

**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 May 2022:

	2016	2017	2018	2019	2020	2021	2022
Abrdn UK Mid-Cap Equity Fund	10.17%	15.33%	-9.08%	38.99%	4.25%	18.51%	-28.11%
FTSE 250 ex IT TR	5.08%	18.24%	-15.15%	30.79%	-8.48%	18.36%	-12.18%

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	-22.24%	0.49%	13.82%	6.84%
FTSE 250 ex IT TR	-8.83%	13.20%	11.52%	4.94%

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
11.60	-0.37	-	87.64	102.31	41.67	0.82	(3.09)	Mid Growth /

Volatility Measurements	
3-Yr Std Dev (volatility)	21.03%
3-Yr Mean Return (average)	0.16%

Investment Style Details	
Giant	0.00%
Large	0.00%
Medium	27.43%
Small	68.23%
Micro	2.55%

Top 5 Holdings – 51 Equity Holdings		
Bytes Technology Group PLC Ordin...	Technology	3.88%
Keywords Studios PLC	Communication Services	3.53%
Marshalls PLC	Basic Materials	3.42%
Chemring Group PLC	Industrials	3.39%
Future PLC	Communication Services	3.38%

Top 5 Sectors	
Technology	26.12%
Consumer Cyclical	20.98%
Communication Services	13.30%
Financial Services	11.82%
Consumer Defensive	7.55%

UPDATE....

The UK and small and mid-cap are very much unloved. This fund has been dragged down by this and they believe often the market goes too far. They feel that this could reverse in the second half of 2022. They think that there are quality businesses within the FTSE 250, and it is these companies that they are looking to identify and invest in. They are aware that value as a style is doing well but they are not convinced this is sustainable in the long term.

We discussed ESG and they explained that this doesn't really change what they do. They like founder run businesses and other key quality metrics, none of those factors change. However, many companies now have ESG policies and so it gives another level of access to companies.

They also explained how rating agencies don't really understand many of these businesses and therefore can score companies negatively on ESG because they haven't engaged. The team explained how they have helped companies speak to these rating agencies and therefore been able to add value to the business.

Good companies have seen their valuations come down. Examples like Impax which is a specialist investment manager, Watches of Switzerland and Future are all trading well, but the valuations have

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come down. There are signs that the markets are slowly starting to recognise positive data, and this is where they hope to see that shift to quality which will benefit the strategy.

They explained that the FTSE 250 is a diverse opportunity and one that was able to adapt quickly to change following the pandemic. There is plenty of innovation but it doesn't just have to be about that.

In summary, this has had a difficult period but its focus on quality businesses should set itself up if things change in the second quarter. They have a style that has worked for many years based on facts and back testing and that hasn't changed. They know that the UK and Small and Mid-Cap are unloved, but they believe they have never seen the market so cheap. We continue to hold this on our watchlist.

The source of information in this note has been provided by Abrdn and is correct as of June 2022. 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.