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This is a marketing communication.  
Please refer to the fund's prospectus and  
Key Investor Information Document (KIID) or Key  
Information Document (KID) as applicable before  
making any final investment decision.

# Fund Guide

## abrdn SICAV I – All China Sustainability Equity Fund

November 2023

### Key features

# 30–50

actively managed portfolio of 30–50  
high-conviction stocks

# 31+

years' investing in  
Chinese equities

# Article 8

classification under EU Sustainable  
Finance Disclosures Regulation (SFDR)

### Why Chinese equities?

In a word, growth. According to our Research Institute, China is on course to overtake the US and become the world's largest economy in little over a decade. We estimate China's consumer market will grow 400% between 2020 and 2050<sup>1</sup>.

#### Additional attractions

- **The opportunity is vast** – there are nearly 6,000 Chinese companies listed both onshore and offshore with a combined market cap of US\$11.6 trillion<sup>1</sup>.
- **Ripe for active management** – a retail investor-driven market creates inefficiencies that active managers can exploit.
- **The onshore and offshore markets host different types of businesses** – internet firms tend to be listed offshore, as do firms in gaming and telecoms. China's big energy companies and insurers are listed in Hong Kong. The onshore market hosts unique home-grown firms. Investing across both provides broad coverage.

- **Underrepresented** – Chinese equities are not fully represented in global indexes in line with the strength of China's economy and financial markets. It means China presents a good opportunity for global investors to diversify.
- **Both onshore and offshore markets offer structural growth opportunities** – from rising wealth and improving living standards in China as domestic consumers moves rapidly towards higher value goods and services.
- **Cheap** – China's All Share market is also cheap historically and relative to the rest of the world.

### Why invest in China now?

We believe now could be a great time to invest in long-term structural growth in China. We favour these five themes:

**Aspiration** – rising affluence is leading to fast growth in premium consumption in areas including travel, food and beverages and consumer electronics.

**Digital** – increasing connectivity amid the widespread adoption of technology means a bright future for plays on cybersecurity, the cloud, software as a service and smart homes.

<sup>1</sup> abrdn, 30 June 2023.

# abrdn SICAV I – All China Sustainable Equity Fund

**Green** – policymakers globally are committing to a greener and lower carbon world and China is in the driver’s seat. Plays on renewable energy, batteries, electric vehicles and related infrastructure offer great potential. Grid parity, when renewable energy is the same as existing power from the grid, could be game-changing.

**Health** – fast-increasing disposable incomes are driving demand for healthcare products and services. The opportunity set is diverse. Our holdings include a leading hospital, a medical equipment maker, a contract research provider and drug and supplement producers.

**Wealth** – growing prosperity means structural growth for consumer finance, investment services and insurance.

## Why invest in the abrdn strategy?

- In our view, you will gain access to all our China investment team’s **best investment ideas** – representing the China opportunity in full.
- We’ve been **investing in China for over 31 years**.
- We have a **strong presence on the ground**. We have 14 Mandarin-speaking investment professionals dedicated to China sitting in Hong Kong, Shanghai and Singapore.
- We have three ESG specialists on the team to drive high-impact company engagements, supported by a **20+ central Sustainability Group**.
- We run a disciplined investment process with a flat, team-based structure. We seek to invest in **high-quality companies** with strong balance sheets, good management, high margins and competitive advantages.
- Importantly, the Fund is classified Article 8 under SFDR.

## ESG integration

We believe that ESG factors are financially material and can affect a company’s performance both positively and negatively. Understanding ESG risks and opportunities is an intrinsic part of our research process, alongside other financial metrics. Informed and constructive engagement with company managements helps us to develop better businesses – potentially protecting and enhancing the value of our clients’ investments.

## Our sustainability approach

As part of our investment process, we apply a negative screen to filter out the companies with the worst ESG scores. As a result of this process, we exclude over 20% of the benchmark holdings. The strategy has a positive ‘tilt’ to companies we identify as being sustainable leaders, sustainable solutions providers and sustainable improvers.

## How do we build the portfolio?

We use the insight from company analysis and engagements to assess the strength of companies’ business models and ensure each investment thesis is watertight. Team-based peer review is essential to determine how much we like an investment prospect and to identify risks. This is how we select our best 30-50 stocks that make up our China All Share portfolio.

## Carbon footprint

The Fund targets a Carbon Intensity that is lower than the benchmark, as measured by the abrdn Carbon Footprint Tool (which uses Trucost data for Scope 1&2 emissions). This tool enables analysis of company, sector and the overall portfolio’s carbon footprint.

## Portfolio in numbers (2023)

01	We’ve invested in China for over 31 years
02	China universe spans nearly 6,000 stocks
03	We invest in our best 30-50 ideas
04	Dedicated team of 14, plus 3 ESG specialists

**“We have an unwavering commitment to finding the highest quality Chinese companies with the strongest growth potential.”**

**Nicholas Yeo**  
Head of Equities, China

### Investment Objective

The Fund aims to achieve a combination of growth and income by investing in companies in China, which adhere to the abrdn All China Sustainable Equity Investment Approach.

The Fund aims to outperform the MSCI China All Shares Index (USD) benchmark before charges.

**Fund manager(s)** Asia Pacific Equity Team

**Launch date** 28 March 2006

**Fund size** USD 285.7m

**Number of holdings** 30-50

Source: abrdn, 30 September 2023.

### Risk factors you should consider before investing:

- The Fund invests in equity and equity related securities. These are sensitive to variations in the stock markets which can be volatile and change substantially in short periods of time.
- A concentrated portfolio may be more volatile and less liquid than a more broadly diversified one. The fund's investments are concentrated in a particular country or sector.
- The Fund invests in Chinese equities. Investing in China involves a greater risk of loss than investing in more developed markets due to, among other factors, greater government intervention, tax, economic, foreign exchange, liquidity and regulatory risks.

- Investing in China A shares involves special considerations and risks, including greater price volatility, a less developed regulatory and legal framework, exchange rate risk/controls, settlement, tax, quota, liquidity and regulatory risks.
- The Fund may invest in companies with Variable Interest Entity (VIE) structures in order to gain exposure to industries with foreign ownership restrictions. There is a risk that investments in these structures may be adversely affected by changes in the legal and regulatory framework.
- Applying ESG and sustainability criteria in the investment process may result in the exclusion of securities within the fund's benchmark or universe of potential investments. The interpretation of ESG and sustainability criteria is subjective meaning that the fund may invest in companies which similar funds do not (and thus perform differently) and which do not align with the personal views of any individual investor.
- The use of derivatives carries the risk of reduced liquidity, substantial loss and increased volatility in adverse market conditions, such as a failure amongst market participants. The use of derivatives may result in the fund being leveraged (where market exposure and thus the potential for loss by the fund exceeds the amount it has invested) and in these market conditions the effect of leverage will be to magnify losses.

To help you understand this fund and for a full explanation of risks and the overall risk profile of this fund and the share classes within it, please refer to the Key Investor Information Documents available in the local language, and Prospectus available in English, which are available on our website [abrdn.com](http://abrdn.com). The Prospectus also contains a glossary of key terms used in this document. A summary of investor rights can be found in English on our website [abrdn.com/corporate/legal](http://abrdn.com/corporate/legal).



### Important Information

**The value of investments and the income from them can go down as well as up and investors may get back less than the amount invested. Past performance is not a guide to future results.**

The Fund is a sub-fund of a abrdn SICAV I, a Luxembourg-domiciled UCITS fund, incorporated as a Société Anonyme and organized as a Société d'Investissement à Capital Variable (a "SICAV"). A summary of investor rights can be found in English on our website [abrdn.com/corporate/legal](http://abrdn.com/corporate/legal). Any decision to invest should take into account all objectives of the fund. To help you understand this Fund and for a full explanation of risks and the overall risk profile of this fund and the shareclasses within it, please refer to the Key Investor Information Documents available in the local language, and Prospectus available in English, which are available on our website [abrdn.com](http://abrdn.com). The Prospectus also contains a glossary of key terms used in this document. This Fund concerns the acquisition of units or shares in a fund, and not in a given underlying asset such as a building or shares of a company.

Details of our Sustainable and Responsible Investment Approach are published at [abrdn.com](http://abrdn.com) under Sustainable Investing.

**In Spain**, abrdn SICAV I has been registered with the Comisión Nacional del Mercado de Valores under the number 107.

**In the United Kingdom**: Deemed authorised and regulated by the Financial Conduct Authority. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority's website. Under Luxembourg law, there is no compensation scheme available to UK investors in funds managed by such firms, which includes this Fund.

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