



# Assessment of Value Report

abr dn OEIC III

October 2023 Data as at 30 June 2023

[abr dn.com](https://www.abr dn.com)

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# From the Board

## Dear Fund Investor,

We're pleased to deliver this Assessment of Value report to you. In keeping with past reports, it describes how the funds under review have performed across the seven standard categories to determine whether these funds are offering value.

As the summary table shows, there have been challenges in the area of performance for the funds with a five-year operating history. We have planned, or already made, changes to address issues identified by this report. All funds, however, have been managed within their expected risk profiles, which are based on shares being held for at least five years.

Delivering value to you is a central consideration for us. We will continue to monitor all funds during the current report period for any value-related concerns.

We thank you sincerely for investing with us.

The Board of abrdn Fund Managers Ltd

# Results at a Glance

## Evaluation Categories

Our Assessment of Value Report looks at the seven categories established by the Financial Conduct Authority:

**1 Service Quality** The quality and range of services provided to the funds and their investors, whether by abrdn or others.

**2 Performance** How each fund has performed, in light of its objective, risk profile and recommended minimum holding period.

### 3 - 6 Costs:

**3 General costs** What fund investors pay for the services they and the funds receive.

**4 Economies of scale** Any reductions in investor costs made possible by growth of the funds' total assets.

**5 Comparable market rates** What the funds paid for services compared to what similar funds from other firms paid.

**6 Comparable services** What the funds pay abrdn for its services and whether both the services and their costs are consistent with what abrdn charges other funds it manages.

**7 Right class** Whether all investors are in the most advantageous share class for which they are eligible.

## Overview of Findings

**Our value assessment process** In making the assessments for this report, we have used a broad range of data and have aimed for the highest possible level of objectivity. The process has been consistent with our ongoing fund monitoring, any remedial actions will comply with regulations and with our governance practices, and the outcomes will be reviewed in detail by the Board's chair and independent directors.

**Approximately half of the funds in category 2 (performance) fell short of expectations over the report period** We have provided detailed explanations along with examples of actions being taken to improve performance.

**All funds scored well in categories 1 and 3 - 7** No issues were identified as far as the quality of the service the funds received, the general level of ongoing fees, the benefits achieved from economies of scale, the fees abrdn charges the funds (either on a relative or absolute basis) or those the fund pays to other service providers. In addition, all investors were shown to be holding the share class that is most appropriate for their circumstances.

We have left abrdn Multi-Sector Credit Fund out of this report as the period for the assessment of this fund was less than three months.

## Findings by Fund

	Service Quality	Performance	Costs	Right Class
abrdrn MyFolio Index I Fund <sup>1</sup>	■	☒	■	■
abrdrn MyFolio Index II Fund <sup>1</sup>	■	☒	■	■
abrdrn MyFolio Index III Fund <sup>1</sup>	■	☒	■	■
abrdrn MyFolio Index IV Fund <sup>1</sup>	■	☒	■	■
abrdrn MyFolio Index V Fund <sup>1</sup>	■	☒	■	■
abrdrn MyFolio Managed I Fund	■	□	■	■
abrdrn MyFolio Managed II Fund	■	□	■	■
abrdrn MyFolio Managed III Fund	■	□	■	■
abrdrn MyFolio Managed IV Fund	■	□	■	■
abrdrn MyFolio Managed V Fund	■	□	■	■
abrdrn MyFolio Market I Fund	■	□	■	■
abrdrn MyFolio Market II Fund	■	□	■	■
abrdrn MyFolio Market III Fund	■	□	■	■
abrdrn MyFolio Market IV Fund	■	□	■	■
abrdrn MyFolio Market V Fund	■	□	■	■
abrdrn MyFolio Multi-Manager I Fund	■	□	■	■
abrdrn MyFolio Multi-Manager II Fund	■	□	■	■
abrdrn MyFolio Multi-Manager III Fund	■	□	■	■
abrdrn MyFolio Multi-Manager IV Fund	■	□	■	■
abrdrn MyFolio Multi-Manager V Fund	■	□	■	■
abrdrn MyFolio Sustainable I Fund <sup>1</sup>	■	☒	■	■
abrdrn MyFolio Sustainable II Fund <sup>1</sup>	■	☒	■	■
abrdrn MyFolio Sustainable III Fund <sup>1</sup>	■	☒	■	■
abrdrn MyFolio Sustainable IV Fund <sup>1</sup>	■	☒	■	■
abrdrn MyFolio Sustainable V Fund <sup>1</sup>	■	☒	■	■
abrdrn MyFolio Sustainable Index I Fund <sup>2</sup>	■	☒	■	■
abrdrn MyFolio Sustainable Index II Fund <sup>2</sup>	■	☒	■	■
abrdrn MyFolio Sustainable Index III Fund <sup>2</sup>	■	☒	■	■
abrdrn MyFolio Sustainable Index IV Fund <sup>2</sup>	■	☒	■	■
abrdrn MyFolio Sustainable Index V Fund <sup>2</sup>	■	☒	■	■

KEY ■ Good value delivered ■ Value delivered; could be improved □ Improvement necessary ☒ Insufficient data history for full assessment

<sup>1</sup> Performance assessed over a 1 and 3-year periods only whereas the minimum recommending period is 5 years or more.

<sup>2</sup> Performance assessed over a 1-year period only whereas the minimum recommending period is 5 years or more.

# Results Common to all Funds

## Categories 1, 3, 4, 5 and 6: Service Quality and Costs

**Focus** The quality and range of services provided to the funds and their investors, whether by abrdn or others; the costs paid by the funds as compared to industry standards and averages.

**Findings** All funds received a high standard of service and scored well for ongoing charges, fees paid for internal services, benefits from economies of scale and industry-comparable fee rates.

Since the cost and quality of services the funds receive and provide are for the funds as a group, service quality is measured at the group level.

There were no issues with services from third-party providers. The service provided by the funds to their investors also was shown to be excellent. The funds also scored well on all four cost-related categories.

## Category 7: Right Class

**Focus** Whether all investors are in the most advantageous share class for which they are eligible.

**Findings** All investors are invested in the most advantageous class for which they are eligible.

Because share classes have different minimum investments and other requirements, it is possible an investor could be eligible for a more advantageous share class than the one they currently hold. We did not identify any instances where this was the case.

# Category-Specific Results

## Category 2: Performance

**Focus** How each fund has performed, in light of its objective, risk profile and recommended minimum holding period.

**Findings** The fund's objective is to generate growth over the long term (5 years or more) while being managed to a defined level of risk.

All the funds are intended to be held at least five years and the majority of those with at least five-years of operating history have delivered positive growth. All funds have met their risk targets. The level of risk taken relative to global equities is outlined in the charts on the next page.

During the 12 months covered by this report, performance has been disappointing relative to the fund's comparators, however, the MyFolio Index and Multi-Manager funds have outperformed similar funds on the market. The money market component used in the comparators have outperformed the fixed income asset classes, which has had a material effect on relative returns rather than the underlying fund performance.

The abrnn MyFolio Managed funds have underperformed the peer group and other abrnn MyFolio ranges, generally

due to a more challenging environment for active managers in a period of stark underperformance of small and mid-capitalisation stocks and outperformance of select large/ mega capitalisation stocks. This has had a significant impact on both the funds UK and US equity holdings.

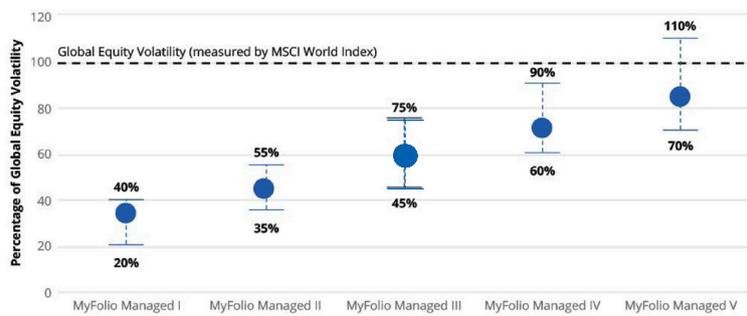
Improvements have been made with various enhancements aiming to improve performance and client outcomes, including closure of the underweight position in UK equities which allowed flows to be directed to the abrnn UK Enhanced Index Fund, whilst the addition of exposure to US equities was executed in the abrnn North American Enhanced Index Fund. Both moves have increased exposure to lower-cost index solutions, reducing overall costs to customers.

The Board of Directors welcomes the ongoing actions taken by the Investment Management team to improve the investment process. The funds will continue to be closely monitored to ensure that all reasonable steps are taken to pursue investment and performance objectives. Any further material changes will be communicated in a future issue of this report or otherwise as appropriate.

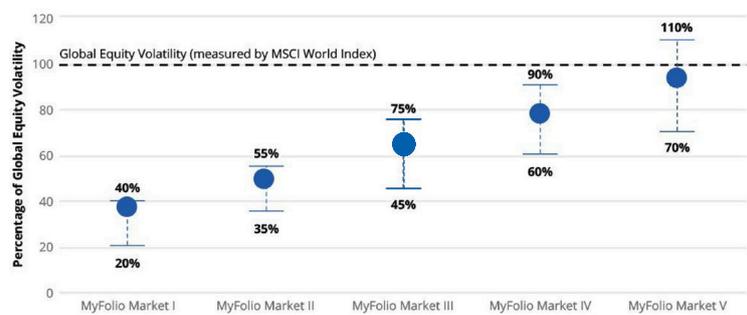
**Risk relative to global equities for a 5-year period ending 30 June 2023**

The charts show the fund's risk (volatility) for each MyFolio funds, compared to the fund's target risk range, which is relative to global stock markets (represented by the comparator). Annualised risk is based on the standard deviation of weekly returns over the past five years for both the fund and the comparator.

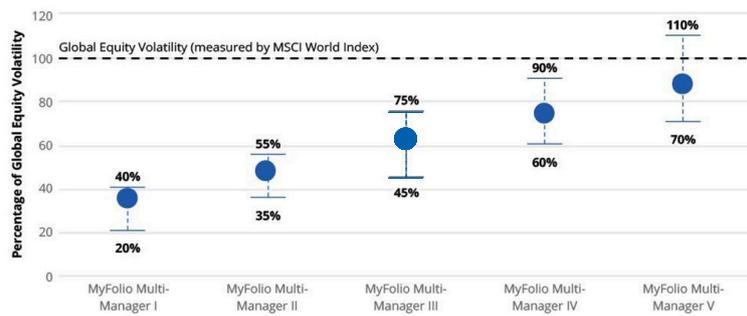
**abrdn MyFolio Managed Funds**



**abrdn MyFolio Market Funds**



**abrdn MyFolio Multi-Manager Funds**



**KEY** ● Volatility I Targeted volatility range for each MyFolio fund shown as a percentage of global equity volatility (measured by MSCI World Index)

**Source** Institutional accumulation shares from abrdn and Morningstar.

## Relative and absolute performance (%) for periods ending 30 June 2023

Annualised performance for Retail Class Shares (before deduction of fees and expenses) over the periods indicated. The absence of a number indicates that the fund has not been in existence long enough to report performance for the period(s) indicated.

abrdn MyFolio Funds	Comparator	Fund vs. Comparator (%)			Absolute performance (%)		
		1 yr	3 yrs	5 yrs	1 yr	3 yrs	5 yrs
Index I Fund	80% SONIA, 15% MSCI World ex UK and 5% FTSE All-Share	-3.65	-3.10	--	1.28	0.10	--
Index II Fund	65% SONIA, 25% MSCI World ex UK and 10% FTSE All-Share	-3.64	-2.91	--	2.66	1.82	--
Index III Fund	55% SONIA, 30% MSCI World ex UK and 15% FTSE All-Share	-2.11	-1.57	--	5.10	4.22	--
Index IV Fund	40% MSCI World ex UK, 40% SONIA and 20% FTSE All-Share	-1.48	-1.09	--	7.13	6.26	--
Index V Fund	45% MSCI World ex UK, 30% SONIA and 25% FTSE All-Share	-1.08	-0.03	--	8.36	8.38	--
Managed I Fund	80% SONIA, 15% MSCI World ex UK and 5% FTSE All-Share	-4.69	-3.23	-1.87	0.19	-0.04	0.83
Managed II Fund	65% SONIA, 25% MSCI World ex UK and 10% FTSE All-Share	-5.63	-3.72	-2.85	0.53	0.97	1.00
Managed III Fund	55% SONIA, 30% MSCI World ex UK and 15% FTSE All-Share	-5.03	-2.52	-2.58	1.96	3.21	1.92
Managed IV Fund	40% SONIA, 40% MSCI World ex UK and 20% FTSE All-Share	-5.04	-2.33	-2.94	3.26	4.92	2.64
Managed V Fund	45% MSCI World ex UK, 30% SONIA and 25% FTSE All-Share	-3.64	-1.61	-2.43	5.56	6.67	3.77
Market I Fund	80% SONIA, 15% MSCI World ex UK and 5% FTSE All-Share	-4.62	-3.08	-1.51	0.27	0.12	1.20
Market II Fund	65% SONIA, 25% MSCI World ex UK and 10% FTSE All-Share	-5.51	-3.43	-2.27	0.66	1.27	1.61
Market III Fund	55% SONIA, 30% MSCI World ex UK and 15% FTSE All-Share	-4.40	-2.01	-1.66	2.64	3.75	2.88
Market IV Fund	40% MSCI World ex UK, 40% SONIA and 20% FTSE All-Share	-4.12	-1.42	-1.66	4.26	5.90	4.00
Market V Fund	45% MSCI World ex UK, 30% SONIA and 25% FTSE All-Share	-2.51	-0.14	-0.69	6.79	8.26	5.63
Multi-Manager I Fund	80% SONIA, 15% MSCI World ex UK and 5% FTSE All-Share	-4.01	-1.84	-1.06	0.90	1.39	1.66
Multi-Manager II Fund	65% SONIA, 25% MSCI World ex UK and 10% FTSE All-Share	-4.44	-2.00	-1.84	1.80	2.77	2.05
Multi-Manager III Fund	55% SONIA, 30% MSCI World ex UK and 15% FTSE All-Share	-3.50	-0.82	-1.70	3.61	5.02	2.84
Multi-Manager IV Fund	40% MSCI World ex UK, 40% SONIA and 20% FTSE All-Share	-3.08	-0.26	-1.89	5.39	7.15	3.75
Multi-Manager V Fund	45% MSCI World ex UK, 30% SONIA and 25% FTSE All-Share	-1.59	0.69	-1.51	7.80	9.17	4.75
Sustainable I Fund	80% SONIA and 20% MSCI AC World	-2.50	--	--	2.19	--	--
Sustainable II Fund	65% SONIA and 35% MSCI AC World	-1.88	--	--	4.12	--	--
Sustainable III Fund	55% SONIA and 45% MSCI AC World	-0.99	--	--	5.93	--	--
Sustainable IV Fund	60% MSCI AC World and 40% SONIA	-0.40	--	--	7.88	--	--
Sustainable V Fund	70% MSCI AC World and 30% SONIA	0.08	--	--	9.28	--	--
Sustainable Index I Fund <sup>1</sup>	80% SONIA, 15% MSCI World ex UK and 5% FTSE All-Share	-4.87	--	--	0.00	--	--
Sustainable Index II Fund <sup>1</sup>	65% SONIA, 25% MSCI World ex UK and 10% FTSE All-Share	-4.72	--	--	1.50	--	--
Sustainable Index III Fund <sup>1</sup>	55% SONIA, 30% MSCI World ex UK and 15% FTSE All-Share	-3.54	--	--	3.56	--	--
Sustainable Index IV Fund <sup>1</sup>	40% MSCI World ex UK, 40% SONIA and 20% FTSE All-Share	-3.33	--	--	5.12	--	--
Sustainable Index V Fund <sup>1</sup>	45% MSCI World ex UK, 30% SONIA and 25% FTSE All-Share	-2.54	--	--	6.76	--	--

Source Fund performance: abrdn. Index performance: 30th June 2023.

<sup>1</sup> Net of fees data shown.

# Further Fund-Level Information

## Documents available on abrtn.com

### Financials

- Annual/Semi-annual Reports

### Performance

- Key Investor Information Document (KIID)
- Monthly fact sheets
- Annual/Semi-annual Reports

### Holdings

- Monthly fact sheets

### Objectives, fees

- KIID
- Prospectus

### Investment policies, risks, buying/selling shares, operational structure

- Prospectus

## Important Information

The value of investments and the income from them can go down as well as up and an investor may get back less than the amount invested.

### **Past performance is not a guide to future results.**

See the Key Investor Information Document (KIID), Prospectus and Report & Accounts for more details about the specific risks, performance history and full investment objectives and policies applicable to each fund.

For more information, visit [abrdn.com](https://www.abrdn.com).

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