

**SHINING A LIGHT ON THE.....
Abrdn UK Mid-Cap Equity Fund**

AT A GLANCE

Investment Objective
To generate growth over the long term (5 years or more) by investing in UK mid-capitalization equities (company shares). The fund will invest at least 60% in mid-capitalisation equities and equity related securities of companies listed, incorporated or domiciled in the UK or companies that derive a significant proportion of their revenues or profits from UK operations or have a significant proportion of their assets there.

Inception Date	31 st January 1995
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000P8DU

Management	
Manager Name	Start Date
Abby Glennie	22 nd August 2018
Amanda Yeaman	20 th May 2020

FUND PERFORMANCE

Performance from 1st January 2016 to 31st October 2021:

	2016	2017	2018	2019	2020	2021
Abrdn UK Mid-Cap Equity Fund	10.17%	15.33%	-9.08%	38.99%	4.25%	15.88%
FTSE 250 ex IT TR	5.08%	18.24%	-15.15%	30.79%	-8.48%	16.56%

Performance over 12 months, 3 years, 5 years and since fund manager inception:

	1 year	3 years	5 years	Since fund manager inception
Abrdn UK Mid-Cap Equity Fund	28.07%	60.55%	84.02%	45.33%
FTSE 250 ex IT TR	41.97%	28.36%	45.05%	17.67%

You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

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Tracking Error	Information Ratio	Active Share	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
10.34	0.81	-	92.90	58.58	52.78	0.75	9.40	Mid Growth /

Volatility Measurements	
3-Yr Std Dev (volatility)	18.60%
3-Yr Mean Return (average)	17.09%

Investment Style Details	
Giant	0.00%
Large	2.67%
Medium	54.85%
Small	39.29%
Micro	0.77%

Top 5 Holdings – 55 Equity Holdings		
Future PLC	Communication Services	4.04%
Kainos Group PLC	Technology	4.03%
Keywords Studios PLC	Communication Services	3.59%
Impax Asset Management Group PLC	Financial Services	3.24%
Aberdeen Standard Liqdy (Lux) S...	-	3.24%

Top 5 Sectors	
Technology	25.48%
Financial Services	14.23%
Communication Services	13.65%
Industrials	12.46%
Consumer Cyclical	11.55%

UPDATE....

Abrdn have built an excellent small and mid-cap team over many years. Harry Nimmo has been the face of this for many years but has stepped back to allow other members of the team to come forward. The process across all the strategies starts with the matrix, which is run and controlled by the equity quant team. This is the screening tool and takes out the emotional attachment to any company. Only those companies that score well come to the team for further analysis.

Abby has worked at abrdn for 8 years, and with Harry for 6 years. She took over the strategy in 2018. Amanda originally worked on the sales side before coming across to abrdn. She has worked with the team for just over two years and became co-manager in 2020. This is her first management role. This is a small team of nine who work across European, Global and UK strategies. The team have a distinct process and the culture within the team is really important. They have lost a couple of members, including the manager of the Global Smaller Companies Fund, but this hasn't impacted the team because of the structure they have.

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They are focused on stock picking and therefore are benchmark agnostic. The three areas of focus are quality, growth, and momentum. They avoid heavily indebted companies or blue-sky ideas. They look to avoid those that are under threat from new entrants and will remove companies where they have deteriorating matrix scores.

One example is AO World, which they have held since it was listed in 2014 and the founder left. When a new team came on board the business started to deteriorate, and when the original team returned this flagged positively. The company did well during COVID but has issued profit warnings on supply chain issues and changes in the German market which have created uncertainty for the company. For that reason, they have sold out of that holding on deteriorating scores.

They like founder owner businesses or those with management teams that they know well and are happy to run winners. We talked about ESG, and they explained that a lot of the work in the past focused around governance and now there is greater focus on the environmental and social aspect. They believe this just enhances the process and is an extension to what they were already doing.

Ultimately, they are looking for the very best companies and if something doesn't feel right then they are not under pressure to hold it. So, although ESG seems new it has always been part of what they do, they have just enhanced the process.

The strategy has a mix of themes across digitisation, relevant retail, relationships matter and specialist asset managers. Example holdings include Impax Asset Management who are a specialist impact fund manager specialising in the transition to a sustainable economy, and Liontrust who have a specialist sustainability team.

They have a mix of dominant UK leaders and exposure to global leaders. Companies like Kainos, Gamma and JD are growing by expanding into international markets.

In summary, this is a well-managed strategy that holds 60% in core mid-cap, including the AIM market. It can hold up to 10% in the FTSE 100 to enable the team to run the winners. Although the Matrix is a key component, ultimately it is the start of the process. With Harry taking a step back this means other members of the team are coming forward and Harry is very much present to hold and guide that team to ensure the process continues when he does eventually leave. In terms of performance, this has delivered strongly since Abby took over and we would be happy to add this to our watchlist.

The source of information in this note has been provided by Abrdn and is correct as of November 2021. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to decide based on these notes we cannot take responsibility for this, and you should carry out your own research before deciding. We would also recommend that you receive advice before following up on any decision.