For professional investors only.
Not for use by retail investors.

# abrdn Multi-Sector Credit Fund

January 2024

## Key features

| | | | | |
|---|---|---|---|---|
| Well-diversified across global fixed income | Focus on Stock selection | Short-to-medium term duration & moderate volatility | High (investment grade) average credit rating | Multiple potential alpha sources |

## Fund objective

**To exceed the return of SONIA[1] by 2.50% p.a. over rolling five-year periods (gross)**

## Why should UK pension schemes consider the abrdn Multi-Sector Credit Fund?

**Genesis of Fund – designed for Defined Benefit and Defined Contribution pension schemes**

- The Fund addresses the demand for liquid multi-sector credit solutions. Targeting the ground between traditional sterling buy-and-maintain and higher risk multi-sector credit products, the Fund aims to target a spread pick-up of at least 100bps over sterling Investment Grade (IG) bonds.
- The Fund will seek to deliver superior risk-adjusted returns to sterling IG, but without the higher levels of risk often associated with the multi-sector credit funds.

**Diversifying away from traditional sterling assets**

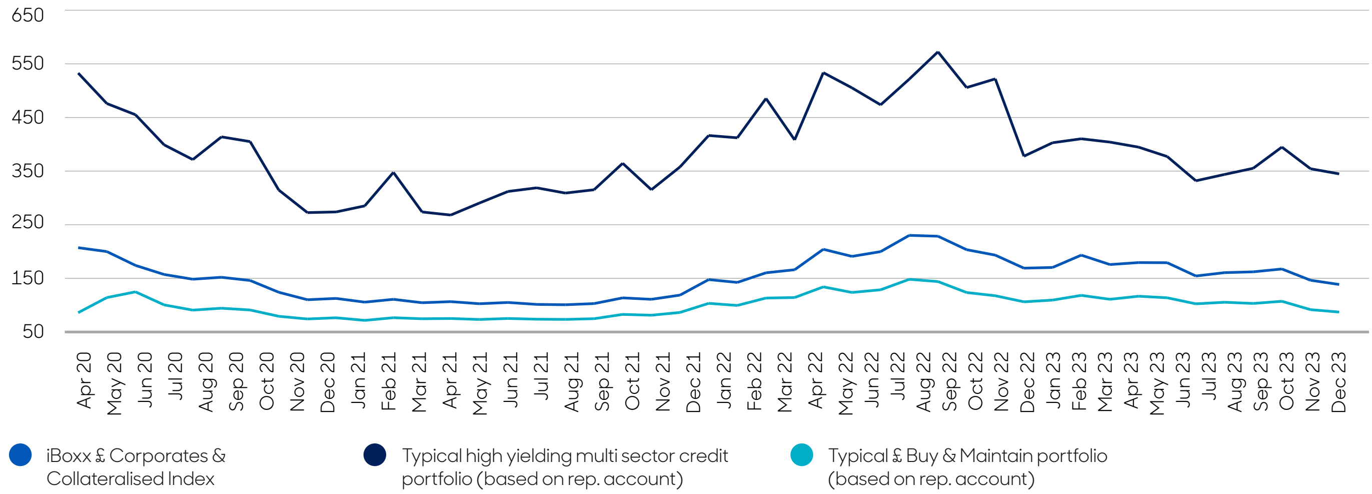
- No reliance on any single market, such as sterling credits.
- Exposure to US, Europe and Emerging Market (EM) fixed income markets, resulting in improved diversification and lower sector and stock risks.
- The Fund has the ability to invest across a wide spectrum of fixed income asset classes, including IG, high yield, leverage loans, EM corporates, Asian Credit, floating-rate asset backed security, subordinated financials and corporate hybrids.

[1] SONIA is the Bank of England's risk-free interest rate for sterling markets.

# abrdn Multi-Sector Credit Fund

**abrdn Multi-Sector Credit Fund targets the ground between traditional sterling buy-and-maintain and higher risk multi-sector credit products'**

Option Adjusted Spread, bps




Source: 31 December 2023.

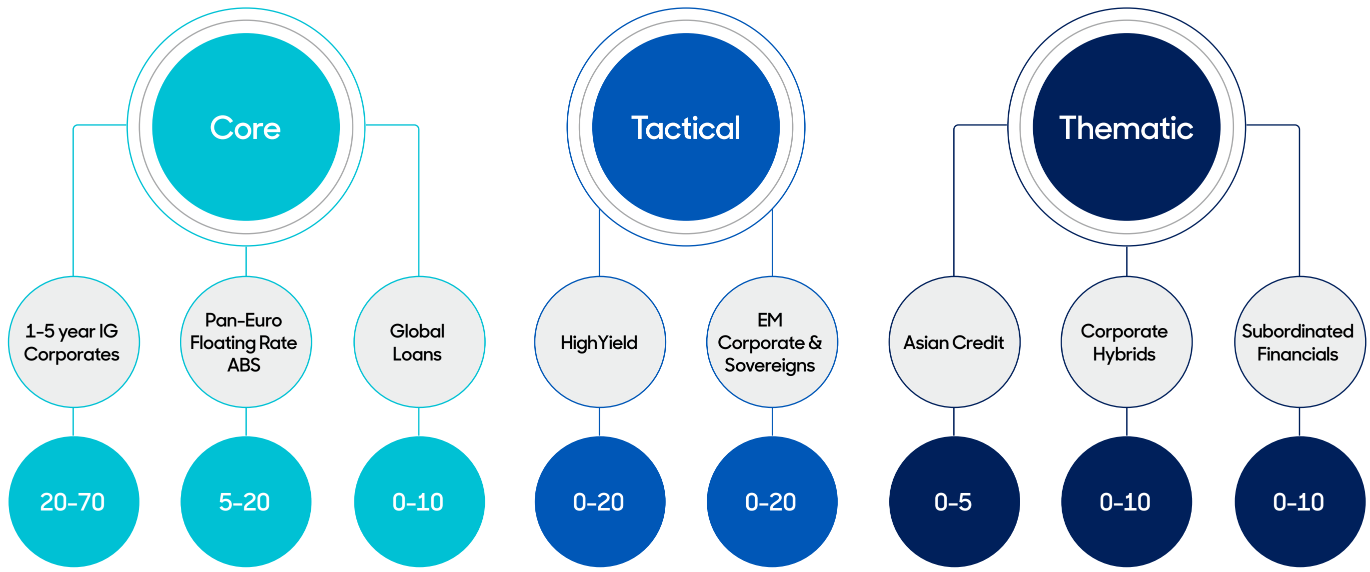
**Attractive yield, but without compromising on liquidity**

- Liquid multi-sector credit solution; no private credit assets owned.
- Higher yielding allocations are underpinned by core holdings in stable, short-dated credits.

**Navigating the cycle**

- Flexibility to adjust the asset allocation with the aim of delivering attractive returns across the market cycle, and reducing the potential cyclicality of single fixed income asset classes.
- Ability to opportunistically reach further down the risk spectrum in valuation dislocation periods.

**Core exposure coupled with tactical and thematic flexibility**




Flexibility %

# abrdn Multi-Sector Credit Fund

## Overview of investment approach

The Fund has a clear asset allocation framework and methodology for adjusting the overall risk profile in order to navigate different market conditions. The Fund has clearly defined upper and lower risk profiles to act as guardrails.

As shown below, asset allocation across credit sectors is categorised into three key building blocks: Core, Tactical and Thematic.


## Why consider abrdn for multi-sector?

**£126.7bn in AUM, with strong capabilities across the fixed income asset class**

- A multi-sector fund demands experience across the global fixed income landscape; from IG to High Yield, from EM to developed markets and public to private, abrdn invests across the full spectrum of fixed income assets, many of which are rated by global consultants.

**Over 140 fixed income investment professionals across the globe**

- A global opportunity set requires significant global research resources and local knowledge. abrdn has investment professionals located across the globe providing insights into local fixed income markets.

**Dynamic asset allocation**

- Clear framework for adjusting the Fund's risk profile to add value across the market cycle.

**Multiple potential sources of alpha generation**

- The risk profile of the Fund and allocative flexibility will be key drivers of returns.
- Bottom-up credit selection provides access to abrdn's best credit ideas.

As at June 2023.

## Fund Summary

| | |
|---|---|
| **Investment strategy** | Dynamic and diversified access to global credit markets which is focussed on offering good liquidity, low volatility, an average investment grade rating and a short-to-medium term interest rate risk profile |
| **Return objective** | To exceed the return of SONIA by 2.50% p.a. over rolling five-year periods, on a gross basis |
| **Average credit rating** | Investment grade (BBB) |
| **Duration** | 2-5 years |
| **Vehicle** | UK OEIC (NURS) |
| **Base currency** | GBP |
| **Share classes** | Accumulation or income |
| **AMC** | 25bps |

**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.**

- **Credit risk -** The fund invests in securities which are subject to the risk that the issuer may default on interest or capital payments.
- **Interest rate risk -** The fund price can go up or down daily for a variety of reasons including changes in interest rates, inflation expectations or the perceived credit quality of individual countries or securities.
- **High Yield Credit risk -** The fund invests in high yielding bonds which carry a greater risk of default than those with lower yields.
- **Emerging Markets risk -** The fund invests in emerging market equities and / or bonds. Investing in emerging markets involves a greater risk of loss than investing in more developed markets due to, among other factors, greater political, tax, economic, foreign exchange, liquidity and regulatory risks.
- **Asset Backed / Mortgage Backed Securities** - The fund invests in mortgage and asset-backed securities (which may include collateralised loan, debt or mortgage obligations (respectively CLOs, CDOs or CMOs)). These are subject to prepayment and extension risk and additional liquidity and default risk compared to other credit securities.
- **Derivatives risk -** 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.
- **Convertible Securities and CoCos risk -** Convertible securities are investments that can be changed into another form upon certain triggers. As such, they can exhibit credit, equity and fixed interest risk. Contingent convertible securities (CoCos) are similar to convertible securities but have additional triggers which mean that they are more vulnerable to losses and volatile price movements and hence become less liquid.
- More details of the risks applicable to this fund can be found in the Key Investor Information Document (KIID) and Prospectus, both of which are available on request or at our website **abrdn.com**

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