

### Important information

1. The Fund invests in Indian Rupee denominated debt and debt-related securities issued by government or government-related bodies and/or corporations (including holding companies of such corporations) in India.
2. The Fund is therefore exposed to risks associated with debt securities, sovereign debt, investing in sub-investment grade and/or unrated debt securities, emerging market (including India), concentration, FPI registration, limitations on investments, India tax, securities lending transactions, exchange rates and exchange control.
3. The Fund's net derivative exposure may be up to 50% of the Fund's net asset value and subject to counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk.
4. The Fund may at its discretion pay dividends out of the capital of the Fund. Payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Fund's capital or payment of dividends effectively out of the Fund's capital (as the case may be) may result in an immediate reduction of the net asset value per share.
5. Investment in this fund may involve a high degree of risk and may not be suitable for all investors. It is possible that the entire value of the Investment could be lost.
6. Investors should not invest in this Fund based solely on this document and should read the relevant offering documents for further details including risk factors.

## Why invest in Indian bonds?



### Diversification benefits

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

Indian rupee **vs** emerging market (EM) ex-Asia FX basket  
**3.4%** **14.2%**<sup>1</sup>

\*refer to correlation table on page 2



### Strong relative returns

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

**67%**  
beating global high yield (62%) and EM bonds (5.9%)<sup>2</sup>



### Global index inclusion

Index inclusion to the J.P. Morgan GBI-EM Index starting in June 2024 is already driving strong inflows of **US\$13 billion** in Q3 2024<sup>3</sup>

## Key benefits of investing in abrdrn SICAV I – Indian Bond Fund



### Monthly income<sup>4</sup>

Running yield of

**7.0% p.a.**<sup>5</sup>

as of 30 September 2024



### Low volatility

Low portfolio risk of

**2.7%**<sup>6</sup>



### Ease of access

Bypasses complex Indian market rules for international investors

<sup>1</sup>Source: Bloomberg, emerging market ex-Asia FX basket, 1-year implied volatility, 30 September 2024.

<sup>2</sup>Source: Bloomberg, USD, Indian bonds represented by Markit iBoxx ALBI India, Global High Yield represented by Bloomberg Global High Yield, Emerging Market Bonds represented by JPM GBI-EM Global Diversified, 10 years to 30 September 2024.

<sup>3</sup>Source: National Securities Depository Limited, 30 September 2024.

<sup>4</sup>Aim at monthly distribution. Dividend rate is not guaranteed. Dividend may be paid out of capital. Please refer to important information 4.

<sup>5</sup>Source: abrdrn, 30 September 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. A positive yield does not imply a positive return of the fund.

<sup>6</sup>Source: Bloomberg, 1-year standard deviation, A Gross MInc USD share class, 30 September 2024.



# Portfolio benefits of Indian bonds

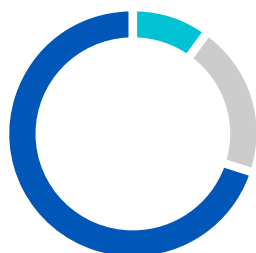


## Why investors should not ignore India's bond market

### Low correlation with other markets<sup>7</sup>

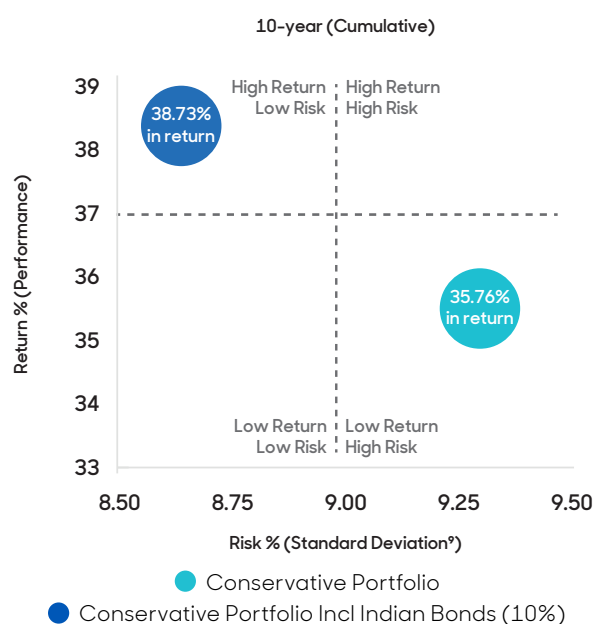
Market	Correlation to Indian Government Bonds
WTI Crude Oil	-0.17
Global Equities	0.28
US Government Bonds	0.28
Global Government Bonds	0.35
Global High Yield	0.36
China Bonds	0.38
Emerging Market USD Bonds	0.42
Asian Equities (ex-Japan)	0.45
Emerging Market Local Currency Bonds	0.54

### 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-return profile<sup>8</sup>



#### 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**

<sup>7</sup>Source: Bloomberg Barclays Indices, abrdrn, FE, USD unhedged, correlation of monthly returns over 10 years to 30 September 2024.

<sup>8</sup>Source: abrdrn, Bloomberg Barclays Indices, 30 September 2024. For illustrative purposes only. No assumptions regarding future performance should be made.

<sup>9</sup>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\$2.6 trillion

market size.<sup>10</sup>

Indian bonds have a low correlation with China equities (0.32)<sup>11</sup> and offer a

## competitive yield



over

## China bonds



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 USD	LU1254412205
	A Gross MIncA USD	LU2675280981
	A Gross MIncA HKG	LU2675281013
	A Gross MIncA Hedged CNH	LU2675281104
Base currency	US Dollar	
Subscription fee	Up to 5%	
Investment management fee	1% per annum	
Minimum initial investment	USD500, or currency equivalent	
Distribution frequency	Aim at monthly distribution (Class A Gross MIncA only)	

<sup>10</sup>Source: Clearing Corporation of India Limited, Securities and Exchange Board of India, 30 June 2024.

<sup>11</sup>Source: Bloomberg Barclays Indices, abrdn, FE, USD unhedged, correlation of monthly returns over 10 years to 30 September 2024.

<sup>12</sup>Source: abrdn, TradingEconomics, running yield of Markit iBoxx ALBI India and FTSE Chinese Government Bond, 30 September 2024. A positive yield does not imply a positive return.

## Important information

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