

Fund Guide

abrdn SICAV II – Global Income Bond Fund

March 2025

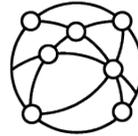
Key feature summary



High Yield-like returns
but with Investment
Grade-like risk



Access to the
'sweet spot' of
global credit



Flexible and dynamic
exposure to global
credit markets



Transparent and
repeatable
investment process



"The long-term history of global credit markets shows that combining BBB and BB rated bonds has consistently delivered some of the best risk-adjusted returns."

Mark Munro
Investment Director

Fund key objective

The Global Income Bond Fund is a diversified, global multi-sector credit product that focuses on active bond selection across the 'sweet spot' of global credit, with the aim of achieving High Yield-like returns and Investment Grade-like risk. In terms of a yield target, the Fund aims to achieve a yield greater than the Bloomberg Global Aggregate Corporate BBB Index (USD) over rolling three-year periods (before charges).



Risk factors you should consider before investing:

- Credit risk - The fund invests in securities which are subject to the risk that the issuer may default on interest or capital payments.
- Interest rate risk - The fund 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.
- High Yield Credit risk - The fund invests in high yielding bonds which carry a greater risk of default than those with lower yields.
- Derivatives risk - 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.
- Emerging Markets risk - 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.
- Asset Backed/Mortgage Backed Securities - The fund invests in mortgage and asset-backed securities (which may include collateralised loan, debt or mortgage obligations (respectively CLOs, CDOs or CMOs)). These are subject to prepayment and extension risk and additional liquidity and default risk compared to other credit securities.
- Convertible Securities and CoCos risk - Convertible securities are investments that can be changed into another form upon certain triggers. As such, they can exhibit credit, equity and fixed interest risk. Contingent convertible securities (CoCos) are similar to convertible securities but have additional triggers which mean that they are more vulnerable to losses and volatile price movements and hence become less liquid.
- ESG Investment Risk - Applying ESG and sustainability criteria in the investment process may result in the exclusion of securities within the fund's benchmark or universe of potential investments. The interpretation of ESG and sustainability criteria is subjective meaning that the fund may invest in companies which similar funds do not (and thus perform differently) and which do not align with the personal views of any individual investor.



Why this fund?

High Yield-like returns but with Investment Grade-like risk

The Global Income Bond Fund is a diversified, global multi-sector credit product that focusses on active bond selection across global credit markets, with the key aim of achieving High Yield-like returns and Investment Grade-like risk.

The Fund's core (70%) allocation is to BBB and BB rated corporate bonds, which is the segment we refer to as the 'sweet spot' of global credit. In particular, we believe the key objective of 'High Yield-like returns with Investment Grade-like risk' can be achieved by carefully blending the riskier side of Investment Grade (i.e. BBB rated bonds) with the highest quality parts of High Yield (i.e. BB rated bonds).

In terms of measuring performance, from a cash perspective, we believe the Fund can deliver a return of 3-5% above cash over rolling three-year periods.

Access to the 'sweet spot' of global credit

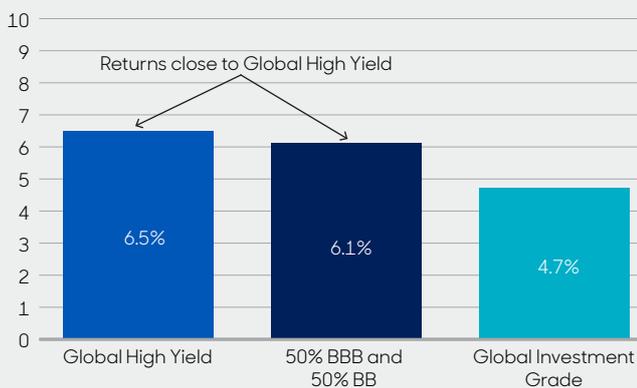
The Fund aims to give access to what we refer to as the 'sweet spot' of global credit. This refers to BBB rated corporate bonds (the lowest Investment Grade credit rating) and BB rated corporate bonds (the highest High Yield credit rating). The Fund targets a minimum of 70% exposure to this segment.

Historically, as shown below, a 50/50 allocation to BBB rated global Investment Grade bonds and BB rated global High Yield bonds has delivered returns that are close to the global High Yield bonds but with much lower risk that is closer to global Investment Grade bonds.

Traditionally, investors have allocated to the Investment Grade and High Yield bond segments on a stand-alone basis. However, the Global Income Bond Fund takes a more integrated approach, which we believe can offer the **best risk and return trade-off**, with yields that are closer to High Yield and risk that is closer to Investment Grade bonds.

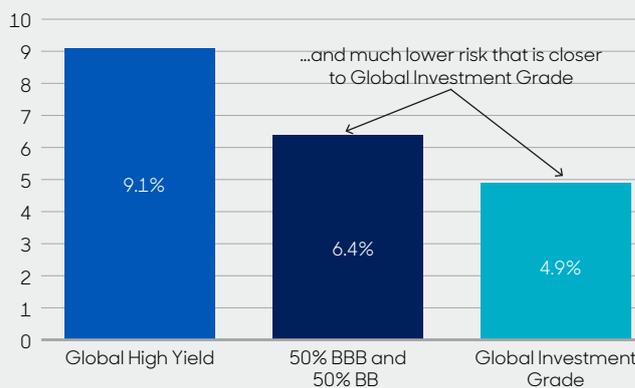
A 50/50 allocation gives potentially High Yield-like returns...

Return % p.a.



...but with potentially much lower risk

Risk (volatility) % p.a.



Source: ICE BofA indices, based on monthly USD hedged index returns for the period of 25 years to end-2024.
 * Note: '50/50 allocation' refers to a 50% allocation to BBB bonds, coupled with a 50% allocation to BB bonds.

Multiple investor use cases

We believe the risk/return profile of the Fund, coupled with its competitive yield, may appeal to a variety investor types, including:

- Investors seeking a multi-sector credit solution that offers diversified global exposure across public fixed income markets.
- Investors seeking a lower risk alternative to global High Yield.
- Income-focused investors seeking attractive income/yield with reliable monthly distributions.

Flexible and dynamic exposure to global credit markets

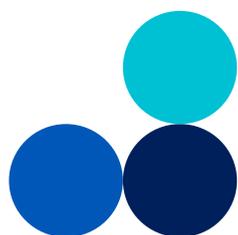
The Fund offers benchmark-agnostic, dynamic exposure to global credit markets, with **ample flexibility** to allocate beyond the core allocation of Investment Grade and High Yield bonds, including to emerging markets bonds. The aim is to find the best bonds that can deliver attractive and reliable sources of income.

Additionally, while there is good flexibility, risk is managed closely in a way that ensures **good portfolio diversification, with controlled volatility** and no unintended risk concentration.

Transparent and repeatable investment process

The Fund has a simple and repeatable investment process for harnessing the **three key return levers** of: 1) a 'core' (min 70%) position in BBB and BB credits; 2) a (max 20%) allocation to 'yield enhancers'; and 3) a (max 15%) allocation for 'beta management'.

The careful combination of these three 'building blocks' is what we believe enables the Fund to deliver the compelling outcome of High Yield-like returns but with much lower risk.



Why Aberdeen Investments for this strategy?

Over USD166bn¹ in fixed income AUM, with longstanding, proven capability in global credit markets

- Managing outcome-focused fixed income products demands **capabilities across the whole asset class**, ranging from Investment Grade to High Yield, and from emerging markets to developed markets. At Aberdeen Investments we have a long, proven history of investing across the full spectrum of global fixed income markets, with many established and highly rated product offerings.

Over 140¹ fixed income investment professionals globally

- A global opportunity set requires **significant global research resources and local knowledge** – Aberdeen Investments has over 140 fixed income investment professionals located across the globe, providing insights into local fixed income markets.

Outcome-focused fixed income investing

- The Global Income Bond Fund is part of Aberdeen Investments' **'outcome-focused'** range of fixed income funds, which are designed to help investors achieve enhanced outcomes compared to more traditional fund offerings.

More specifically, this range of funds is focused on selecting the best opportunity set, which typically involves moving beyond the constraints of traditional benchmarks. Once the opportunity set is identified, then implementation of the strategy is via **active management**, and by leveraging our global research platform to add value through careful security selection and portfolio construction.

Sustainable investing

- The Fund is Article 8 compliant, with **ESG evaluation deeply embedded** within its investment process. As such, all potentially viable securities are specifically assessed and rated based on the sustainability criteria that are most material for them.

Fund summary

Investment Universe	Public fixed income credit markets including Investment Grade, High Yield, Emerging Market Sovereigns and Corporates, Subordinated Financials and Collateralised Loan Obligations
Objective	Outperform the Bloomberg Global Aggregate Corporate BBB Index (USD), with a yield greater than the index over rolling three-year periods (before charges)
Sustainable/SFDR	Article 8
Average credit rating	BBB to BB-
Credit rating focus	<ul style="list-style-type: none">Min 70% in BBBs & BBsMax 20% Bs & CCCs (max 5%)
Exposure limits	<ul style="list-style-type: none">25% max in any one sector30% max in any one country (except US max of 60%)30% max in EMD (with local currency EMD max of 10%)
Duration	2 – 5 years
Expected volatility	4 – 8%
Vehicle	SICAV II
Base currency	USD
Share classes	Accumulation and Income share classes available EUR and GBP hedged share classes available
Portfolio managers	Mark Munro, Christopher Heckscher and Paul Mehta

¹ As of 31 December 2024.

Important Information

The value of investments and the income from them can go down as well as up and investors may get back less than the amount invested. Past performance is not a guide to future results.

To help you understand this fund and for a full explanation of risks and the overall risk profile of this fund and the share classes within it, please refer to the Key Investor Information Documents available in the local language, and Prospectus available in English, which are available on our website abrdn.com. The Prospectus also contains a glossary of key terms used in this document. A summary of investor rights can be found in English on our website abrdn.com/corporate/legal.

The Fund is a sub-fund of a abrdn SICAV II, a Luxembourg-domiciled UCITS fund, incorporated as a Société Anonyme and organized as a Société d'Investissement à Capital Variable (a "SICAV"). A summary of investor rights can be found in English on our website abrdn.com/corporate/legal. Any decision to invest should take into account all objectives of the fund. To help you understand this Fund and for a full explanation of risks and the overall risk profile of this fund and the shareclasses within it, please refer to the Key Investor Information Documents available in the local language, and Prospectus available in English, which are available on our website abrdn.com. The Prospectus also contains a glossary of key terms used in this document. This Fund concerns the acquisition of units or shares in a fund, and not in a given underlying asset such as a building or shares of a company.

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