

Fixed income – the benefits for DC schemes

July 2024

For professional investors only – Not for public distribution.

A choice of fixed income components to help meet your members' needs

At abrdn, we know that our defined contribution (DC) clients need us to address multiple challenges to help them deliver positive outcomes for their members. These key challenges include managing risk, generating sustainable growth and sourcing reliable income, whilst at the same time navigating the volatility and increasing uncertainty of global economies and markets.

The many attractive characteristics of fixed income assets can help. Managed by a team of highly experienced investment managers across the globe, we can offer fixed income components across the risk spectrum to help build a complete DC solution.

DC members will need different fixed income investment strategies depending upon where they are on their journey towards retirement. From the early savings stage through to late retirement, we have a range of options depending on a members' individual investment needs.

Providing the full range of components for a complete suite of DC pension solutions

Our broad range of fixed income strategies spans the risk spectrum, as shown in the table below.

Our Range of Strategies							
High Yield	Emerging Markets	Investment Grade Credit	Core/Aggregate	Outcome-Orientated	Private & Alternative Credit	Developed Government Bonds	Cash
Global High Yield ¹	Emerging Market Debt Core (Hard Currency)	Global Credit ¹	Sterling Aggregate	Macro Fixed Income	Real Estate Debt (CREL) ²	Global Government Bond	Money Market Funds
Euro High Yield	Emerging Market Debt Corporate	Sterling Credit	Global Aggregate	Multi Sector Credit	Infrastructure Debt	Euro Government Bond	Ultra Short Duration
	Emerging Market Debt Frontier	Climate Transition Bond		Global Income Bond	Asset-Backed Security & Private Placement Debt	Sterling Government Bond	
	Emerging Market Debt (Local Currency)					Index-linked Government Bond	
1. Early Savings				2. Later Savings			
					3. Consolidation		
						4. Active Retirement	
							5. Late Retirement
1-5. DC Retirement Journey							

Source: abrdn, May 2024.

¹ This fund incorporates sustainable factors in the investment process.

² CREL: Commercial Real Estate Lending.



The standout features of our fixed income strategies are:

Growth



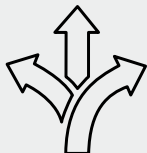
Attractive return opportunities in High Yield, Emerging Market Debt and Global Income Bond.

Income



Investment Grade Credit is a diversified asset class that offers both income generation and potential capital gains through security selection.

Alternative sources of contractual income



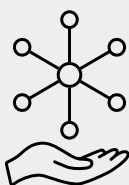
Full breadth of Private Credit investment capability.

Inflation and annuity price sensitivity



Government bonds provide some protection from changes in annuity prices as they are both sensitive to moves in interest rates. Inflation-linked bonds also offer protection in real terms.

ESG embedded within research



ESG considerations are an integral part of our research process, with SRI funds available with restrictions hard-coded into their investment guidelines.

Sustainability aware



Sustainability Aware – building in clear ESG intentionality as part of bond solutions which combine the potential of compelling investment returns alongside measurable ESG outcomes.

Source: abrdn, 2022.

Our fixed income strengths

abrdn's Global Fixed Income team, including highly experienced investment professionals, has the scale and expertise to meet your DC requirements. Based across Europe, North America and Pan-Asia, our team's

capabilities span the risk spectrum of the fixed income universe. In addition, abrdn's strong risk management controls ensure the highest standards of professionalism and integrity at all times, on our clients' behalf.

Key facts

£122.4bn

fixed income assets under management

140

investment professionals

8
countries

global team presence

Source: abrdn, March 2024.

Our investment philosophy

abrdn's investment philosophy is based on a combination of top-down macro and bottom-up stock/sector analysis, in order to drive our decision-making. In addition:

- our integrated and team-based decision-making approach connects portfolio managers with real regional and sectoral expertise.
- ESG considerations are embedded at every stage of the decision-making process – underpinning all our investment activities, with a strong focus on long-term outcomes.

“abrdn's DC funds and solutions are designed to help deliver better outcomes for our clients and their members, and to meet the needs of each key stage in the lifestyle strategy.”

Committed to delivering effective DC solutions

abrdn's DC funds and solutions are designed to help deliver better outcomes for our clients and their members, and to meet the needs of each key stage in the lifestyle strategy.

We offer a wide range of options, whether your scheme requires:

- off-the-shelf default funds
- fund components to suit each of the key stages within the lifestyle strategy
- a DC solutions service which can help in designing and building tailored DC funds.

As a minimum, all our funds incorporate ESG analysis within the underlying investment processes. In addition, we're continuing to launch further responsible investment funds to meet a variety of trustee and member needs and preferences.

Our funds can be accessed directly or via the main institutional DC platforms. If they are not currently available, we can launch them on your request.

Full details of our DC solutions and fund range, including our latest DC insights, can be found at: abrdn.com/uk/dc-solutions. Or keep an eye out for our regular newsletter to clients.

For further details please get in touch



Jon Holguin

Head of DC Clients,
UK Institutional

☎ +44(0) 131 372 1289

✉ jon.holguin@abrdn.com



Fraser Macnair

Director, UK Institutional

☎ +44(0) 131 372 1646

✉ fraser.macnair@abrdn.com

Call charges will vary. Email is not a secure form of communication so please do not send any personal or sensitive information.

Important Information

For professional investors only - Not for public distribution.

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

The views expressed in this document should not be construed as advice or an investment recommendation on how to construct a portfolio or whether to buy, retain or sell a particular investment. The information contained is for exclusive use by professional customers/eligible counterparties (ECPs) and not the general public.

abrdn is a global business providing a range of services to help clients and customers plan, save and invest. abrdn group uses different registered legal entities to meet different client and customer needs. Some elements of the abrdn client experience may contain previous brand names until all brand name changes have completed.

abrdn Investment Management Limited registered in Scotland (SC123321) at 1 George Street, Edinburgh EH2 2LL. Authorised and regulated by the Financial Conduct Authority in the UK.

For more information visit abrdn.com

AA-301023-170137-5

abrdn.com

STA0524238072-001