abrdn Bridge Fund

Annual Report
For the year ended 31 July 2023

abrdn.com

Contents

* 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 Bridge Fund ('the fund') is an authorised unit trust, established under a trust deed dated 17 January 1994 (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 27 January 1994. The fund's FCA Product Reference Number is 165234.

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. It's ultimate holding company is abrdn plc.

Financial details and Fund Managers' reviews of the fund for the year ended 31 July 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 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 during 2024. A full client communication will be issued prior to the change.

Developments and Prospectus Updates Since 1 August 2022

- On 1 August 2022, the prospectus and trust deed were updated to allow the Manager to make a mandatory conversion of units to a different unit class without instruction, in accordance with applicable Financial Conduct Authority regulation. Investors will be given prior notice of any exercise of such mandatory conversion rights in accordance with applicable regulation and guidance.
- On 1 August 2022, the fund changed its name from Aberdeen Standard Capital Bridge Fund to abrdn Bridge Fund. Additionally, the Manager of the fund changed its name from "Aberdeen Standard Fund Managers Limited" to "abrdn Fund Managers Limited". Further details and a list of the renaming can be found at **https://www.abrdn.com/en/uk/investor/fund-centre/investor-communications.**
- On 31 December 2022, Mrs. Rowan McNay resigned as a director of abrdn Fund Managers Limited.
- On January 1 2023, the abrdn Bridge Fund updated its Investment Policy ("IP") to reflect the change in the weighting of the composite index downwards to 22.5% for the FTSE All-Share Index, and upwards to 52.5% for the FTSE World ex UK Index components. This update also included an increase in the upper tracking error expectation, from 4% to 5%.
- On 1 January 2023, any references to the address Bow Bells House, 1 Bread Street, London, EC4M 9HH were replaced with 280 Bishopsgate, London, EC2M 4AG.
- On 7 March 2023, Mr. Neil Machray was appointed as a director of abrdn Fund Managers Limited.
- 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.
- 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

Report of the Authorised Fund Manager

Continued

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 **https://www.abrdn.com/docs?editionId=4b944c77-fe76-4b29-b788-b02f014be32b**

Statement of Manager's Responsibilities

The Collective Investment Schemes sourcebook published by the FCA, ("the COLL Rules") require the Manager to prepare financial statements for each interim and annual accounting period which give a true and fair view of the financial position of the fund and of the net revenue and net capital gains or losses on the property of the fund for the period.

In preparing the financial statements the Manager is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the fund or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The Manager is responsible for the management of the fund in accordance with its Trust Deed, the Prospectus and the COLL Rules.

The Manager is responsible for the maintenance and integrity of the corporate and financial information included on the fund's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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.

Emily Smart
Director
24 October 2023

Adam Shanks
Director
24 October 2023

Statement of the Trustee's Responsibilities in Respect of the Scheme and Report of the Trustee to the Unitholders of abrdn Bridge Fund for the year ended 31 July 2023

The Trustee is responsible for the safekeeping of all property of the fund which is entrusted to it and ensuring proper registration of tangible moveable property, and for the collection of income arising from all such scheme property.

It is the duty of the Trustee to take reasonable care to ensure that the fund is managed and operated in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("the Sourcebook"), the Financial Services and Markets Act 2000, as amended, and the Trust Deed and the Prospectus of the fund, concerning: the pricing of and dealing in fund Units; the application of income of the scheme; and the fund investment portfolio and borrowing activities.

Having carried out procedures and enquiries considered duly necessary to discharge our responsibilities as Trustee of the scheme, based on information and explanations provided to us, we believe that, in all material respects, the Manager:

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the scheme's units and the application of the scheme's income in accordance with the Sourcebook, the Trust Deed and Prospectus;

(ii) has observed the investment and borrowing powers and restrictions applicable to the scheme; and

(iii) has, otherwise, ensured the proper operation of the fund.

Citibank UK Limited
24 October 2023

Independent Auditor's Report to the Unitholders of abrdn Bridge Fund ("the fund")

Opinion

We have audited the financial statements of the fund for the year ended 31 July 2023 which comprise the Statement of Total Return, the Statement of Change in Unitholders' Funds, the Balance Sheet, the Related Notes and Distribution Tables for the fund and the accounting policies set out on pages 27 to 29.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the financial position of the fund as at 31 July 2023 and of the net revenue and the net capital losses on the property of the fund for the year then ended; and
- have been properly prepared in accordance with the Trust Deed, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the fund in accordance with, UK ethical requirements including the FRC Ethical Standard.

We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Manager has prepared the financial statements on the going concern basis as they do not intend to liquidate the fund or to cease their operations, and as they have concluded that the fund's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Manager's conclusions, we considered the inherent risks to the fund's business model and analysed how those risks might affect the fund's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Manager's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the fund's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the fund will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the fund's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Assessing the segregation of duties in place between the Manager, the Trustee, the Administrator and the Investment Adviser;
- Reading board minutes.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the revenue is principally non-judgemental and based on publicly available information, with limited opportunity for manipulation. We did not identify any additional fraud risks.

We evaluated the design and implementation of the controls over journal entries and other adjustments and made inquiries of the Administrator about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. We identified and selected a sample of journal entries made at the end of the reporting period and tested those substantively including all material post-closing entries. Based on the results of our risk assessment procedures and understanding of the process, including the segregation of duties between the Directors and the Administrator, no further high-risk journal entries or other adjustments were identified.

Independent Auditor's Report to the Unitholders of abrdn Bridge Fund ("the fund")

Continued

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Manager and the Administrator (as required by auditing standards) and discussed with the Directors the policies and procedures regarding compliance with laws and regulations.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the fund is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related authorised fund legislation maintained by the Financial Conduct Authority) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the fund is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: money laundering, data protection and bribery and corruption legislation recognising the fund's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and the Administrator and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Manager is responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in the Manager's Report for the financial year is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

- proper accounting records for the fund have not been kept; or
- the financial statements are not in agreement with the accounting records.

Manager's responsibilities

As explained more fully in its statement set out on page 6, the Manager is responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the fund's ability to continue as a going

Independent Auditor's Report to the Unitholders of abrdn Bridge Fund ("the fund")

Continued

concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at **www.frc.org.uk/auditorsresponsibilities**.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the fund's unitholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the fund's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the fund and the fund's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Archer
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
319 St Vincent Street
Glasgow
G2 5AS
24 October 2023

Fund Profile and Investment Report

Manager: Ben Ward

Launch Date

27 January 1994

Investment Objective

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

Performance Target: To exceed the ARC Private Client Indices (PCI) Steady Growth 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 it will be achieved.

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, corporate investment grade bonds and government bonds issued anywhere in the world.
- The fund may hold other securities and asset classes (e.g. supranational and other types of bonds and listed real estate) issued anywhere in the world.
- 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 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 companies and bonds and ensuring that the allocation of assets meets the fund's objectives.
- 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 exceed 5%. 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: 22.5% FTSE All-Share Index, 52.5% FTSE World ex UK Index, 10% FTSE Actuaries UK Conventional Gilts All Stocks Index, 10% ICE BofAML Sterling Non-Gilts Index , 5% SONIA.

Derivatives and Techniques

- The fund may use derivatives to reduce risk, 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 limited. Where derivatives are used, this would mainly be 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	
Two dealing days before	
Interim	31 March
Annual	30 September

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.

Market Commentary

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,

Fund Profile and Investment Report

Continued

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.

Performance

The fund ended the period down -0.98% (net of fees), behind a benchmark return of 3.53% and the peer group as measured by ARC Steady Growth which returned +0.56%. Relative performance was driven by the allocation to alternative assets and the underperformance of the fund's equity selections whilst the underweight to government bonds was additive.

Over the period we saw the Bank of England continue its rate increases with the base rate moving from 1.25% to 5%. As a result, we saw material weakness in both government (FTSE Actuaries UK Conventional Gilts All stocks total return Index -16.01%) and to a lesser extent, corporate bonds (ICE Bank Of America Sterling Non-gilt Index -7.73%) as rising yields drives down prices. The fund being materially underweight government bonds therefore added to relative performance whilst strong stock selection within the corporate bond selections also a strong driver of relative returns.

We have held an allocation to listed alternative assets given we have liked the high yields and inflation protection that these real assets provide. However, we have seen negative returns from these assets as their valuations adjust to a higher interest rate environment. These vehicles have yielded a big premium over government bonds over the last decade; however, this yield pick-up has been eroded by the increase in base rates making the vehicles less attractive. In the period the alternatives held within the Bridge fund fell nearly 15%. The worst performing of the holdings within the subsector were the private equity holding Schiehallion which lost 49% as the market feared that raised funding costs would hinder private equity returns. Schiehallion is a small holding so impacted performance less than the fund's exposure to social infrastructure and renewable infrastructure. Social Infrastructure companies, HICL Infrastructure and BBGI both lost more than 20% in the period mainly owing to the move in base rates in the UK. Renewables were not as weak with the worst performers Renewables Infrastructure Group and Gresham House Energy Storage both losing more than 16%.

Equities were the strongest asset class the fund invests in and as result being underweight the asset class detracted from relative returns. 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 following positive results for Alzheimer's drug donanemab in a phase 3 trial, the strong ramp-up in diabetes drug Mouniaro 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 benefitted from the reopening of non-essential surgery as the world returned to normal post Covid.

Within healthcare, the fund benefitted from its holding in Dutch telco company, KPN. KPN performed well in the period in a sector where most peers produced 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

Fund Profile and Investment Report

Continued

Republic suffered large deposit outflows as clients feared they could lose capital above the deposit insurance level of $250k. We took the painful decision to exit the position crystalising an 83% loss in the period. We felt that efforts to save the bank were uncertain. Following our sale the bank was taken over by JPM and at this point it was unknown whether equity holders will receive anything for their holding. The losses in First Republic were compounded by strong returns from large benchmark constituents HSBC and JP Morgan who both were able to report stronger than expected results partially helped by the higher interest rate environment.

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 void 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 which showed that although growth held up in the fourth quarter, the company revised guidance due 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, rather than presenting risks to the company.

Activity

Within equities, the focus has been on selectively adding to higher quality stocks with quality earnings, solid financial positions and defensive business models as we see a more difficult economic environment ahead. 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 Tritax Big Box as we sought to diversify the portfolio away from the UK where its logistics feature.

We also introduced Tetra Tech into the fund in the period. 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 exited our position in First Republic Bank earlier in the period we had diversified our bank holdings by buying Singaporean bank, DBS, who are a beneficiary of the growing wealth of Asia and of higher for longer interest rates. We also added the strong brands of Apple and Coca Cola to the portfolio. We also sold our holdings in SolarEdge Technologies, Yeti, Amundi, Countryside Partnerships, Generac, Digital 9 Infrastructure and Activision Blizzard. 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 reflects regulatory approval risks and the time value of money discount to deal completion.

Looking across to the fixed income positioning, the relative attractiveness of the asset class has increased, and we have taken action by adding to duration. The macroeconomic outlook is highly uncertain and remains difficult to see how a 'soft landing' can be manufactured. Loan demand is falling and lending standard are tightening, whilst delinquencies are rising. We added to interest rate sensitivity by adding to UK government bonds

Fund Profile and Investment Report

Continued

whilst we also added a number of higher quality corporate bond issues. We partially funded these increases by selling the fund's exposure to emerging market debt and high yielding sub investment grade corporate bonds.

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 assets 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 July 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 securities which are subject to the risk that the issuer may default on interest or capital payments.
- The fund price can go up or down daily for a variety of reasons including changes in interest rates, inflation expectations or the perceived credit quality of individual countries or securities.
- 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.
- The fund invests in high yielding bonds which carry a greater risk of default than those with lower yields.

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	2023 pence per unit	2022 pence per unit	2021 pence per unit
Change in net assets per unit			
Opening net asset value per unit	347.66	365.26	313.59
Return before operating charges*	(1.83)	(8.99)	58.34
Operating charges	(3.72)	(4.00)	(3.46)
Return after operating charges*	(5.55)	(12.99)	54.88
Distributions	(6.22)	(4.61)	(3.21)
Closing net asset value per unit	335.89	347.66	365.26
* after direct transaction costs of:	0.04	0.12	0.12
Performance			
Return after charges	(1.60%)	(3.56%)	17.50%
Other information			
Closing net asset value (£'000)	38,406	36,116	39,454
Closing number of units	11,434,173	10,388,467	10,801,963
Operating charges	1.11%	1.12%	1.02%
Direct transaction costs	0.01%	0.03%	0.03%
Prices			
Highest unit price	357.6	386.2	369.5
Lowest unit price	313.9	321.4	314.7

The closing net asset value (£'000) divided by the closing number of units may not calculate to the closing net asset value per unit (p) due to rounding differences. The published closing net asset value per unit (p) is based on unrounded values and represents the actual price.
The return after charges figures are based on the accounting NAV, as the financial statements are produced at a valuation point that is different from the published daily NAV.
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.
Highest and Lowest prices are based on official published daily NAVs.
Due to new guidance that came into force from 30 June 2022, the charges for underlying Closed Ended Funds held on the fund have now been included in the Operating Charges.

Comparative Tables

Continued

Z (Accumulation)	2023 pence per unit	2022 pence per unit	2021 pence per unit
Change in net assets per unit			
Opening net asset value per unit	94.96	97.68	82.45
Return before operating charges*	(0.66)	(2.61)	15.25
Operating charges	(0.10)	(0.11)	(0.02)
Return after operating charges*	(0.76)	(2.72)	15.23
Distributions	(2.45)	(2.01)	(1.57)
Retained distributions on accumulation units	2.45	2.01	1.57
Closing net asset value per unit	94.20	94.96	97.68
* after direct transaction costs of:	0.01	0.03	0.03
Performance			
Return after charges	(0.80%)	(2.78%)	18.47%
Other information			
Closing net asset value (£'000)	189,657	183,698	170,961
Closing number of units	201,333,220	193,440,962	175,029,272
Operating charges	0.11%	0.12%	0.02%
Direct transaction costs	0.01%	0.03%	0.03%
Prices			
Highest unit price	97.73	103.5	98.21
Lowest unit price	85.89	86.94	82.91

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The return after charges figures are based on the accounting NAV, as the financial statements are produced at a valuation point that is different from the published daily NAV.
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.
Highest and Lowest prices are based on official published daily NAVs.
Due to new guidance that came into force from 30 June 2022, the charges for underlying Closed Ended Funds held on the fund have now been included in the Operating Charges.

Comparative Tables

Continued

Z Income	2023 pence per unit	2022 pence per unit	2021 pence per unit
Change in net assets per unit			
Opening net asset value per unit	75.36	79.18	67.96
Return before operating charges*	(0.54)	(2.11)	12.53
Operating charges	(0.08)	(0.09)	(0.02)
Return after operating charges*	(0.62)	(2.20)	12.51
Distributions	(1.93)	(1.62)	(1.29)
Closing net asset value per unit	72.81	75.36	79.18
* after direct transaction costs of:	0.01	0.03	0.03
Performance			
Return after charges	(0.82%)	(2.78%)	18.41%
Other information			
Closing net asset value (£'000)	341,861	367,081	394,545
Closing number of units	469,533,098	487,133,721	498,258,676
Operating charges	0.11%	0.12%	0.02%
Direct transaction costs	0.01%	0.03%	0.03%
Prices			
Highest unit price	77.55	83.91	80.41
Lowest unit price	68.16	69.86	68.34

The closing net asset value (£'000) divided by the closing number of units may not calculate to the closing net asset value per unit (p) due to rounding differences. The published closing net asset value per unit (p) is based on unrounded values and represents the actual price.
The return after charges figures are based on the accounting NAV, as the financial statements are produced at a valuation point that is different from the published daily NAV.
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.
Highest and Lowest prices are based on official published daily NAVs.
Due to new guidance that came into force from 30 June 2022, the charges for underlying Closed Ended Funds held on the fund have now been included in the Operating Charges.

Portfolio Statement

As at 31 July 2023

Holding	Investment	Market value £'000	Percentage of total net assets
Bonds (9.03%)		**98,439**	**17.27**
Euro Denominated Bonds (0.87%)		**-**	**-**
Corporate Bonds (0.87%)		**-**	**-**
Sterling Denominated Bonds (7.25%)		**91,029**	**15.97**
Corporate Bonds (3.81%)		**46,236**	**8.11**
less than 5 years to maturity			
200,000	CaixaBank 1.5% fixed to floating 2026	176	0.03
1,000,000	Digital Stout REIT 4.25% 2025	971	0.17
1,543,000	Eastern Power Networks 5.75% 2024	1,539	0.27
1,523,000	General Motors Financial 2.35% 2025	1,406	0.25
1,500,000	HSBC 5.75% 2027	1,471	0.26
860,000	Lloyds Banking 2.25% 2024	822	0.14
2,159,000	Mizuho Financial 5.628% 2028	2,112	0.37
1,800,000	Nationwide Building Society 3.25% 2028	1,634	0.29
1,371,000	NatWest Markets 6.375% 2027	1,379	0.24
1,461,000	Thames Water Utilities Finance 4% 2025	1,363	0.24
between 5 and 10 years to maturity			
1,896,000	Assura Financing REIT 1.5% 2030	1,404	0.25
2,400,000	Barclays 3.25% 2033	1,857	0.33
2,200,000	BNP Paribas 1.25% 2031	1,559	0.27
1,628,000	ENW Finance 4.893% 2032	1,529	0.27
619,000	Experian Finance 3.25% 2032	523	0.09
1,570,000	Lloyds Banking 6.625% fixed to floating 2033	1,530	0.27
2,000,000	London & Quadrant Housing Trust 2% 2032	1,500	0.26
1,450,000	RL Finance No 3 6.125% 2028	1,383	0.24
1,750,000	Segro REIT 2.375% 2029	1,445	0.25
1,400,000	Southern Electric Power Distribution 5.5% 2032	1,394	0.25
2,300,000	Tesco Corporate Treasury Services 2.75% 2030	1,894	0.33
between 10 and 15 years to maturity			
1,140,000	Cadent Finance 5.75% 2034	1,118	0.20
1,256,000	Centrica 7% 2033	1,373	0.24
362,000	GlaxoSmithKline Capital 5.25% 2033	365	0.06
2,200,000	United Utilities Water Finance 1.75% 2038	1,346	0.24

Portfolio Statement

As at 31 July 2023 continued

Holding	Investment	Market value £'000	Percentage of total net assets
between 15 and 25 years to maturity			
1,260,000	Legal & General 5.375% fixed to floating 2045	1,214	0.21
2,033,000	National Grid Electricity Transmission 5.272% 2043	1,900	0.33
2,150,000	Optivo Finance 3.283% 2048	1,451	0.26
1,200,000	Sanctuary Capital 6.697% 2039	1,348	0.24
1,432,000	Segro REIT 5.125% 2041	1,323	0.23
757,000	Tesco Property Finance 3 5.744% 2040	643	0.11
greater than 25 years to maturity			
1,600,000	Engie 5.625% 2053	1,551	0.27
1,723,000	Vodafone 5.125% 2052	1,495	0.26
Perpetual			
2,500,000	BP Capital Markets 4.25% fixed to floating Perpetual	2,218	0.39
Government Bonds (3.44%)		**44,793**	**7.86**
less than 5 years to maturity			
12,013,400	UK (Govt of) 1% 2024	11,663	2.05
between 5 and 10 years to maturity			
2,800,000	European Investment Bank 4.5% 2029	2,758	0.48
3,600,000	International Bank for Reconstruction & Development 1% 2029	2,874	0.50
between 10 and 15 years to maturity			
27,833,300	UK (Govt of) 0.625% 2035	18,214	3.20
4,621,600	UK (Govt of) 3.75% 2038	4,263	0.75
greater than 25 years to maturity			
5,674,500	UK (Govt of) 3.75% 2053	5,021	0.88
US Dollar Denominated Bonds (0.91%)		**7,410**	**1.30**
Corporate Bonds (0.91%)		**7,410**	**1.30**
less than 5 years to maturity			
1,463,000	Activision Blizzard 3.4% 2026	1,085	0.19
1,843,000	Carrier Global 2.242% 2025	1,360	0.24
2,464,000	Sprint Spectrum 5.152% 2028	1,796	0.31

Portfolio Statement

As at 31 July 2023 continued

Holding	Investment	Market value £'000	Percentage of total net assets
between 5 and 10 years to maturity			
611,000	Broadcom 4.15% 2030	436	0.08
between 10 and 15 years to maturity			
78,000	Broadcom 3.187% 2036	46	0.01
1,924,000	Broadcom 4.926% 2037	1,360	0.24
greater than 25 years to maturity			
189,000	AT&T 3.65% 2059	98	0.02
2,266,000	AT&T 3.8% 2057	1,229	0.21
Equities (84.86%)		**456,785**	**80.15**
European Equities (21.78%)		**119,646**	**20.99**
Denmark (1.56%)		**6,525**	**1.14**
95,720	Ørsted	6,525	1.14
France (3.08%)		**17,605**	**3.09**
5,855	Hermes International	10,117	1.78
53,926	Schneider Electric	7,488	1.31
Germany (1.05%)		**8,052**	**1.41**
129,409	Mercedes-Benz	8,052	1.41
Ireland (5.31%)		**30,629**	**5.37**
43,426	Accenture 'A'	10,681	1.87
231,751	CRH	10,774	1.89
5,165,988	Greencoat Renewables++	4,648	0.82
257,030	Keywords Studios++	4,526	0.79
Israel (1.65%)		**-**	**-**
Italy (0.96%)		**7,333**	**1.29**
1,364,520	Enel	7,333	1.29

Portfolio Statement

As at 31 July 2023 continued

Holding	Investment	Market value £'000	Percentage of total net assets
Luxembourg (0.99%)		**4,422**	**0.78**
3,251,629	BBGI Global Infrastructure	4,422	0.78
Netherlands (4.02%)		**27,889**	**4.89**
4,067	Adyen	5,888	1.03
22,850	ASML	12,769	2.24
3,273,462	Koninklijke KPN	9,232	1.62
Switzerland (3.16%)		**17,191**	**3.02**
109,238	Nestle	10,466	1.84
27,720	Roche (Participating certificate)	6,725	1.18
Japanese Equities (1.02%)		**5,130**	**0.90**
43,600	Shimano	5,130	0.90
North American Equities (29.45%)		**160,783**	**28.21**
United States (29.45%)		**160,783**	**28.21**
92,924	Alphabet 'A'	9,587	1.68
78,433	Amazon.com	8,152	1.43
117,601	Ameresco 'A'	5,318	0.93
36,718	American Tower REIT	5,432	0.95
60,728	Apple	9,273	1.63
40,025	Autodesk	6,594	1.16
171,372	Boston Scientific	6,906	1.21
137,168	Coca-Cola	6,603	1.16
36,975	Eli Lilly	13,069	2.29
10,352	Equinix REIT	6,520	1.14
36,051	Estee Lauder 'A'	5,043	0.89
22,818	Intuit	9,076	1.59
41,355	Mastercard 'A'	12,671	2.22
68,022	Microsoft	17,761	3.12
167,304	NextEra Energy	9,529	1.67
86,435	Procter & Gamble	10,503	1.84
57,360	Prologis REIT	5,562	0.98

Portfolio Statement

As at 31 July 2023 continued

Holding	Investment	Market value £'000	Percentage of total net assets
48,476	Tetra Tech	6,370	1.12
23,814	West Pharmaceutical Services	6,814	1.20
Pacific Basin Equities (5.45%)		**36,110**	**6.34**
Australia (1.39%)		**8,809**	**1.55**
363,110	BHP	8,809	1.55
Hong Kong (1.36%)		**7,449**	**1.31**
965,700	AIA	7,449	1.31
Singapore (0.98%)		**9,133**	**1.60**
455,400	DBS	9,133	1.60
Taiwan (1.72%)		**10,719**	**1.88**
139,132	Taiwan Semiconductor Manufacturing ADR	10,719	1.88
Uk Equities (27.16%)		**135,116**	**23.71**
Basic Materials (1.34%)		**8,204**	**1.44**
159,322	Rio Tinto	8,204	1.44
Consumer Discretionary (3.88%)		**18,740**	**3.29**
482,876	RELX	12,647	2.22
809,092	Watches of Switzerland	6,093	1.07
Energy (5.81%)		**38,369**	**6.73**
2,701,419	BP	13,047	2.29
1,070,452	Shell	25,322	4.44
Financials (9.37%)		**42,757**	**7.50**
1,629,819	3i Infrastructure	5,093	0.89
4,407,394	Bluefield Solar Income Fund	5,192	0.91

Portfolio Statement

As at 31 July 2023 continued

Holding	Investment	Market value £'000	Percentage of total net assets
3,456,739	Greencoat UK Wind	5,057	0.89
3,678,795	Gresham House Energy Storage Fund	4,709	0.83
3,337,415	HICL Infrastructure	4,372	0.77
3,326,996	International Public Partnerships	4,372	0.77
481,063	Prudential	5,205	0.91
4,461,951	Renewables Infrastructure	5,078	0.89
3,449,923	Schiehallion Fund 'C'	992	0.17
3,132,009	VH Global Sustainable Energy Opportunities	2,687	0.47
Health care (3.79%)		**16,780**	**2.95**
150,039	AstraZeneca	16,780	2.95
Industrials (0.90%)		**5,641**	**0.99**
1,822,485	DS Smith	5,641	0.99
Real Estate (2.07%)		**4,625**	**0.81**
606,359	Segro REIT	4,625	0.81
Collective Investment Schemes (6.54%)		**14,840**	**2.60**
14,840	Aberdeen Standard Liquidity Fund (Lux) – Sterling Fund Z1 Inc+	14,840	2.60
Derivatives (0.03%)		**277**	**0.05**
Forward Currency Contracts (0.03%)		**277**	**0.05**
	Buy GBP 7,860,925 Sell USD 9,758,425 15/08/2023	277	0.05
Total investment assets		570,341	100.07
Net other liabilities		(417)	(0.07)
Total Net Assets		**569,924**	**100.00**

All investments (excluding OTC derivatives) are listed on recognised stock exchanges and are approved securities, or are regulated collective investment schemes or are approved derivatives within the meaning of the FCA rules.
The percentage figures in brackets show the comparative holding as at 31 July 2022.
+ Managed by subsidiaries of abrdn plc.
++ AIM listed.

Financial Statements

Statement of Total Return

For the year ended 31 July 2023

	Notes	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Income:					
Net capital losses	3		(19,809)		(29,447)
Revenue	4	16,573		13,549	
Expenses	5	(432)		(471)	
Interest payable and similar charges		(42)		(20)	
Net revenue before taxation		16,099		13,058	
Taxation	6	(1,218)		(814)	
Net revenue after taxation			14,881		12,244
Total return before distributions			**(4,928)**		**(17,203)**
Distributions	7		(14,881)		(12,244)
Change in net assets attributable to unitholders from investment activities			**(19,809)**		**(29,447)**

Statement of Change in Net Assets Attributable to Unitholders

For the year ended 31 July 2023

	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Opening net assets attributable to unitholders		**586,895**		**604,960**
Amounts receivable on the issue of units	38,018		41,039	
Amounts payable on the cancellation of units	(40,103)		(33,489)	
		(2,085)		7,550
Change in net assets attributable to unitholders from investment activities (see above)		(19,809)		(29,447)
Retained distribution on accumulation units		4,923		3,832
Closing net assets attributable to unitholders		**569,924**		**586,895**

Financial Statements

Continued

Balance Sheet

As at 31 July 2023

		2023		2022	
	Notes	£'000	£'000	£'000	£'000
Assets:					
Fixed assets:					
Investment assets			570,341		589,619
Current assets:					
Debtors	8	4,097		1,087	
Cash and bank balances	9	2,088		2,128	
			6,185		3,215
Total assets			**576,526**		**592,834**
Liabilities:					
Creditors	10	(920)		(994)	
Distribution payable		(5,682)		(4,945)	
			(6,602)		(5,939)
Total liabilities			**(6,602)**		**(5,939)**
Net assets attributable to unitholders			**569,924**		**586,895**

Notes to the Financial Statements

For the year ended 31 July 2023

1 Accounting Policies

a. Basis of preparation

The financial statements have been prepared on a 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 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 the next 12 months and accordingly it is appropriate to adopt the going concern basis in preparing the financial statements.

b. Valuation of investments

Investments have been valued at fair value as at the close of business on 31 July 2023. The SORP defines fair value as the market value of each security, in an active market, this is generally the quoted bid price.

Unlisted, unapproved, illiquid or suspended securities are valued at the Managers best estimate of the amount that would be received from an immediate transfer at arm's length. The Manager has appointed a Fair Value Pricing committee to review valuations.

Collective Investment Schemes are valued by reference to their net asset value. Dual priced funds have been valued at the bid price. Single priced funds have been valued using the single price.

Any open positions in derivative contracts or forward foreign currency transactions at the year-end are included in the Balance Sheet at their mark to market value.

Purchases and sales of investments are accounted for on a trade date basis.

c. Foreign Exchange

Assets and liabilities denominated in foreign currencies are translated into Sterling at the prevailing exchange rates as at the close of business on the reporting date.

Foreign currency transactions are translated at the rates of exchange ruling on the date of such transactions. Exchange differences on such transactions follow the same treatment as the principal amounts.

d. Dilution

In certain circumstances (as detailed in the Prospectus) the Manager may apply a dilution adjustment on the issue or cancellation of units, which is applied to the capital of the fund on an accruals basis. The adjustment is intended to protect existing investors from the costs of buying or selling underlying investments as a result of large inflows or outflows from the fund.

e. Revenue

Dividends on equities and preference stocks are recognised when the securities are quoted ex-dividend, or in the case of unquoted securities when the dividend is declared.

Overseas dividends are grossed up at the appropriate rate of withholding tax and the tax consequences are shown within the tax charge.

Revenue from collective investment schemes is recognised when the investments are quoted ex dividend.

Accumulation distributions from shares held in collective investment schemes are reflected as revenue and form part of the distribution.

Equalisation received from distributions or accumulations on units or shares in underlying investments is treated as capital and deducted from the cost of the investment.

Revenue from offshore funds is recognised when income is reported by the offshore fund operator.

Interest on bank deposits is recognised on an accruals basis.

Interest on debt securities is recognised on an accruals basis.

Interest from debt securities is recognised as revenue using the effective interest method. The purchase price of the asset, the yield expectation and scheduling of payments, are all part of this calculation. Callable bonds are calculated on a yield to worst expectation generally, which may not match other calculations.

Stock dividends are recognised as revenue when they are quoted ex dividend. In the case of enhanced stock dividends, the value of the enhancement is recognised as capital.

Special dividends may be treated as repayments of capital or as revenue dependent on the facts of the particular case. Where receipt of a special dividend results in a significant reduction in the capital value of the holding, then the special dividend will be recognised as capital so as to ensure that the matching principle is applied to gains and losses. Otherwise, the special dividends are recognised as revenue.

Underwriting commission is taken to revenue and recognised when the issue takes place, except where the fund is required to take up all or some of the shares underwritten in which case an appropriate proportion of the commission received is deducted from the cost of the relevant shares.

For dividends received from US Real Estate Investment Trusts ("REITs"), on receipt of the capital/revenue split from the REITs, the allocation of the dividend is adjusted within the financial statements.

f. Expenses

All expenses other than those relating to the purchase and sale of investments are charged against revenue on an accruals basis in the Statement of Total Return.

Expenses relating to the purchases of investments are charged to the cost of investment and expenses relating to the sales of investments are deducted from the proceeds on sales.

g. Taxation

Provision is made for corporation tax at the current rate on the excess of taxable income over allowable expenses.

Overseas dividends are disclosed gross of any foreign tax suffered and the tax element is separately disclosed in the taxation note.

The tax accounting treatment follows that of the principal amount, with charges or reliefs allocated using the marginal basis regardless of any alternative treatment that may be permitted in determining the distribution.

Any windfall overseas tax reclaims received are netted off against irrecoverable overseas tax and therefore the irrecoverable overseas tax line in the taxation note may be negative.

Deferred taxation is provided on all timing differences that have originated but not reversed by the balance sheet date other than those differences regarded as permanent. Any liability to deferred tax is provided at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

Deferred tax assets are only recognised to the extent that it is regarded more likely than not that there will be taxable profits against which the reversal of underlying timing differences can be offset.

h. Distributions

All of the net revenue available for distribution at the year end will be distributed. Where the fund has income unitholders, this will be paid.

Gains and losses on non-derivative investments and currencies, whether realised or unrealised, are taken to capital and are not available for distribution. Cash flows associated with derivative transactions are allocated between the revenue and capital property of the fund according to the motives and circumstances of the particular derivative strategy. The investment manager articulates the motives and circumstances underlying the derivative strategy and the Manager assesses these in association with financial reporting constraints enshrined within the SORP to allocate the cash flows accordingly.

Notes to the Financial Statements

For the year ended 31 July 2023 continued

i. Equalisation

Equalisation appears within the fund report as part of the distribution. This represents the net revenue in the fund's unit price attached to the issue and cancellation of units. It will form part of any distributions at the period end attributable to unitholders.

j. Derivatives

The fund may enter into permitted transactions such as derivative contracts or forward foreign currency transactions. Where the transactions are used to protect or enhance revenue, the revenue and expenses are included within net revenue in the Statement of Total Return. Where the transactions are undertaken to protect or enhance investments, the gains/losses are treated as capital and included within gains/losses on investments in the Statement of Total Return.

2 Risk management policies

Generic risks that the abrdn range are exposed to and the risk management techniques employed are disclosed below. Numerical disclosures and specific risks, where relevant, are disclosed within the financial statements.

The Financial Conduct Authority (FCA) Collective Investment Schemes Sourcebook (COLL) and FCA Funds Sourcebook (FUND) rules require the Management Company to establish, implement and maintain an adequate and documented Risk Management Process (RMP) for identifying the risks they manage, or might be, exposed to. The RMP must comprise of such procedures as are necessary to enable abrdn to assess the exposure of each fund it manages to market risk, liquidity risk, counterparty risk, operational risk and all other risks that might be material.

abrdn functionally and hierarchically separates the functions of risk management from the operating units and portfolio management functions, to ensure independence and avoid any potential or actual conflicts of interest. The risk management function has the necessary authority, access to all relevant information, staff and regular contact with senior management and the Board of Directors of the Company. The management of investment risk within abrdn is organised across distinct functions, aligned to the well-established 'three lines of defence' model.

1. Risk ownership, management and control.
2. Oversight of risk, compliance and conduct frameworks.
3. Independent assurance, challenge and advice.

The risk management process involves monitoring funds on a regular and systematic basis to identify, measure and monitor risk and where necessary escalate appropriately, including to the relevant Board, any concerns and proposed mitigating actions.

The risk team, in line with client expectations and the investment process, develops the risk profiles for the funds in order to set appropriate risk limits. Regulatory limits as well as those agreed, are strictly enforced to ensure that abrdn does not inadvertently (or deliberately) breach them and add additional risk exposure. In addition, there is an early warnings system of potential changes in the portfolio risk monitoring triggers. Where possible, these are coded into the front office dealing system, in a pre-trade capacity, preventing exposures or breaching limits before the trade is actually executed.

Risk Definitions & Risk Management Processes

i) Market Risk is the risk that economic, market or idiosyncratic events cause a change in the market value of Client assets. Market Risk can be broadly separated into two types:

(1) Systematic risk stems from any factor that causes a change in the valuation of groups of assets. These factors may emerge from a number of sources, including but not limited to economic conditions, political events or actions, the actions of central banks or policy makers, industry events or, indeed, investor behaviour and risk appetite.

(2) Specific or Idiosyncratic Risk, which is the part of risk directly associated with a particular asset, outside the realms of, and not captured by Systematic Risk. In other words, it is the component of risk that is peculiar to a specific asset, and may manifest itself in various guises, for example: corporate actions, fraud or bankruptcy.

Notes to the Financial Statements

For the year ended 31 July 2023 continued

Portfolios are subject to many sub-categories of market risk. Many of these risks are interlinked and not mutually exclusive. Examples of these types of investment risk include: Country risk; Sector risk; Asset-class risk; Inflation/deflation risk; Interest rate risk; Currency risk; Derivatives risk; Concentration risk; and Default risk. Factors that cause changes in market risks include: future perceived prospects (i.e. changes in perception regarding the future economic position of countries, companies, sectors, etc.); shifts in demand and supply of products and services; political turmoil, changes in interest rate/inflation/taxation policies; major natural disasters; recessions; and terrorist attacks.

There are several ways in which to review and measure investment risk. The risk team recognises that each method is different and has its own unique insights and limits, and applies the following measurements for each fund, where relevant:

- **Leverage:** has the effect of gearing a fund's expected performance by allowing it to gain greater exposure to underlying investment opportunities (gains and losses). The higher the leverage the greater the risk (potential loss).
- **Value-at-Risk (VaR) and Conditional VaR (CVaR):** VaR measures with a degree of confidence the maximum the fund could expect to lose in any given time frame. Assuming a normal (Gaussian) distribution, this is a function of the volatility of the fund's returns. The higher the volatility, the higher the VaR, the greater the risk. CVaR calculates the expected tail loss, under the assumption that the VaR has been reached.
- **Volatility, Tracking Error (TE):** Volatility measures the size of variation in returns that a fund is likely to expect. The higher the volatility the higher the risk. TE measures the expected magnitude of divergence of returns between the fund and benchmark over a given time.
- **Risk Decomposition:** Volatility, tracking error and VaR may be broken down to show contribution from market related factors ("Systematic" Risk) and instrument specific (Idiosyncratic Risk). This is not a different measure as such, but is intended to highlight the sources of volatility and VaR.
- **Concentration Risk:** By grouping the portfolio into various different exposures (e.g. country, sector, issuer, asset, etc.), we are able to see where, if any, concentration risk exists.
- **Stress Tests and Scenario Analysis:** This captures how much the current portfolio will make or lose if certain market conditions occur.
- **Back Testing:** This process helps to assess the adequacy of the VaR model and is carried out in line with UCITS regulatory requirements (FCA COLL 6.12). Excessive levels of overshoots and the reasons behind them are reported to the Board.

To generate these risk analytics the risk team relies on third party calculation engines, such as APT, Bloomberg PORT+, RiskMetrics and Axioma. Once the data has been processed, it is analysed by the risk team, generally reviewing absolute and relative risks, change on month and internal peer analysis. Any issues or concerns that are raised through the analysis prompt further investigation and escalation if required. Breaches of hard limits are also escalated immediately. All client mandated and regulatory risk limits are monitored on a daily basis.

Stress tests are intended to highlight those areas in which a portfolio would be exposed to risk if the current economic conditions were likely to change. An economic event may be a simple change in the direction of interest rates or return expectations, or may take the form of a more extreme market event such as one caused through military conflict. The stress test itself is intended to highlight any weakness in the current portfolio construction that might deliver unnecessary systematic exposure if the market were to move abruptly.

Stress testing is performed on a regular basis using relevant historical and hypothetical scenarios.

ii) Liquidity risk is defined as the risk that a portfolio may need to raise cash or reduce derivative positions on a timely basis either in reaction to market events or to meet client redemption requests and may be obliged to sell long term assets at a price lower than their market value. Liquidity is also an important consideration in the management of portfolios: Portfolio Managers need to pay attention to market liquidity when sizing, entering and exiting trading positions.

Notes to the Financial Statements

For the year ended 31 July 2023 continued

Measuring liquidity risk is subject to three main dimensions:

- Asset Liquidity Risk – how quickly can assets be sold.
- Liability Risk - managing redemptions as well as all other obligations arising from the liabilities side of the balance sheet.
- Contingency Arrangements or Liquidity Buffers – utilising credit facilities etc.

Liquidity Risk Management Framework

abrdn has a liquidity risk management framework in place applicable to the funds and set out in accordance with its overall Risk Management Process, relative to the size, scope and complexity of the funds. Liquidity assessment and liquidity stress testing is typically performed monthly, monitoring both the asset and liability sides. Asset side stressed scenarios are considered based on the nature of different asset classes and their liquidity risks to demonstrate the effects of a market stress on the ability to sell-down a fund. Liability side analysis includes stress scenarios on the investor profile as well as liabilities on the balance sheet. Any particular concerns noted or liquidity risk limit breaches are escalated to the relevant Committees and Boards, if material.

iii) **Counterparty credit risk** is the risk of loss resulting from the fact that the counterparty to a transaction may default on its obligations prior to the final settlement of the transaction's cash flow. Credit risk falls into both market risk and specific risk categories. Credit risk is the risk that an underlying issuer may be unable (or unwilling) to make a payment or to fulfil their contractual obligations. This may materialise as an actual default or, or to a lesser extent, by a weakening in a counterparty's credit quality. The actual default will result in an immediate loss whereas, the lower credit quality will more likely lead to mark-to-market adjustment.

Transactions involving derivatives are only entered into with counterparties having an appropriate internal credit rating that has been validated by the credit research team and approved by the relevant credit committee. Appropriate counterparty exposure limits will be set and agreed by these committees and the existing credit exposures will be assessed against these limits.

iv) **Operational Risk**

Operational risk can be defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk also includes the breakdown of processes to comply with laws, regulations or directives.

Operational Risk Management

An Operational Risk Management Framework is in place to identify, manage and monitor appropriate operational risks, including professional liability risks, to which the Management Company and the funds are or could be reasonably exposed. The operational risk management activities are performed independently as part of one of the functions of the Risk Division.

abrdn plc (the "Group") Risk Management Framework is based upon the Basel II definition of operational risk which is "the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events".

The Group's management of operational risk is therefore aimed at identifying risks in existing processes and improving existing controls to reduce their likelihood of failure and the impact of losses. The Group has developed a framework that embodies continuous improvement to internal controls and ensures that the management of risk is embedded in the culture of the Group.

The identification, management, monitoring and resolution of events, risks and controls are facilitated via the Group's risk management system, Shield. The system is designed to facilitate the convergence of governance, risk and compliance programmes and automate a comprehensive review and assessment of operational risks.

Notes to the Financial Statements

For the year ended 31 July 2023 continued

3 Net Capital Losses

	2023 £'000	2022 £'000
Non-derivative securities	(20,104)	(29,003)
Forward currency contracts	126	(498)
Other gains	174	61
Transaction charges	(5)	(7)
Net capital losses	**(19,809)**	**(29,447)**

4 Revenue

	2023 £'000	2022 £'000
Bank and margin interest	941	125
Income from UK Collective Investment Schemes		
Unfranked income	-	457
Interest on debt securities	3,281	1,532
Overseas dividends	5,099	4,596
Overseas REIT	339	280
UK dividends	6,722	6,415
UK REIT	191	144
Total revenue	**16,573**	**13,549**

5 Expenses

	2023 £'000	2022 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's periodic charge	348	382
General administration charge*	57	60
	405	442
Payable to the Trustee or associates of the Trustee, and agents of either of them:		
Safe custody fees	27	29
	27	29
Total expenses	**432**	**471**

Irrecoverable VAT is included in the above expenses, where relevant.
* The fixed general administration charge was introduced from 1 August 2021. The fee is paid to the Manager and covers fees payable to facilitate payment of certain common fund costs inclusive of the ongoing registration and general administration expenses of the fund. This is exclusive of the Manager's periodic charge. The fund may additionally pay out of its scheme property other fees and expenses including those incurred by the Custodian.
The audit fee for the year, including VAT, was £11,940 (2022: £11,100).

Notes to the Financial Statements

For the year ended 31 July 2023 continued

6 Taxation

	2023 £'000	2022 £'000
(a) Analysis of charge in year		
Corporation tax	856	415
Double taxation relief	(51)	(42)
Overseas taxes	413	441
Total taxation (note 6b)	**1,218**	**814**

(b) Factors affecting total tax charge for the year

The tax assessed for the year is less than (2022: less than) the standard rate of corporation tax in the UK for authorised unit trusts (20%). The differences are explained below:

	2023 £'000	2022 £'000
Net revenue before taxation	**16,099**	**13,058**
Corporation tax at 20% (2022: 20%)	3,220	2,612
Effects of:		
Revenue not subject to taxation	(2,364)	(2,197)
Overseas taxes	413	441
Double taxation relief	(51)	(42)
Total tax charge for year (note 6a)	**1,218**	**814**

Authorised unit trusts are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

(c) Factors that may affect future tax charge

At the year end there are no surplus expenses and therefore no deferred tax asset in the current or prior year.

7 Distributions

	2023 £'000	2022 £'000
Interim distribution	6,293	5,007
Final distribution	8,548	7,234
	14,841	12,241
Add: Income deducted on cancellation of units	402	204
Deduct: Income received on issue of units	(362)	(201)
Total distributions for the year	**14,881**	**12,244**

Details of the distribution per unit are set out in this fund's distribution tables.

Notes to the Financial Statements

For the year ended 31 July 2023 continued

8 Debtors

	2023 £'000	2022 £'000
Accrued revenue	1,485	814
Amounts receivable from the Manager for the issue of units	2,298	56
Overseas withholding tax recoverable	314	217
Total debtors	**4,097**	**1,087**

9 Liquidity

	2023 £'000	2022 £'000
Cash and bank balances		
Cash at bank	2,088	2,128
	2,088	**2,128**
Aberdeen Standard Liquidity Fund (Lux) – Sterling Fund Z1 Inc*	14,840	29,499
Net liquidity	**16,928**	**31,627**

* Although reflected in the investment assets figure, liquidity funds are used by the fund as a liquidity vehicle. Therefore, the Manager considers the net liquidity position of the fund as the aggregate of cash at bank and in hand, bank overdrafts and liquidity fund positions.

10 Creditors

	2023 £'000	2022 £'000
Accrued expenses payable to the Manager	68	34
Accrued expenses payable to the Trustee or associates of the Trustee	6	6
Amounts payable to the Manager for cancellation of units	416	760
Corporation tax payable	430	194
Total creditors	**920**	**994**

11 Related Party Transactions

abrdn Fund Managers Limited, as Authorised Fund Manager, is a related party and acts as principal in respect of all transactions of units in the fund.

The aggregate monies received through issue and paid on cancellation of units are disclosed in the statement of change in net assets attributable to unitholders.

Any amounts due from or due to abrdn Fund Managers Limited at the end of the accounting year are disclosed in notes 8 and 10.

Amounts payable to abrdn Fund Managers Limited, in respect of expenses are disclosed in note 5 and any amounts due at the year end in note 10.

Notes to the Financial Statements

For the year ended 31 July 2023 continued

12 Portfolio Transaction Costs

There are no transaction costs associated with the purchases or sales of bonds, collective investment schemes and derivatives during the year, or in the prior year.

Bonds are dealt on a spread agreed between buyer and seller with reference to the expected cashflows and current credit profiles.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into funds that require an initial charge to be made. The underlying price may contain an estimation of cost known as a dilution levy which is applied from time to time.

Derivatives are dealt on a spread agreed between buyer and seller with reference to the underlying investment.

	Purchases		Sales	
Trades in the year	**2023 £'000**	**2022 £'000**	**2023 £'000**	**2022 £'000**
Bonds	70,793	21,542	16,171	9,961
Equities	36,158	102,591	66,927	99,537
Collective investment schemes	–	–	9,204	–
Corporate actions	–	817	–	–
Trades in the year before transaction costs	**106,951**	**124,950**	**92,302**	**109,498**
Commissions				
Equities	15	37	(42)	(43)
Total commissions	**15**	**37**	**(42)**	**(43)**
Taxes				
Equities	7	113	(1)	(14)
Total taxes	**7**	**113**	**(1)**	**(14)**
Total transaction costs	**22**	**150**	**(43)**	**(57)**
Total net trades in the year after transaction costs	**106,973**	**125,100**	**92,259**	**109,441**

	Purchases		Sales	
	2023 %	**2022 %**	**2023 %**	**2022 %**
Total transaction costs expressed as a percentage of asset type cost				
Commissions				
Equities	0.04	0.04	0.06	0.04
Taxes				
Equities	0.02	0.11	–	0.01

Notes to the Financial Statements

For the year ended 31 July 2023 continued

	2023 %	2022 %
Total transaction costs expressed as a percentage of net asset value		
Commissions	0.01	0.01
Taxes	–	0.02

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.17% (2022: 0.16%), this is representative of the average spread on the assets held during the year.

13 Units in Issue Reconciliation

	Opening units 2022	Creations during the year	Cancellations during the year	Conversions during the year	Closing units 2023
Income	10,388,467	34,423	(1,418,573)	2,429,856	11,434,173
Z (Accumulation)	193,440,962	23,404,416	(15,512,158)	–	201,333,220
Z Income	487,133,721	22,595,485	(29,018,860)	(11,177,248)	469,533,098

14 Fair Value Hierarchy

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

Fair value of investment assets	2023 £'000 Level 1	2023 £'000 Level 2	2023 £'000 Level 3	2022 £'000 Level 1	2022 £'000 Level 2	2022 £'000 Level 3
Bonds	39,161	59,278	–	20,187	32,812	–
Equities	456,785	–	–	498,025	–	–
Collective Investment Schemes	–	14,840	–	–	38,410	–
Derivatives	–	277	–	–	185	–
Total investment assets	**495,946**	**74,395**	**-**	**518,212**	**71,407**	**-**

15 Risk Management Policies and Disclosures

The risks inherent in the fund's investment portfolio are as follows:

Foreign currency risk

Fluctuations in the foreign exchange rates can adversely affect the value of a portfolio. The following table details the net exposure to the principal foreign currencies that the fund is exposed to including any instruments used to hedge against foreign currencies, if applicable.

Notes to the Financial Statements

For the year ended 31 July 2023 continued

Currency	Net foreign currency exposure 2023 £'000	Net foreign currency exposure 2022 £'000
Danish Krone	6,653	9,217
Euro	66,963	61,361
Hong Kong Dollar	7,449	7,981
Japanese Yen	5,161	5,997
Singapore Dollar	9,133	5,728
Swiss Franc	17,280	18,547
US Dollar	184,117	206,698
Total	**296,756**	**315,529**

Interest rate risk

Interest rate risk is an unfavourable change in interest rates that can affect the price of a security, which in turn results in the portfolio experiencing a loss. Interest rate changes not only affect fixed income products but have material impacts on funding arrangements and other asset types.

The following table shows separately the value of investments at fixed interest rates, at variable rates and those that are non-interest bearing instruments.

The interest rate risk profile of the fund's investments at the year end consists of:

2023	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Currency				
UK Sterling	14,844	91,029	167,295	273,168
Danish Krone	33	–	6,620	6,653
Euro	1,113	–	65,850	66,963
Hong Kong Dollar	–	–	7,449	7,449
Japanese Yen	–	–	5,161	5,161
Singapore Dollar	–	–	9,133	9,133
Swiss Franc	89	–	17,191	17,280
US Dollar	849	7,410	175,858	184,117
Total	**16,928**	**98,439**	**454,557**	**569,924**

Notes to the Financial Statements

For the year ended 31 July 2023 continued

2022	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Currency				
UK Sterling	29,528	42,552	199,286	271,366
Danish Krone	–	–	9,217	9,217
Euro	3,217	3,029	55,115	61,361
Hong Kong Dollar	–	–	7,981	7,981
Japanese Yen	–	–	5,997	5,997
Singapore Dollar	–	–	5,728	5,728
Swiss Franc	30	–	18,517	18,547
US Dollar	950	5,320	200,428	206,698
Total	**33,725**	**50,901**	**502,269**	**586,895**

Other price risk

The fund's investment portfolio is exposed to market price fluctuations which are monitored by the Investment Adviser in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the fund.

VaR

The table below indicates the VaR of the fund, measured as the maximum month one loss in value from adverse changes in market risk factors (e.g. equity prices, interest rates, inflation rates and foreign currency exchange rates) that is expected with a 99 percent confidence level. Calculated on this basis, the VaR indicates that the net value of the fund could be expected to fall over a one-month period by more than the corresponding VaR in 1% of cases, assuming the fund does not alter its positioning over that period.

2023	Minimum	Maximum	Average
VaR 99% 1 Month	8.74%	9.19%	9.00%

2022	Minimum	Maximum	Average
VaR 99% 1 Month	8.90%	9.78%	9.27%

At the year end date, there was a 1% chance of the portfolio value falling (or rising) more than 9.07%, £51,692,000 (2022: 9.35%, £54,875,000) in a one month period.

This calculation is generally determined by the use of an industry recognised medium term risk model, typically based on 3-5 year history. The method assumes normal market conditions and that the portfolio remains unchanged.

Counterparty risk

Credit quality of debt security investment assets

The following table shows the credit quality of the part of the investment portfolio that is invested in debt securities.

	Market value £'000	Percentage of total net assets %
2023		
Investment grade securities	98,439	17.27
Total value of securities	**98,439**	**17.27**

	Market value £'000	Percentage of total net assets %
2022		
Investment grade securities	46,964	8.00
Below investment grade securities	6,035	1.03
Total value of securities	**52,999**	**9.03**

Investment grade information used in the above table is based on credit ratings issued by market vendors.

Financial derivatives instrument risk

These types of transaction can introduce market exposure greater than the market value of the instrument. These transactions exchange benefits with a third party at a future date creating both counterparty and concentration risk. The Investment Adviser's policies for managing these risks are outlined in the fund's prospectus.

At the balance sheet date the fund had the following exposures:

	2023		2022	
	Market exposure £'000	Market value £'000	Market exposure £'000	Market value £'000
Leveraged instruments				
Forward currency contracts	7,584	277	10,512	185
Total market exposure	**7,584**	**277**	**10,512**	**185**

The total market exposure is the sum of the notional derivative contracts on a gross basis with no offsetting.

The fund uses the commitment method to calculate global exposure. Leverage is not significant in this context.

Counterparty risk

Bilateral agreements

Where the fund enters bilateral agreements this introduces counterparty risk. Where a counterparty defaults on their obligation, exposure is reduced by the collateral held/pledged by both parties.

At the balance sheet date the fund had the following positions.

Notes to the Financial Statements

For the year ended 31 July 2023 continued

		Collateral (held)/pledged		
2023 Counterparties	Forwards £'000	Cash £'000	Stock £'000	Net exposure £'000
Deutsche Bank	277	-	-	277
Total	**277**	**-**	**-**	**277**

		Collateral (held)/pledged		
2023 Counterparties	Forwards £'000	Cash £'000	Stock £'000	Net exposure £'000
Barclays	185	-	-	185
Total	**185**	**-**	**-**	**185**

Liquidity risk

All of the fund's financial liabilities are payable on demand or in less than one year, 2023 £6,602,000 (2022: £5,939,000).

Distribution Tables

For the year ended 31 July 2023 (in pence per unit)

Interim dividend distribution

Group 1 - units purchased prior to 1 August 2022
Group 2 - units purchased between 1 August 2022 and 31 January 2023

	Revenue	Equalisation	Distribution paid 29/03/23	Distribution paid 29/03/22
Income				
Group 1	2.4096	-	2.4096	1.5958
Group 2	1.0689	1.3407	2.4096	1.5958
Z (Accumulation)				
Group 1	1.0296	-	1.0296	0.8294
Group 2	0.4936	0.5360	1.0296	0.8294
Z Income				
Group 1	0.8170	-	0.8170	0.6725
Group 2	0.2663	0.5507	0.8170	0.6725

Final dividend distribution

Group 1 - units purchased prior to 1 February 2023
Group 2 - units purchased between 1 February 2023 and 31 July 2023

	Revenue	Equalisation	Distribution paid 27/09/23	Distribution paid 28/09/22
Income				
Group 1	3.8073	-	3.8073	3.0154
Group 2	2.1524	1.6549	3.8073	3.0154
Z (Accumulation)				
Group 1	1.4238	-	1.4238	1.1832
Group 2	0.6672	0.7566	1.4238	1.1832
Z Income				
Group 1	1.1174	-	1.1174	0.9508
Group 2	0.5171	0.6003	1.1174	0.9508

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.

Remuneration

Remuneration Policy

The abrdn plc Remuneration Policy applies with effect from 1 January 2022. The purpose of the abrdn plc Remuneration Policy (the "Policy") is to document clearly the remuneration policies, practices and procedures of abrdn as approved by the abrdn plc Remuneration Committee (the "Committee"). The Policy is available on request.

The Policy applies to employees of the abrdn group of companies ("Group" or "abrdn") including UCITS V Management Companies ("ManCos") and the UCITS V funds that the ManCo manages.

Remuneration Principles

abrdn applies Group wide principles for remuneration policies, procedures and practices ensuring that:

- Remuneration within the Group is simple, transparent and fair.
- Our Policy supports our long-term strategy by reinforcing a performance-driven culture. It aligns the interests of our employees, shareholders and, importantly, our clients/customers.
- Our remuneration structure recognises the different challenges and priorities of roles and Vectors and Functions across the organisation as appropriate.
- Remuneration policies, procedures and practices promote good conduct, including sound and effective risk management and do not encourage risk taking that exceeds the level of tolerated risk appetite.
- Remuneration extends beyond the provision of fixed and variable pay, with a focus on the retirement provision and the wellbeing needs of our employees, as part of our remuneration philosophy. Total remuneration delivered is affordable for the Group.

Remuneration Framework

Employee remuneration is composed principally of fixed and variable elements of reward as follows:

a) Fixed reward (fixed remuneration: salary and cash allowances, if appropriate); and Benefits (including pension).
b) Variable reward (bonus, a proportion of which may be subject to retention or deferral depending on role and regulatory requirements; and senior employees may also be awarded a long-term incentive award).

Appropriate ratios of fixed: variable remuneration will be set to as to ensure that:

a) Fixed and variable components of total remuneration are appropriately balanced and
b) The fixed component is a sufficiently high proportion of total remuneration to allow abrdn to operate a fully flexible policy on variable remuneration components, including having the ability to award no variable remuneration component in certain circumstances where either individual and/or Group performance does not support such award.

Remuneration

Continued

Base salary	Base salary provides a core reward for undertaking the role and depending on the role, geographical or business market variances or other indicators, additional fixed cash allowances may make up a portion of fixed remuneration. Periodic reviews take into account the employee's role, scope of responsibilities, skills and experience, salary benchmarks (where available) and, where relevant, any local legislative or regulatory requirements.
Benefits (including retirement benefit where appropriate)	Benefits are made up of core benefits which are provided to all employees; and extra voluntary benefits that may be chosen by certain employees which may require contribution through salary sacrifice or other arrangements. Retirement benefits are managed in line with the relevant legislative requirements and governance structures. In certain, very limited circumstances, a cash allowance may be offered in lieu of a retirement arrangement.
Annual Performance Bonus Awards	Employees who have been employed during a performance year (1 January to 31 December) may be eligible to be considered for an annual bonus in respect of that year. Annual bonuses are based upon Group, Vector, Function, Team and Individual performance (with individual performance assessed against agreed goals and behaviours). The variable remuneration pool for all eligible employees, including Identified Staff or Material Risk Takers ("MRTs"), is determined initially by reference to profitability and other quantitative and qualitative financial and non-financial factors including risk considerations (on an ex-post and ex-ante basis). In reaching its final funding decision, the Committee exercises its judgement to ensure that the outcome reflects holistic Company performance considerations. abrdn Fund Managers Limited has specific obligations to act in the best interests of the UCITS funds it manages and its investors. Accordingly, the performance of the underlying funds and the interests of investors (including, where relevant, investment risk) are also taken into account as appropriate. The Risk and Capital Committee and the Audit Committee formally advise the Committee as part of this process. The overall bonus pool is allocated to vectors and functions based on absolute and relative performance for each vector and function, and their alignment with strategic priorities and risk considerations. Allocation by region and subdivision/team is determined on a discretionary basis by the vector, regional and functional heads based on the absolute and relative performance of the constituent teams and alignment with strategic priorities. Individual annual bonus awards are determined at the end of the 12-month performance period with performance assessed against financial and nonfinancial individual objectives, including behaviour and conduct. Individual awards for Identified Staff are reviewed and approved by the Committee (with some individual award approvals delegated, as appropriate, to the Group's Compensation Committee, over which the Committee retains oversight). In carrying out these approvals, the Committee seeks to ensure that outcomes are fair in the context of overall Group performance measures and adjusted, where appropriate, reflect input from the Risk and Capital Committee and the Audit Committee. Variable remuneration awards are subject to deferral for a period of up to three years. A retention period may also be applied as required by the relevant regulatory requirements. Deferral rates and periods comply, at a minimum, with regulatory requirements and may exceed these. In addition to the application of ex-ante adjustments described above, variable remuneration is subject to ex-post adjustment (malus / clawback arrangements).
Other elements of remuneration – selected employees	The following remuneration arrangements may be awarded in certain very limited circumstances: **Carried Interest Plans** – These arrangements are designed to reward performance in roles where a carried interest plan is appropriate. Selected employees are granted carried interest shares in private market funds established by the Group. **Buy-Out Awards/Guaranteed Bonuses** – These are intended to facilitate/support the recruitment of new employees. Buy-outs are not awarded, paid or provided unless they are in the context of hiring new employees. Guaranteed bonuses are not awarded, paid or provided unless they are exceptional and in the context of hiring new employees and limited to the first year of service. These awards are only made where such a payment or award is permitted under any relevant remuneration regulations and are designed to compensate for actual or expected remuneration foregone from previous employers by virtue of their recruitment. **Retention and Special Performance Awards / LTIP** – Supports retention and/or the delivery of specific performance outcomes. The Company may determine that it is appropriate to grant an exceptional award in limited circumstances. Awards are structured to deliver specific retention and/or performance outcomes. Retention and/or special performance awards comply with all relevant regulatory requirements. **Severance Pay** – Payment made to support an employee whose role is considered to be redundant. Severance payments comply with any legislative and regulatory requirements and any payments are inclusive of any statutory entitlement. In the event of severance, the treatment of any individual elements of an employee's remuneration is governed, as appropriate, by relevant plan or scheme rules.

Remuneration

Continued

Control Functions

The Group ensures that, as appropriate, senior employees engaged in a control function are independent from the business units they oversee and have appropriate authority to undertake their roles and duties. These include, but are not necessarily limited to, Risk, Compliance and Internal Audit function roles. Senior employees engaged in a control function are remunerated in a way that ensures they are independent from the business areas they oversee, have appropriate authority, and have their remuneration directly overseen by the Remuneration Committee.

Conflicts of interest

The Remuneration Policy is designed to avoid conflicts of interest between the Group and its clients and is designed to adhere to local legislation, regulations or other provisions. In circumstances or jurisdictions where there is any conflict between the Policy and local legislation, regulations or other provisions then the latter prevail. Where the Committee receives input from members of management on the remuneration arrangements in operation across the Group this never relates to their own remuneration.

Personal Investment Strategies

The Company adheres to the regulatory principles and industry best practice on the use of personal hedging strategies which act in restricting the risk alignment embedded in employee remuneration arrangements.

UCITS V Identified Staff / MRTs

The 'Identified Staff' or MRTs of abrdn Fund Managers Limited are those employees who could have a material impact on the risk profile of abrdn Fund Managers Limited or the UCITS V Funds it manages. This broadly includes senior management, decision makers and control functions. For the purposes of this disclosure, 'Identified Staff' includes employees of entities to which activities have been delegated.

Quantitative remuneration disclosure

The table below provides an overview of the following:

- Aggregate total remuneration paid by abrdn Fund Managers Limited to its entire staff; and
- Aggregate total remuneration paid by abrdn Fund Managers Limited to its UCITS V 'Identified Staff'.

Amounts shown reflect payments made during the financial reporting period in question. The reporting period runs from **1 January 2022 to 31 December 2022** inclusive.

	Headcount	Total Remuneration £'000
abrdn Fund Managers Limited[1]	**1,101**	**160,808**
of which		
Fixed remuneration		122,073
Variable remuneration		38,735
abrdn Fund Managers Limited 'Identified Staff'[2]	**85**	**52,178**
of which		
Senior Management[3]	46	34,570
Other 'Identified Staff'	39	17,608

1 As there are a number of individuals indirectly and directly employed by abrdn Fund Managers Limited this figure represents an apportioned amount of abrdn's total remuneration fixed and variable pay, apportioned to the Management Company on an AUM basis, plus any carried interest paid. The Headcount figure provided reflects the number of beneficiaries calculated on a Full Time Equivalent basis.

2 The Identified Staff disclosure relates to UCITS V MRTs and represents total compensation of those staff of the Management Company who are fully or partly involved in the activities of the Management Company.

3 Senior management are defined in this table as Management Company Directors and members of the abrdn plc Board, together with its Executive Committee, Investment Management Committee and Group Product Committee.

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

AA-261023-169943-6

Issued by abrdn Fund Managers Limited (the manager of the fund). Authorised and regulated by the Financial Conduct Authority in the United Kingdom.
LGT Wealth Management Limited registered in Scotland (SC317950) at 1 Lochrin Square, 92-98 Fountainbridge, Edinburgh, EH3 9QA.
LGT Wealth Management Limited is authorised and regulated by the Financial Conduct Authority.