

For professional investors only (in Switzerland for qualified investors). Not for use by retail investors. This is a marketing communication. Please refer to the fund's prospectus and Key Investor Information Document (KIID) or Key Investor Document (KID) as applicable before making any final investment decision.

French Investors should note that, relative to the expectations of the Autorité des Marchés Financiers, this fund presents disproportionate communication on the consideration of non-financial criteria in its investment policy.

Reasons why abrnd Global Real Estate Active Thematics (GREAT) UCITS ETF

April 2024

Why invest now?

1. REITs have historically performed well after a rate-hiking cycle
2. REITs are well-positioned to benefit from their robust balance sheets
3. Thematics are expected to continue to drive asset-class performance

Why consider this Fund?

1. An active strategy enables the Fund to take advantage of a continued polarisation in sector returns to potentially deliver outperformance for investors
2. A research-based approach which leverages abrnd's proprietary Global Real Estate HouseView
3. Low-cost proposition that is priced on a par with passive equivalents

[abrnd.com](https://www.abrnd.com)



Why invest now?

1) REITs have historically performed well after a rate-hiking cycle

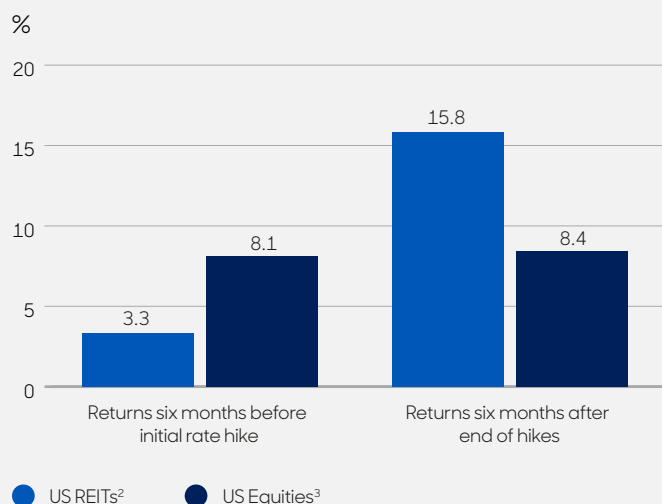
Developed market interest rates climbed sharply over 2022 and into 2023. The current market consensus is that the rate-hiking cycle has peaked. The focus is now on when, not if, the Federal Reserve (Fed) will commence policy easing.

At its recent Federal Open Market Committee meeting, the Fed warned that rate cuts were 'unlikely' in the immediate future. The central bank is keen to see further evidence that inflation has slowed to target before easing. We expect the Fed to commence rate cuts over the second half of 2024 – although moves will remain data-dependent.

Historical research shows that over the 12 months when a real estate cycle begins to move from trough to recovery, listed real estate securities have tended to outperform general equities and private real estate. This is because of the correlation between bond yields and real estate valuations. The two asset classes share similar characteristics, such as long duration and predictable cashflows.

This dynamic unfolded over the latter part of 2023. The FTSE EPRA NAREIT Developed Net Return Index outperformed the MSCI World, in USD terms, over both November (+1.25 basis points (bps)) and December (455bps). Historical research suggests this trend is likely to continue when the Fed commences its cutting cycle later.

Average returns during hiking period cycles¹



Source: abrdn, FTSE, April 2024.

¹Returns represent average of hiking period cycles covering February 1994–March 1995, July 1999–June 2000, July 2004–August 2006, and December 2016–February 2019.

²U.S. REITs are represented by the FTSE Nareit All Equity REITs Index. Returns shown are average non-annualised total returns.

³U.S. equities are represented by the S&P 500 Index. Returns shown are average non-annualised total returns. For illustrative purposes only. No assumptions regarding future performance should be made. Source abrdn, January 2024.





2) REITs are well-positioned to benefit from their robust balance sheets

We maintain that REITs are well-positioned to withstand volatility in the wider commercial real estate lending market. This is due to their robust balance sheets, which have evolved and largely improved across several metrics since the global financial crisis (GFC).

Loan-to-values have decreased over the past 10-15 years and currently average around 36% for the listed real estate market. This figure was closer to c.45% before the GFC.

Importantly, almost 90% of this debt is at a fixed rate. This compares favourably against the broader private real estate market where the equivalent figure is closer to c.50%.

The weighted average maturity of this debt has lengthened to nearly seven years, up from five years before the GFC. One would therefore expect the refinancing risks for REITs to fall compared to their private market counterparts.

REITs are on a stronger financial footing. They've been able to take advantage of the recent private real estate correction and deploy capital in the market. As such, we've witnessed several high-profile acquisitions by publicly traded REITs into preferred sectors such as self-storage, industrials, and gaming.

3) Thematics are expected to continue to drive asset-class performance

Real estate thematics are powerful structural drivers of demand. They are less affected by market and economic cycles and are expected to be highly influential for future asset-class performance. The listed real estate sector can provide investors with fast and efficient access to those real estate companies with a specific focus on areas of the market that are aligned with these thematic trends.

Technology

At abrdn, we've identified three trends shaping the outlook for the real estate market. First is technology. Driving this is the exponential increase in data generation, usage, and storage. According to Statista, the amount of data created, captured, copied, and consumed worldwide by 2025 will be 90 times larger than the data generated via these sources in 2010.

This is relevant for real estate. The digital infrastructure to provide and support this data is housed in physical data centres. Meanwhile, cell tower providers will benefit from the exponential growth of 5G mobile subscriptions. Industrial and logistics infrastructure are also expected to benefit given the continued growth in e-commerce. This includes regional distribution centres, smaller edge-of-town delivery units and last-mile delivery hubs. Ongoing demand for these types of assets has helped the industrials sector outperform the All Property benchmark over the past decade.

Demographics

The second thematic trend is changing demographics and a slowly aging global population. Average life expectancy rates are increasing year-on-year. At the same time, seniors are choosing different lifestyle options. The built environment is evolving and adapting to cater for these demographical changes.

This aging trend is already impacting the kind of real estate that will be in demand in the future, including senior housing and assisted-living assets. Health concerns due to longevity will also see an increased need for healthcare and life-science facilities. Demographic pressures are also affecting the residential sector. More people are looking to start families and move into larger accommodation. However, there's a housing shortage due to limited construction and a lack of older generations downsizing. This is particularly pronounced in larger cities. On top of this, unaffordability and lifestyle choices mean younger people increasingly rent. This has, and will be, a positive for the private rented sector.

Sustainability

The third trend we think will have the biggest impact on real estate is climate and carbon risk. How 'green' a building is will determine its future viability and how beneficial it will be to portfolio performance. The physical effects of climate change are clear. The pressure on businesses and households to reduce carbon emissions has grown. Governments have tightened regulations in response. These, combined with the capital expenditure needed to reduce real estate carbon emissions, are changing the face of the sector. Higher-specification, more sustainable assets command a premium.

abrdn Global Real Estate Active Thematics (GREAT) UCITS ETF



By contrast, polluting assets are increasingly vulnerable to price reductions. As regulatory pressures intensify and investors become more proficient at estimating the future costs associated with sustainable and non-sustainable buildings, there is likely to be more of a divergence between assets. Those that can be made more sustainable will benefit. The rest of the market will face the increasing probability of obsolescence as a result of punitive future costs, less demand from tenants and larger pricing discounts.

Why consider this Fund?

1) An active strategy enables the Fund to take advantage of a continued polarisation in sector returns to potentially deliver outperformance for investors

The Global Real Estate Active Thematics (GREAT) UCITS ETF is a differentiated product from what's currently available in the EMEA real estate ETF market. The GREAT ETF is an active strategy that is positioned with a view to the future. It aims to outperform the FTSE EPRA NAREIT Developed Net Return Index by targeting the highest conviction calls that have been identified by abrdn's Global Real Estate Research and Strategy team. Specifically, those areas of the market that are expected to be underpinned by the long-term global thematic trends: technology, demographics and sustainability.

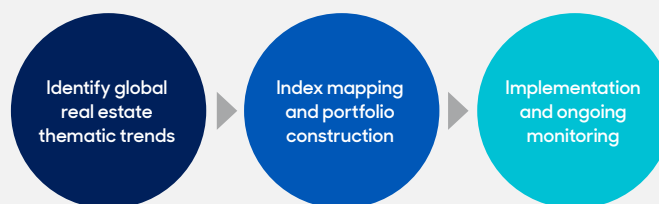
Given the importance of sustainability, the strategy adopts an ESG-focused investment framework. This considers qualitative factors and binary exclusions, which ensures the Fund is SFDR Article 8 compliant.

We believe an active strategy is particularly relevant given the polarisation across the market. There is significant dispersion in performance across the different sectors of the real estate market. This creates opportunities for active, research-driven strategies such as GREAT.

Year	Best-performing sector	Worst-performing sector	Dispersion of returns
2023	+35.1% German residential	-57.9% German industrial	92.9%
2022	+28.2% US student housing	-72.7% EU developers	100.9%
2021	+106.7% US mall REITs	-5.5% German residential	112.2%
2020	+24.4% German residential	-58.0% UK retail	82.4%

Source: abrdn, FTSE EPRA NAREIT Developed Index DATA, January 2024.

2) A research-based approach which leverages abrdn's proprietary Global Real Estate HouseView



GREAT leverages abrdn's proprietary Global Real Estate HouseView. This is a dynamic, multi-dimensional global research framework that looks to identify outperforming real estate sectors and segments of the future. The HouseView highlights long-term real estate themes and shorter-term opportunities. It contains collaborative insights from across the Real Estate Strategy, Research and Global Fund Management teams. These teams work closely with the abrdn Global Macro Research team and the strategic asset allocation team. The HouseView currently researches 28 markets globally, across the US, UK, Europe and Asia Pacific. It ranks more than 280 market segments based on their projected returns over three years.



abrdn Global Real Estate Active Thematics (GREAT) UCITS ETF



The next step in the investment process involves our Global Real Estate Securities team. They map the index constituents of the FTSE EPRA NAREIT Developed Index, and non-index real estate companies, onto the HouseView sectors and segments. This model portfolio is built on a look-through basis. It considers the underlying exposures of these companies and utilises the team's company-specific insights and in-depth market knowledge.

The HouseView is a powerful tool. GREAT uses it to influence portfolio positioning by proactively tilting exposures in favour of those HouseView sectors that the Research team forecasts will outperform. It also looks to reduce exposure to those sectors our HouseView forecasts to underperform. A balanced exposure is maintained where the outlook is neutral, or where there is no HouseView coverage.

The final portfolio construction is subject to risk optimisation, which is performed by the abrdn Quantitative Investing team. The strategy is rebalanced quarterly and positions are updated in line with changes in the HouseView forecasts. We believe this holistic investment approach provides the greatest levels of flexibility to exploit opportunities across the real estate market and unlock through-the-cycle returns for investors.

The outperformance of the GREAT ETF, as shown below, is a testament to the robustness and accuracy of the Global Real Estate HouseView, which has a historical strike rate of 72%¹ over the last 18 years.

Fund Performance vs Benchmark	Since Inception (%)
Gross Daily Time Weighted Return	3.28
Share Price Return	2.88
NAV Return	2.27
FTSE EPRA Nareit Developed Net Return	1.82

Relative Performance vs Benchmark	Since Inception (%)
Geometric Relative Return v GDTW	+1.44
Geometric Relative Return v Share Price	+1.05
Geometric Relative Return v NAV	+0.45

Source: abrdn & FTSE, figures to end February. Inception date 01/03/23.

¹ More than 72% of the 525 sector recommendations that have been made across the four regions (UK, Europe, APAC & North America) between 2004-2022 have correlated with outperformance relative to the respective regional benchmark in the case of overweight recommendations, and underperformance where an underweight was the recommendation.

Past performance does not predict future returns.

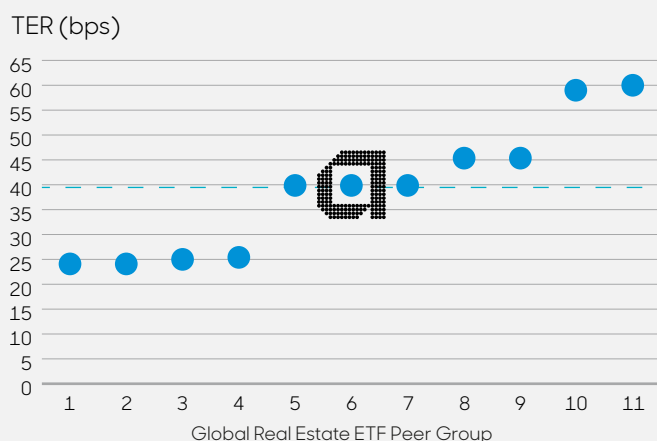
3) Low-cost proposition that is priced on a par with passive equivalents

GREAT is an active strategy that is priced on a par with passive ETF equivalents given its Total Expense Ratio (TER) of 40bps.

There's a broad spread of charges across the immediate peer group of passive global real estate ETF strategies. These charges range from 24bps TER at the lower end, up to 60bps TER at the upper end. The average TER of the 11 passive global real estate ETFs is 39bps.

The GREAT ETF is the only active strategy amongst its immediate peer group, yet it is priced competitively versus its passive equivalents.

Total Expense Ratios (TER)



Source: abrdn, ETFBook, February 2024.



abrdn Global Real Estate Active Thematics (GREAT) UCITS ETF



Key facts

Investment objective	To generate growth over the long term (five years or more), by investing in listed real estate investment trusts (REITs) and equities (company shares) of companies engaged in real estate-related activities globally
Performance target	To outperform the FTSE EPRA NAREIT Developed Net Index before charges. There is, however, no certainty or promise that the Fund will achieve the Performance Target. The Investment Manager believes this is an appropriate target for the Fund based on the investment policy of the Fund and the constituents of the Benchmark Index.
Benchmark index	FTSE EPRA NAREIT Developed Net Index
Fund structure	UCITS ETF
Ticker	R8TA (USD), R8T (EUR), AREG (GBP)
Rebalancing	Quarterly
SFDR classification	Article 8
Base currency	USD (No FX hedging within the portfolio)
TER	0.40%
Regulated markets	Deutsche Borse (Xetra), London Stock Exchange

Source: abrdn, February 2024.

Discrete Performance Summary (%)

Discrete annual returns to end February:	2024	2023	2022	2021	2020	Relative Performance vs Benchmark	2024	2023	2022	2021	2020
Gross Daily Time Weighted Return	3.28	-	-	-	-	Geometric Relative Return v GDTW	+1.44	-	-	-	-
Share Price Return	2.88	-	-	-	-	Geometric Relative Return v Share Price	+1.05	-	-	-	-
NAV Return	2.27	-	-	-	-	Geometric Relative Return v NAV	+0.45	-	-	-	-
FTSE EPRA Nareit Developed Net Return	1.82	-	-	-	-						

Source: abrdn & FTSE, figures from 01/03/2023 to 29/02/2024.

Past performance does not predict future returns.



Risk factors you should consider before investing

Risks

All investment involves risk. This fund offers no guarantee against loss or that the fund's objective will be attained. The price of assets and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment. Inflation reduces the buying power of your investment and income. The value of assets held in the fund may rise and fall as a result of exchange rate fluctuations.

Equity risk

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.

Concentration risk

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 closely related group of industries or sectors.

ESG risk

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.

Real estate investment trust risk

Dividend payment policies of the REITs in which the fund invests are not representative of the dividend payment policy of the fund.

Derivative risk

The use of derivatives carries the risk of reduced liquidity, substantial loss and increased volatility in adverse market conditions, such as a failure among 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.



Important information

The fund is a sub fund of abrdrn III ICAV, an open-ended umbrella fund which is regulated by the Central Bank of Ireland and with segregated liability between sub-funds registered in the Republic of Ireland (no. C469164) at 70 Sir John Rogerson's Quay, Dublin 2.

This fund is categorised as Article 8 under SFDR. Details of abrdrn's Sustainable and Responsible Investment Approach are published at abrdrn.com under Sustainable Investing.

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 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 abrdrn.com. The Prospectus also contains a glossary of key terms used in this document.

Fund is traded on Deutsche Borse (Xetra) and the London Stock Exchange.

A summary of investor rights can be found in English under Group Policies on the Manager's [website](http://abrdrn.com)

This information is intended to be of general interest only and should not be considered as an offer, investment recommendation or solicitation to deal in the shares of any securities or financial instruments. Subscriptions for shares in the fund may only be made on the basis of the latest prospectus, relevant Key Investor Information Document (KIID) or Key Investor Document (KID) as applicable and, in the case of UK investors, the Supplementary Information (SID) for the fund which provides additional information as well as the risks of investing. These may be obtained free of charge from abrdrn. All documents are also available on abrdrn.com.

Further information about the abrdn Global Real Estate Active Thematics UCITS ETF can be obtained from the prospectus, supplement to the prospectus and latest annual and semi-annual reports once available. These documents are available in English, are free of charge and can be obtained along with other information such as unit prices, from www.abrdn.com, the Manager, or the **Paying agent: EU/EEA territories: europeanfacilitiesagent@carnegroup.com UK facilities agent: UKfacilities@carnegroup.com**

The Manager may terminate arrangements for marketing the fund under the Cross-border Distribution Directive denotification process.

In the United Kingdom: The conditions set out in regulation 63 of the Collective Investment Schemes (Amendment etc.) (EU Exit) Regulations 2019 have been satisfied with respect to the fund, with the result that the fund is treated as a recognised scheme for the purposes of Part XVII of the Financial Services and Markets Act 2000. For so long as the fund is treated as a recognised scheme, the fund may be promoted, and Shares in the fund may be marketed, to the general public in the United Kingdom, notwithstanding the United Kingdom's withdrawal from the European Union. This document and the information contained herein may only be distributed by an Authorised Person in accordance with the FCA rules.

The fund has been authorised for public sale in certain jurisdictions and private placement exemptions may be available in others. It is not intended for distribution or use by any person or entity that is a citizen or resident of or located in any jurisdiction where such distribution, publication or use would be prohibited.

Any data contained herein which is attributed to a third party ("Third Party Data") is the property of (a) third party supplier(s) (the "Owner") and is licensed for use by abrdn*. Third Party Data may not be copied or distributed. Third Party Data is provided "as is" and is not warranted to be accurate, complete or timely. To the extent permitted by applicable law, none of the Owner, abrdn* or any other third party (including any third party involved in providing and/or compiling Third Party Data) shall have any liability for Third Party Data or for any use made of Third Party Data. Neither the Owner nor any other third party sponsors, endorses or promotes the fund or product to which Third Party Data relates.

* abrdn means the relevant member of abrdn group, being abrdn plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

FTSE International Limited ("FTSE") © FTSE 2024. "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under license. All Rights in the FTSE indices and / or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for the errors or omissions in the FTSE indices and / or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

Before making an investment in the fund, investors should take steps to ensure that they fully understand the investment risks associated with the fund and have made an independent assessment of the appropriateness of an investment in the fund in light of their own objectives and circumstances.

abrdn Investments Limited or any other party is not acting as your financial adviser or in any other fiduciary capacity in respect to this proposed transaction. The information contained in this document is based on material Carne Global Fund Managers (Ireland) Limited and abrdn Investments Limited believe to be reliable.

The information contained in this document is not complete and is subject to updating, completion, modification and amendment. Assumptions, estimates, and opinions contained in this document are subject to change without notice. Please note that no representation is being made that the fund is likely to achieve returns in the future similar to any other funds for which abrdn Investments Limited or any other member of abrdn Group is Investment Manager or Distributor. abrdn Group comprises abrdn plc and its subsidiaries.

Opinions expressed above are subject to change without notice and do not take in to account the particular investment objectives, financial situation or needs of individual investors. The communication may only be transmitted to persons to which the Manager or the Investment Manager reasonably believe they are permitted to communicate financial promotions related to the fund or otherwise promote the fund.

Austria, Denmark, Finland, France, Germany, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Sweden & United Kingdom: abrdn Investments Limited is registered in Scotland (SC108419) at 1 George Street, Edinburgh, EH2 2LL. It is authorised and regulated in the United Kingdom by the Financial Conduct Authority and is the **Investment Manager** and **Distributor** for abrdn III ICAV. Carne Global Fund Managers (Ireland) Limited, registered in the Republic of Ireland (Company no. 377914) at 2nd Floor, Block E Iveagh Court, Harcourt Road, Dublin 2. It is regulated by the Central Bank of Ireland and is the Authorised Investment Fund Manager ("the **Manager**") for abrdn III ICAV.

For more information visit abrdn.com

abrdn.com

STA0424023200-001