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Fund Guide
abrdn Inflation-Linked Infrastructure Debt Fund

August 2024

abrdn's infrastructure debt strategy[1]

11yr	£4.3bn	50bps	0%
track record of investing	invested since inception[1]	avg. illiquidity premium	loss rate

Summary

abrdn Inflation-Linked Infrastructure Debt Fund combines inflation protection with credit and illiquidity premia, allowing a capital-efficient, low risk way for investors to meet long-dated liabilities.

The Fund aims to provide a way for investors to protect returns against elevated levels of inflation by primarily investing in long-dated, high quality inflation-linked infrastructure assets in the UK.

Why allocate to infrastructure debt?

01	The UK faces a prolonged inflation threat. Inflation-linked infrastructure can potentially preserve a real rate of return for investors
02	We believe infrastructure debt provides an attractive credit spread vs government debt but also increased credit certainty vs public corporate bonds
03	An allocation can sit alongside higher risk assets to provide downside protection on a portfolio level and help investors to hedge their inflation-linked liabilities
04	The strategy has a proven track record of superior performance vs public debt in periods of recession[2]
05	Credit spread provides extra return vs government bonds in a low growth environment

[1] Data as at 31 March 2024.

abrdn Inflation-Linked Infrastructure Debt Fund

Why choose inflation-linked infrastructure debt over inflation-linked gilts?

	IL Gilts	IL Infra Debt
Yield	• Low diversification: single issuer • High correlation to economic environment • No covenant protection	• **Higher diversification:** Breadth of issuers and sectors • **Lower correlation** to economic environment • **Strong covenant** protection
Risk	• Low yield • Demand vs supply imbalance may mean reduced yield • May require investors to pay premium for unwanted liquidity	• **Credit spread** provides extra return • **Illiquidity premium** adds further yield • **Amortisation** may allow reinvestment at higher market yields • **Diversification** of credit risk with higher recovery rates relative to public bonds[2]
Asset Inflation Linkage	• Principal and interest payments linked to Retail Price Index (RPI) or Consumer Price Index (CPI)	• **Interest and principal contractually linked** to RPI, CPI or LPI • **Credit quality robustness** – issuer revenues typically have contractual or economic linkage to inflation

abrdn's private credit competitive advantage

abrdn's differentiator	Why this matters for investors
• **£13bn deployed in private credit[3]** shows scale and breadth of platform	• Size provides efficiencies and strong access to the best deal flow
• **Zero capital losses and low downgrade** history	• Secure and dependable return profile
• **Efficient** access to private credit	• Capture attractive illiquidity premium and risk diversification
• **50 global credit analysts** Deep firm-wide expertise from global research platform	• Strong capital preservation requires a wide range of perspectives to fully understand risks

[2] Based on superior recovery and default rates against public corporate debt on senior unsecured corporate debt and senior secured infrastructure loans. Sourced from Moody's Annual Default Study: Corporate Default and Recovery Rates, 1983-2020 and Moody's Default and Recovery Statistics (ultimate recovery rates).

[3] As at 31 March 2024.

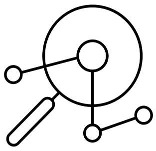
abrdn Inflation-Linked Infrastructure Debt Fund

What differentiates the Fund?

01. Exceptional access to infrastructure debt

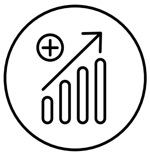
- Diversified flow of opportunities
- Efficient deployment
- Supports UK infrastructure
- Targets sustainable ESG assets

02. Superior risk return



- Captures illiquidity premium
- Superior resilience vs public bonds
- Covenant protection
- Low correlation to economic downturn

03. Enhanced liquidity



- Semi open-ended structure
- Matches redemption requests against new subscriptions
- Natural cash flows from principal amortisations

Fund summary

Investment strategy	Diversified investment grade long-dated inflation-linked UK infrastructure debt
Vehicle	English limited partnership
Rating	Investment grade on investment
Regional limits	UK focus with up to 10% Eurozone
Sustainability	Target assets that support forward looking ESG opportunities
Base currency	GBP
Minimum subscription	£5m, subject to Manager's discretion
Term	Evergreen – semi open-ended structure
Portfolio WAL	15 years
Target credit spread[4]	UK Gilt + 150-200bps
Illiquidity premium	Minimum 20bps above an appropriate publicly traded utilities index

Contact us

To find out more please contact our institutional client team at **ukinstitutionalall@abrdn.com**.

[4] Subject to market conditions.

Important Information

Returns are presented gross of management fees and include the reinvestment of all income. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. A fee schedule is an integral part of a complete presentation and is described in Part II of the firm's ADV, which is available upon request. The collection of fees produces a compounding effect on the total rate of return net of management fees. As an example, the effect of investment management fees on the total value of a client's portfolio assuming (a) quarterly fee assessment, (b) $1,000,000 investment, (c) portfolio return of 8% a year, and (d) 1.00% annual investment advisory fee would be $10,416 in the first year, and cumulative effects of $59,816 over five years and $143,430 over ten years. Actual investment advisory fees incurred by clients may vary

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For more information visit abrdn.com

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