abrdn SICAV I – Indian Bond Fund

Fund guide

April 2024

Why invest in Indian bonds?

Diversification benefits

Low correlation with many markets* and low foreign exchange (FX) volatility of

Indian rupee **4%** VS emerging market (EM) ex-Asia FX basket **14%**[1]

*refer to correlation table on page 2

Strong relative returns

Outperformed over the last 10 years versus many asset classes, returning

65%

beating Asian equities (51%) and EM bonds (-3%)[2]

Global index inclusion

Index inclusion to the J.P. Morgan GBI-EM Index starting in June 2024 is already driving strong inflows of

US$7 billion

in Q1 2024[3]

Key benefits of investing in abrdn SICAV I – Indian Bond Fund

Monthly income[4]

Running yield of

7.2% p.a[5]

as of 31 March 2024

Low volatility

Low portfolio risk of

5.3%[6]

Ease of access

Bypasses complex Indian market rules for international investors

[1]Source: Bloomberg, emerging market ex-Asia FX basket, 1-year implied volatility, 31 March 2024.
[2]Source: Bloomberg, USD, Indian bonds represented by Markit iBoxx ALBI India, Asian Equities represented by MSCI AC Asia Ex Japan, Emerging Market Bonds represented by JPM GBI-EM Global Diversified, 10 years to 29 March 2024.
[3]Source: National Securities Depository Limited, 15 April 2024.
[4]Aim at monthly distribution. Dividends are not guaranteed and may be paid out of investment income, capital gains or capital at the discretion of the Board of Directors. Any dividends paid and distributed out of the Fund's capital will result in an immediate reduction of the Fund's Net Asset Value per share.
[5]Source: abrdn, 31 March 2024. Running yield is the annual income on an investment divided by its current market value. The running yield of the fund is not representative of the payout yield. Past performance does not predict future results.
[6]Source: Morningstar, 3-year standard deviation, A MInc USD share class, 29 March 2024.

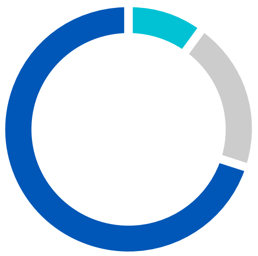
Portfolio benefits of Indian bonds

Why investors should not ignore India's bond market

Low correlation with other markets[7]

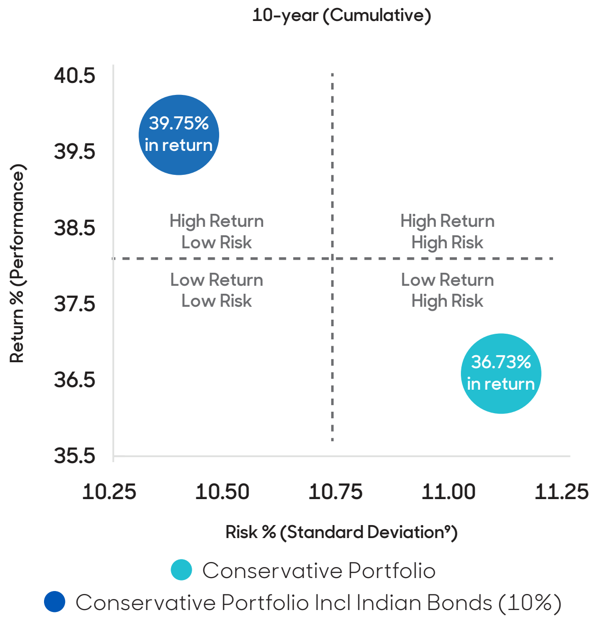
Market	Correlation to Indian Government Bonds
WTI Crude Oil	-0.15
Global Equities	0.25
US Government Bonds	0.27
Global Government Bonds	0.34
Global High Yield	0.35
China Bonds	0.36
Emerging Market USD Bonds	0.41
Asian Equities (ex-Japan)	0.45
Emerging Market Local Currrency Bonds	0.53

Allocating to Indian government bonds can complement a diversified portfolio



Exceptionally low foreign ownership of less than 3% accounts for its low correlation with other markets. It is difficult to sufficiently get exposure to India via other diversified strategies. India's strong fiscal performance and outlook for easing in inflation and policy rates support performance. When it comes to managing currency risk, the Reserve Bank of India deploys its substantial reserves to maintain rupee stability.

More robust asset allocation and benefits to wealth managers: Improving risk-reward profile[8]



Better risk-adjusted returns	Indian bonds have historically **improved returns** and **reduced risk** through economic cycles
Diversification benefits	Robust macro conditions, policy tailwinds, and high FX reserves help **strengthen** the investment case of Indian bonds, and **diversify** from other geopolitical risks
Substantial inflows to continue	With the upcoming index inclusion, the inflows could **improve liquidity** and **support performance**

[7]Source: Bloomberg Barclays Indices, abrdn, FE Analytics, USD unhedged, correlation of monthly returns over 10 years to 31 March 2024.
[8]Source: abrdn, Bloomberg Barclays Indices, 31 March 2024. For illustrative purposes only. No assumptions regarding future performance should be made.
[9]The standard deviation of returns is commonly used as a measure of risk for investments. Past performance does not predict future results.

Is India the new China?

Underpinned by government support, China's capital markets have served as a valuable portfolio diversifier for years. Now the baton is passing to India. India's government bond market is the

2nd largest sovereign market

in Asia ex-Japan and its local currency bond market is among the most liquid in emerging markets with a

US$2.3 trillion

market size.[10]

Indian bonds have a low correlation with China equities (0.33)[11] and offer a

competitive yield **7.2%**[12]

over

China bonds **2.3%**[12]

while the Reserve Bank of India uses its sizable FX reserves to maintain currency stability.

Fund facts

Fund manager(s)	Asian Fixed Income Team	
Fund launch date	1 Sep 2015	
Share class availability	A Acc Hedged SGD	LU2730792970
	A Acc SGD	LU2730792897
	A Acc USD	LU1254412205
	A Gross MIncA Hedged SGD	LU2675280809
	A Gross MIncA SGD	LU2730792624
	A Gross MIncA USD	LU2675280981
	A MInc USD	LU1254412114
Base currency	US Dollar	
Subscription fee	Up to 5%	
Investment management fee	1% per annum	
Minimum initial investment	USD1,000, or currency equivalent	
Distribution frequency	Aim at monthly distribution	

[10]Source: Bloomberg, 31 March 2024.
[11]Source: Bloomberg Barclays Indices, abrdn, FE Analytics, USD unhedged, correlation of monthly returns over 10 years to 31 March 2024.
[12]Source: abrdn, TradingEconomics, running yield of Markit iBoxx ALBI India and FTSE Chinese Government Bond, 31 March 2024. A positive yield does not imply a positive return.

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