.75% 2053	2,396	1.12
US Dollar Denominated Bonds (9.78%)		18,606	8.72
Corporate Bonds (3.41%)		5,962	2.79
less than 5 years to maturity			
330,000	BPCE 3.5% 2027	244	0.11
800,000	Carrier Global 2.242% 2025	609	0.29
1,600,000	UnitedHealth 5.25% 2028	1,297	0.61
between 5 and 10 years to maturity			
24,000	Abi Sab 6.625% 2033	21	0.01
899,000	Broadcom 4.15% 2030	673	0.31
663,000	CCO 4.25% 2034	415	0.19
449,000	Ford Motor 9.625% 2030	412	0.19
1,433,000	Home Depot 1.875% 2031	931	0.44
2,100,000	Moody's 2% 2031	1,360	0.64

Portfolio Statement

As at 31 January 2024 continued

Holding	Investment	Market value £'000	Percentage of total net assets
Government Bonds (6.37%)		12,644	5.93
less than 5 years to maturity			
4,835,800	US Treasury 2.75% 2025	3,705	1.74
between 5 and 10 years to maturity			
5,525,200	US Treasury 1.125% Index-Linked 2033	4,250	1.99
between 15 and 25 years to maturity			
8,373,200	US Treasury 2% 2041	4,689	2.20
Equities (55.89%)		121,298	56.88
European Equities (14.73%)		33,101	15.53
Denmark (0.49%)		1,105	0.52
24,663	Ørsted	1,105	0.52
France (2.51%)		6,244	2.93
1,023	Hermes International	1,709	0.80
16,654	Schneider Electric	2,598	1.22
37,791	TotalEnergies	1,937	0.91
Germany (0.78%)		1,632	0.77
30,439	Mercedes-Benz	1,632	0.77
Ireland (3.47%)		7,763	3.64
5,515	Accenture 'A'	1,576	0.74
36,756	CRH	2,066	0.97
3,233,805	Greencoat Renewables ++	2,535	1.19
95,594	Keywords Studios++	1,586	0.74
Italy (0.81%)		1,593	0.75
294,554	Enel	1,593	0.75

Portfolio Statement

As at 31 January 2024 continued

Holding	Investment	Market value £'000	Percentage of total net assets
Luxembourg (1.22%)		2,521	1.18
1,930,560	BBGI Global Infrastructure	2,521	1.18
Netherlands (2.38%)		4,977	2.33
1,022	Adyen	1,021	0.48
3,422	ASML	2,330	1.09
605,532	Koninklijke KPN	1,626	0.76
Spain (0.76%)		1,760	0.83
57,681	Cellnex Telecom	1,760	0.83
Switzerland (2.31%)		5,506	2.58
17,574	Nestle	1,586	0.74
20,070	PSP Swiss Property	2,118	0.99
7,968	Roche (Participating certificate)	1,802	0.85
Japanese Equities (1.34%)		1,962	0.92
3,218	Canadian Solar Infrastructure Fund REIT	1,962	0.92
North American Equities (14.14%)		33,659	15.78
United States (14.14%)		33,659	15.78
10,040	Airbnb	1,136	0.53
17,757	Alphabet 'A'	1,952	0.92
12,121	Amazon.com	1,476	0.69
45,380	Ameresco 'A'	728	0.34
10,841	Apple	1,570	0.74
8,605	Autodesk	1,715	0.80
45,310	Boston Scientific	2,250	1.06
47,627	Coca-Cola	2,224	1.04
5,716	Eli Lilly	2,896	1.36
2,983	Equinix REIT	1,944	0.91
3,865	Intuit	1,916	0.90

Portfolio Statement

As at 31 January 2024 continued

Holding	Investment	Market value £'000	Percentage of total net assets
6,684	Mastercard 'A'	2,356	1.10
8,461	Microsoft	2,640	1.24
32,298	NextEra Energy	1,486	0.70
15,277	Procter & Gamble	1,885	0.88
21,024	Prologis REIT	2,092	0.98
16,999	Tetra Tech	2,117	0.99
4,356	West Pharmaceutical Services	1,276	0.60
Pacific Basin Equities (4.22%)		9,177	4.30
Australia (1.09%)		2,800	1.31
53,928	BHP	1,310	0.61
21,669	Rio Tinto	1,490	0.70
Hong Kong (1.51%)		2,823	1.33
233,320	AIA	1,429	0.67
170,419	Prudential	1,394	0.66
Singapore (0.88%)		1,500	0.70
80,100	DBS	1,500	0.70
Taiwan (0.74%)		2,054	0.96
23,173	Taiwan Semiconductor Manufacturing ADR	2,054	0.96
UK Equities (21.46%)		43,399	20.35
Consumer Discretionary (1.70%)		3,190	1.50
73,967	RELX	2,412	1.13
208,180	Watches of Switzerland	778	0.37
Energy (1.96%)		4,709	2.21
471,285	BP	2,179	1.02
103,398	Shell	2,530	1.19

Portfolio Statement

As at 31 January 2024 continued

Holding	Investment	Market value £'000	Percentage of total net assets
Financials (14.75%)		28,348	13.29
660,691	3i Infrastructure	2,180	1.02
1,354,971	Apax Global Alpha	2,092	0.98
2,285,745	Bluefield Solar Income Fund	2,528	1.18
2,871,270	Cordiant Digital Infrastructure	2,033	0.95
1,856,071	Greencoat UK Wind	2,675	1.25
2,125,110	Gresham House Energy Storage Fund	1,230	0.58
1,386,939	HICL Infrastructure	1,781	0.84
2,106,462	Hipgnosis Songs Fund	1,451	0.68
1,846,520	International Public Partnerships	2,393	1.12
41,500	NB Distressed Debt Investment Fund	20	0.01
2,739,291	Pantheon Infrastructure	2,345	1.10
2,093,960	Renewables Infrastructure	2,274	1.07
1,808,733	Schiehallion Fund	994	0.47
2,377,663	Tufton Oceanic Assets	1,979	0.93
3,333,585	VH Global Sustainable Energy Opportunities	2,373	1.11
Health Care (1.23%)		2,603	1.22
24,800	AstraZeneca	2,603	1.22
Industrials (0.50%)		1,107	0.52
391,708	DS Smith	1,107	0.52
Real Estate (0.54%)		1,513	0.71
171,592	Segro REIT	1,513	0.71
Utilities (0.78%)		1,929	0.90
182,905	National Grid	1,929	0.90

Portfolio Statement

As at 31 January 2024 continued

Holding	Investment	Market value £'000	Percentage of total net assets
Derivatives (0.47%)		904	0.42
Forward Currency Contracts (0.47%)		904	0.42
	Buy AUD 134,963 Sell GBP 70,047 01/02/2024	-	-
	Buy AUD 226,287 Sell GBP 119,016 01/02/2024	(2)	-
	Buy AUD 3,128,722 Sell GBP 1,636,464 01/02/2024	(13)	(0.01)
	Buy AUD 4,261,449 Sell GBP 2,208,722 01/02/2024	2	-
	Buy CAD 3,756,236 Sell GBP 2,221,119 01/02/2024	(16)	(0.01)
	Buy EUR 1,312,515 Sell GBP 1,124,140 01/02/2024	(3)	-
	Buy GBP 78,183 Sell AUD 149,714 01/02/2024	-	-
	Buy GBP 78,470 Sell AUD 146,958 01/02/2024	2	-
	Buy GBP 87,199 Sell AUD 166,941 01/02/2024	1	-
	Buy GBP 3,825,590 Sell AUD 7,287,807 01/02/2024	45	0.02
	Buy GBP 2,212,092 Sell AUD 4,261,449 02/04/2024	(2)	-
	Buy GBP 136 Sell CAD 230 01/02/2024	-	-
	Buy GBP 60,728 Sell CAD 102,467 01/02/2024	1	-
	Buy GBP 2,187,493 Sell CAD 3,653,537 01/02/2024	43	0.02
	Buy GBP 37,198 Sell EUR 43,267 01/02/2024	-	-
	Buy GBP 1,110,593 Sell EUR 1,269,248 01/02/2024	26	0.01
	Buy GBP 1,126,545 Sell EUR 1,312,515 02/04/2024	2	-
	Buy GBP 594,795 Sell USD 753,114 01/02/2024	1	-
	Buy GBP 632,439 Sell USD 788,392 01/02/2024	11	0.01
	Buy GBP 19,247,952 Sell USD 23,388,050 01/02/2024	809	0.38
	Buy GBP 18,585,490 Sell USD 23,660,208 02/04/2024	(58)	(0.03)
	Buy USD 594,366 Sell GBP 469,268 01/02/2024	(1)	-
	Buy USD 674,982 Sell GBP 534,990 01/02/2024	(3)	-
	Buy USD 23,660,208 Sell GBP 18,591,869 01/02/2024	59	0.03
Total investment assets and liabilities		206,949	97.04
Net other assets		6,289	2.96
Total Net Assets		213,238	100.00

All investments (excluding OTC derivatives) are listed on recognised stock exchanges and are approved securities or are approved derivatives within the meaning of the FCA rules. The percentage figures in brackets show the comparative holding as at 31 July 2023.

** AIM listed.

Financial Statements

Statement of Total Return

For the six months ended 31 January 2024

	31 January 2024		31 January 2023	
	£'000	£'000	£'000	£'000
Income:				
Net capital gains/(losses)		1,329		(11,891)
Revenue	4,014		3,867	
Expenses	(21)		(20)	
Interest payable and similar charges	(1)		(1)	
Net revenue before taxation	3,992		3,846	
Taxation	(481)		(388)	
Net revenue after taxation		3,511		3,458
Total return before distributions		4,840		(8,433)
Distributions		(3,511)		(3,458)
Change in net assets attributable to unitholders from investment activities		1,329		(11,891)

Statement of Change in Net Assets Attributable to Unitholders

For the six months ended 31 January 2024

	31 January 2024		31 January 2023	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		244,069		256,218
Amounts receivable on the issue of units	7,392		38,818	
Amounts payable on the cancellation of units	(41,883)		(10,361)	
		(34,491)		28,457
Dilution adjustment		29		-
Change in net assets attributable to unitholders from investment activities (see above)		1,329		(11,891)
Retained distribution on accumulation units		2,302		2,485
Closing net assets attributable to unitholders		213,238		275,269

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 January 2024

	31 January 2024		31 July 2023	
	£'000	£'000	£'000	£'000
Assets:				
Fixed assets:				
Investment assets		207,047		237,086
Current assets:				
Debtors	1,228		4,575	
Cash and bank balances	6,678		10,341	
		7,906		14,916
Total assets		214,953		252,002
Liabilities:				
Investment liabilities		(98)		(23)
Provisions for liabilities		(9)		(6)
Bank overdrafts	-		(25)	
Creditors	(685)		(6,479)	
Distribution payable	(923)		(1,400)	
		(1,608)		(7,904)
Total liabilities		(1,715)		(7,933)
Net assets attributable to unitholders		213,238		244,069

Notes to the Financial Statements

Accounting Policies

For the six months ended 31 January 2024.

Basis of Accounting

The financial statements for the fund 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 Association in May 2014, Financial Reporting Standard (FRS) 102 and United Kingdom Generally Accepted Accounting Practice.

The Manager has undertaken a detailed assessment of 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 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 reinvestment) 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 January 2024 (in pence per unit)

Interim dividend distribution

Group 1 – units purchased prior to 1 August 2023

Group 2 – units purchased between 1 August 2023 and 31 January 2024

	Revenue	Equalisation	Distribution paid 22/03/24	Distribution paid 24/03/23
B Accumulation				
Group 1	2.5725	-	2.5725	2.1621
Group 2	2.5725	-	2.5725	2.1621
B Income				
Group 1	1.6961	-	1.6961	1.4540
Group 2	1.3147	0.3814	1.6961	1.4540
Z (Net Accumulation)				
Group 1	1.1338	-	1.1338	1.0044
Group 2	0.7161	0.4177	1.1338	1.0044
Z (Net Income)				
Group 1	0.8399	-	0.8399	0.7670
Group 2	0.3091	0.5308	0.8399	0.7670

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

The above document is strictly for information purposes only and should not be considered as an offer, investment recommendation or solicitation, to deal in any of the investments or funds mentioned herein and does not constitute investment research. LGT Wealth Management Limited does not warrant the accuracy, adequacy or completeness of the information and materials contained in this document and expressly disclaims liability for errors or omissions in such information and materials. Any research or analysis used in the preparation of this document has been procured by abrdn for its own use and may have been acted on for its own purpose. The results thus obtained are made available only coincidentally and the information is not guaranteed as to its accuracy. Some of the information in this document may contain projections or other forward looking statements regarding future events or future financial performance of countries, markets or companies. These statements are only predictions and actual events or results may differ materially. The reader must make their own assessment of the relevance, accuracy and adequacy of the information contained in this document and make such independent investigations, as they may consider necessary or appropriate for the purpose of such assessment. Any opinion or estimate contained in this document is made on a general basis and is not to be relied on by the reader as advice. Neither LGT Wealth Management Limited nor any of its employees, associated group companies or agents have given any consideration to nor have they or any of them made any investigation of the investment objectives, financial situation or particular need of the reader, any specific person or group of persons. Accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the reader, any person or group of persons acting on any information, opinion or estimate contained in this document. LGT Wealth Management Limited reserves the right to make changes and corrections to any information in this document at any time, without notice.

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