

Abrdn Europe ex UK Equity Fund – September 2023

LWM FUND SPOTLIGHT ABRDN EUROPE EX UK EQUITY FUND

INVESTMENT OBJECTIVE

To generate growth over the long term (5 years or more) by investing in European equities (company shares). Performance Target: To achieve the return of the FTSE World Europe ex UK Index plus 3% per annum over rolling three-year periods (before charges). The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target. The ACD believes this is an appropriate target for the fund based on the investment policy of the fund and the constituents of the index.

INCEPTION DATE	12 th October 2009
FUND FACTSHEET	https://www.trustnet.com/factsheets/o/dz96/aberdeen-european-equity

MANAGEMENT

Manager Name	Start Date
Ben Ritchie	1 st September 2015
Kurt Cruickshank	1 st September 2015
Roseanna Ivory	1 st June 2020

RATIO DATA (3-years)

Alpha	Beta	Max Drawdown	Max Gain	Max Loss	Negative Periods	Positive Periods	Tracking Error
-4.89	1.07	-27.81	12.44	-14.06	73	83	7.49

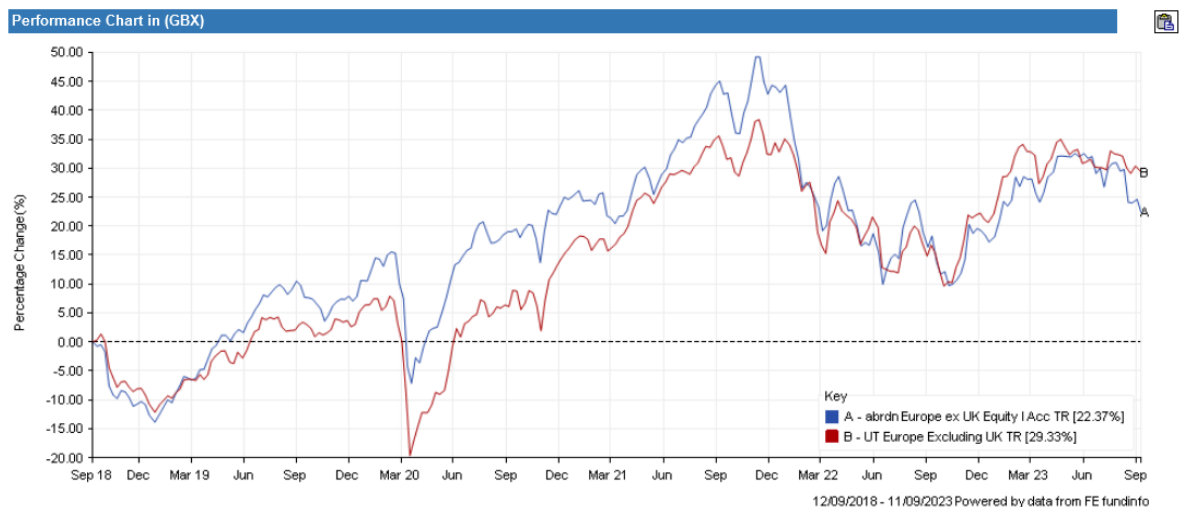
OTHER DATA

Benchmark	FTSE World Europe ex UK
Fund Size	£337.9 million
Fees	0.84% (I Share Class)

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BULL POINTS (PRO)	BEAR POINTS (CONS)
<ul style="list-style-type: none"> Focus on world-class continental European companies. High active share class so different to the benchmark. Concentrated portfolio of circa 30 names. 	<ul style="list-style-type: none"> Fund has significantly underperformed from the end of 2021 to date. Relatively high tracking error which is a guide to volatility and investors not necessarily being rewarded for the additional risk.

FUND PERFORMANCE



Cumulative Performance (GBX)					
	3 Months	6 Months	1 Year	3 Years	5 Years
Fund	-6.59%	-2.59%	3.07%	1.05%	23.60%
Sector	-1.15%	-1.41%	8.87%	17.93%	29.33%
Relative to Sector	-5.50%	-1.19%	-5.33%	-14.32%	-4.43%
Rank in Sector	100 / 105	77 / 105	87 / 101	77 / 85	59 / 78
Fund Quartile	4	3	4	4	4

Performance by Calendar Year in (GBX)					
	YTD	2022	2021	2020	2019
Fund	3.06%	-18.23%	15.16%	14.67%	28.04%
Sector	5.57%	-9.56%	15.74%	10.74%	20.55%
Relative to Sector	-2.38%	-9.59%	-0.50%	3.54%	6.22%
Rank in Sector	81 / 104	81 / 96	59 / 88	23 / 85	9 / 78
Fund Quartile	4	4	3	2	1

Discrete Annual Performance to Last Quarter End (GBX)					
	0-12m	12m-24m	24m-36m	36m-48m	48m-60m
Fund	16.94%	-16.33%	14.56%	9.99%	11.32%
Sector	17.72%	-13.23%	23.77%	1.28%	3.33%
Relative to Sector	-0.67%	-3.57%	-7.44%	8.60%	7.72%
Rank in Sector	66 / 100	68 / 90	81 / 85	11 / 82	4 / 78
Fund Quartile	3	4	4	1	1

Fund Price Movement (GBX)					
12 Month High	286.04 (Pence)		12 Month Low	227.29 (Pence)	
Annualised Ratios Over 36 Months					
	Alpha	Beta	Sharpe	r ²	Volatility
Fund	-3.36	1.08	0.00	0.60	16.85
Fund Quartile	4	2	4	3	3

Please 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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Style Measures

Measures **Market Cap**

Avg Market Cap
40.41 Bil

Category Avg Market Cap
50.13 Bil

Index Avg Market Cap
62.87 Bil

Size	Investment %	Cat. Average %	Index %
Giant	34.11	39.97	46.92
Large	48.30	39.17	42.59
Mid	17.15	14.77	10.49
Small	0.00	0.71	0.00
Micro	0.00	0.04	0.00

GBP | Investment as of 31 Aug 2023 | Category: Europe ex-UK Equity as of 31 Jul 2023 | Index: Morningstar DM Eur xUK TME GR EUR as of 31 Aug 2023 | Data is based on the long position of the equity holdings.

Style Measures

Measures **Market Cap**

Value & Growth Measures	Investment	Cat. Average	Index
Price/Earnings	24.67	14.01	13.02
Price/Book	4.44	2.06	1.86
Price/Sales	2.99	1.30	1.19
Price/Cash Flow	18.34	8.67	7.92
Dividend Yield %	1.88	3.07	3.46
Long-Term Earnings %	17.05	11.24	11.34
Historical Earnings %	14.14	15.13	15.48
Sales Growth %	13.64	10.48	10.80
Cash-Flow Growth %	-3.85	9.17	8.84
Book-Value Growth %	5.04	6.72	6.92

Investment as of 31 Aug 2023 | Category: Europe ex-UK Equity as of 31 Jul 2023 | Index: Morningstar DM Eur xUK TME GR EUR as of 31 Aug 2023 | Data is based on the long position of the equity holdings.

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Holdings

Current Portfolio Date	Equity Holdings	Bond Holdings	Other Holdings	% Assets in Top 10 Holdings	Reported Turnover %
31 Aug 2023	27	0	23	53	14.17

Active Share ⁱ

81.15

Holdings	% Portfolio Weight	First Bought	Market Value GBP as of 31 Aug 2023	CI
Novo Nordisk A/S Class B	8.67	30 Jun 2011	29,909,366	
ASML Holding NV	7.83	31 Jan 2019	27,026,171	
LVMH Moet Hennessy Louis Vuitton SE	6.11	31 Mar 2022	21,067,455	
L'Oreal SA	4.69	30 Jun 2011	16,183,785	
Schneider Electric SE	4.55	30 Nov 2020	15,692,757	
Deutsche Boerse AG	4.39	28 Feb 2018	15,157,144	
Pernod Ricard SA	4.32	31 Oct 2018	14,906,347	
Hannover Rueck SE	4.32	30 Nov 2017	14,900,982	
Edenred SE	4.01	31 Jan 2016	13,828,389	
Straumann Holding AG	3.80	31 Oct 2020	13,117,733	

Holdings as of 31 Aug 2023 | The top 10 largest holdings are available for display across Equity, Bond and Other. Active Share as of 31 Aug 2023. Active Share index: iShares MSCI Europe ex-UK ETF

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Stock Style

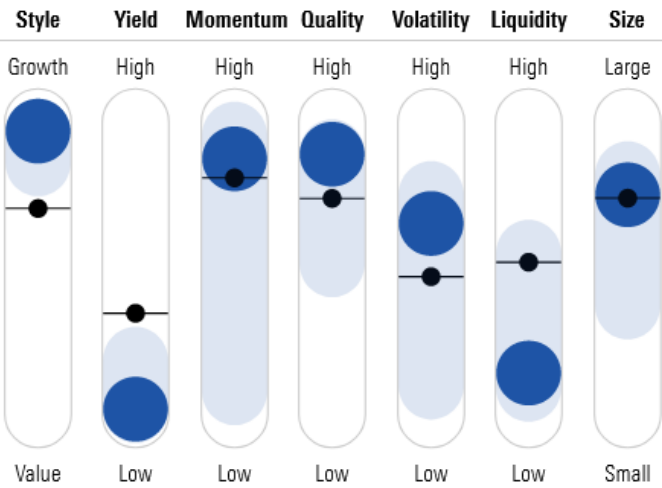
Map Weight Historical



- Centroid
- Ownership Zone
- abrdn Europe ex UK Equity I Acc as of 08/31/2023
- Europe ex-UK Equity as of 07/31/2023
- Morningstar DM Eur xUK TME GR EUR as of 08/31/2023

Factor Profile

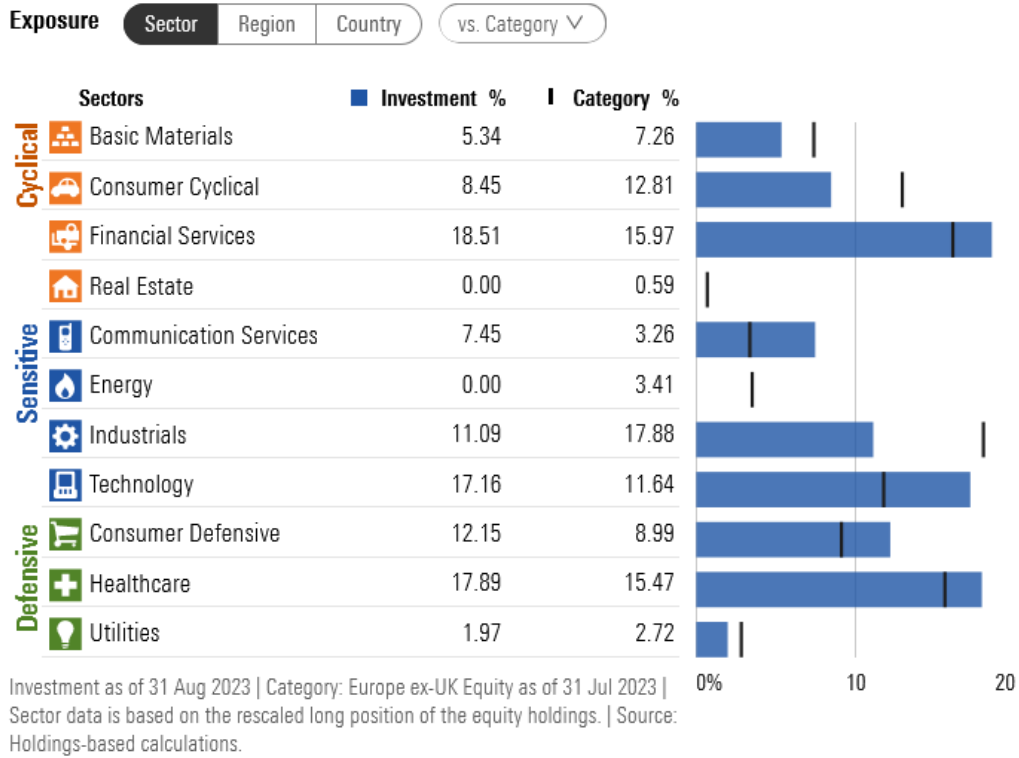
1-Yr 3-Yr 5-Yr vs. Category



- abrdn Europe ex UK Equity I Acc
- 5-Yr Historical Range
- Category Average

Investment as of 30 Jun 2023 | Category: Europe ex-UK Equity as of 30 Jun 2023

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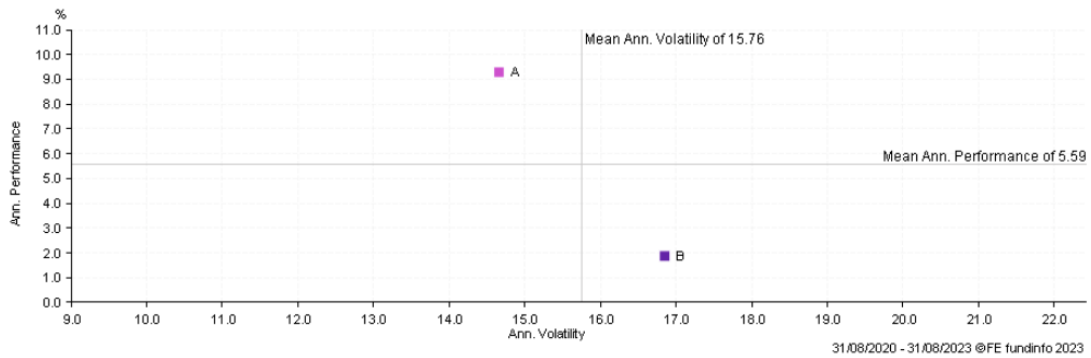
Exposure Sector Region Country vs. Category ▾

Country	Investment %	Category %
France	28.96	24.39
Netherlands	20.01	11.58
Germany	14.15	14.90
Switzerland	13.60	15.57
Denmark	10.68	6.90
Sweden	3.09	5.18
Norway	2.87	1.36
Belgium	2.56	1.54
United Kingdom	2.10	1.74
Italy	1.99	4.69

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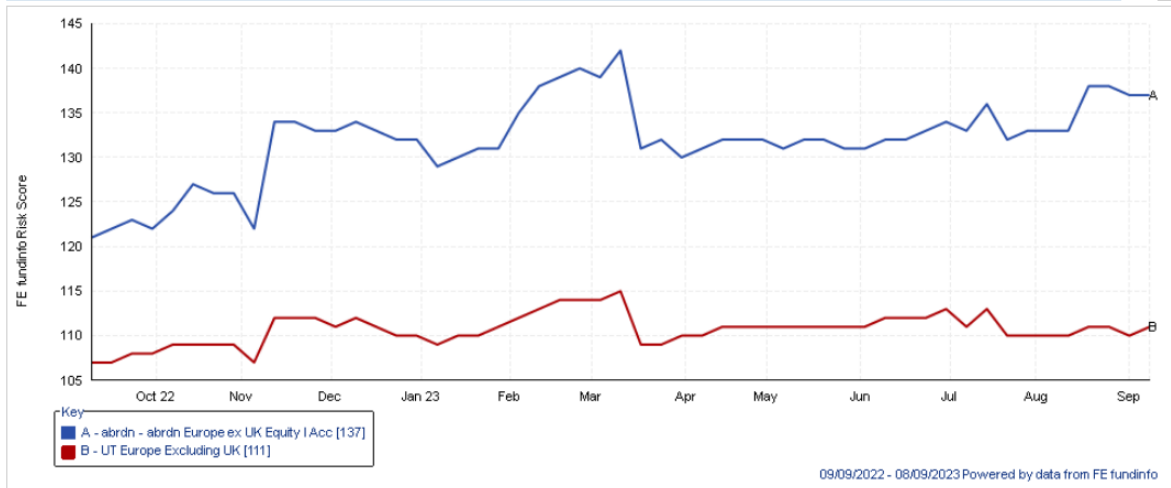
Volatility

Pricing Spread: Bid-Bid • Currency: Pounds Sterling



Key	Name	Annualised Performance	Annualised Volatility
A	FTSE World Europe ex UK GTR in GB	9.30	14.66
B	abrdn - Europe ex UK Equity I Acc GTR in GB	1.87	16.85

FE fundinfo Risk Score Chart Over 1 Year



09/09/2022 - 08/09/2023 Powered by data from FE fundinfo

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LWM FUND ANALYSIS

The strategy delivered strong performance from the date the managers came on board until the end of 2021.



However, since that date the performance has drifted downwards.



The strategy is seen as a high conviction concentrated portfolio of circa 30 stocks. The focus is on the very best companies. The belief is that a focus on quality means there are fewer tail risks and a greater margin of safety, they have less volatile earnings streams so are more resilient and predictable, and they can navigate periods of uncertainty.



This narrows their investable universe to around 15% of the available stocks. The diagram below shows what they aim to achieve, although this is slightly dated.

Consistent outperformance in all but early cycle market environments

Superior risk-adjusted returns	A truly active approach	Delivering through-cycle outperformance
		
We only invest in world-class European companies Attractive combination of upside capture and downside protection	Concentrated best ideas portfolio of 28 holdings High conviction approach enables contrarian decisions and active engagement	Exposure to powerful structural growth trends Robust corporate performance regardless of economic environment

When we look at the data the exposure to quality and higher growth has been out of favour and that has clearly impacted the performance over the last 18 months. Whether the team can turn this around is one to watch. The theory is that if you have the best companies, when the turnaround comes these are the ones that are going to do best.

The strategy tends to be a long-term holder and the most recent update showed no changes in holdings. Examples of holdings include:

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Roche – multinational healthcare company operating across pharmaceuticals and diagnostics.

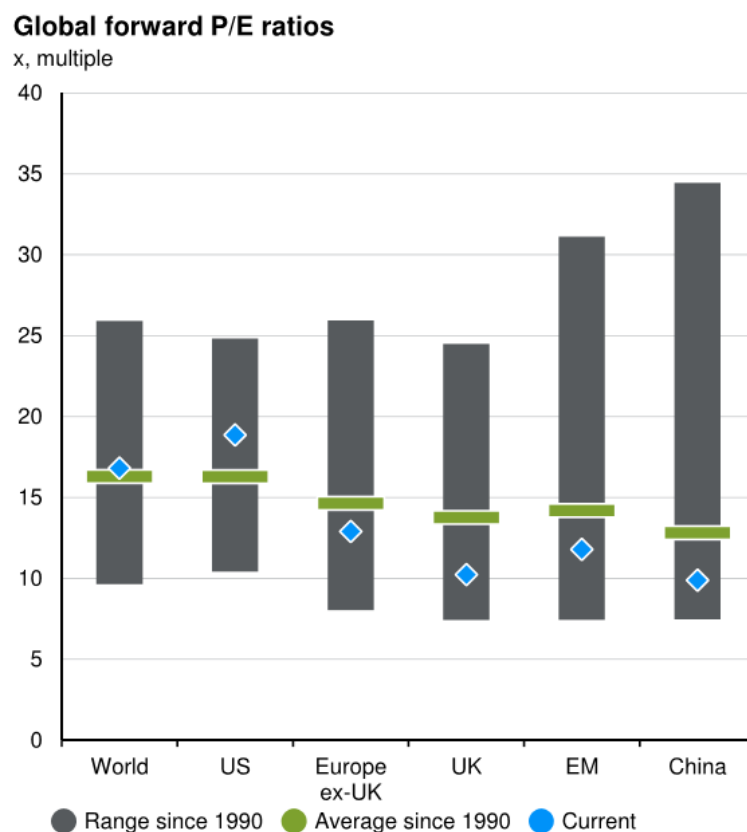
Wolters Kluwer – a Dutch information services company covering sectors such as health, and tax and accounting.

Nemetschek – the company develops and distributes software for planning, designing, building and managing buildings and real estate, as well as for media and entertainment.

Schibsted – a global family of digital consumer brands leading the way across media, online marketplaces and technology ventures.

The team believe the worst is over with the re-rating in quality and they believe when the market turns this strategy will start to do well. The managers have perhaps made more changes than they would usually do over the last year, as they have seen compelling upside potential following a period of valuation dislocation.

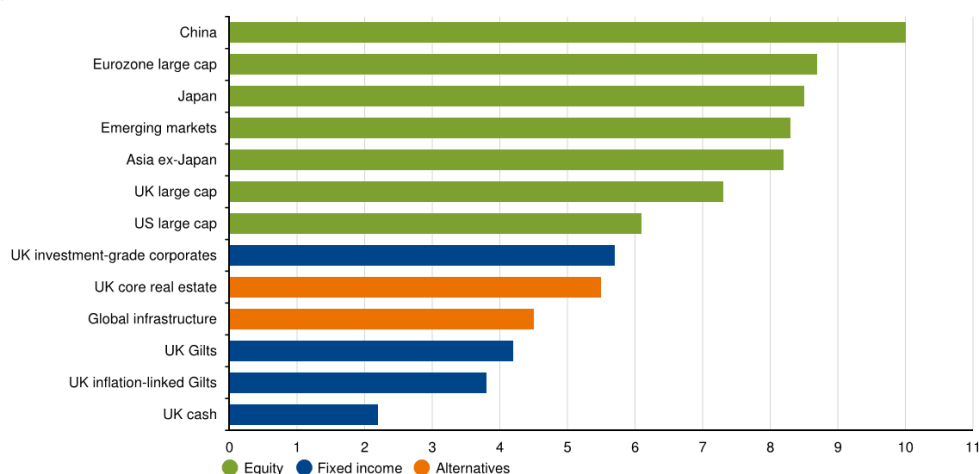
This perhaps reflects the general views highlighted in the charts below around European equities:



As this shows, European equities are trading below their average, and considerably cheaper than the US. The chart below shows long-term return projections.

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2023 Long-Term Capital Market Assumptions expected returns in coming 10-15 years
%, annualised return in GBP



In summary, the team have remained focused on investing in the highest quality companies. This worked well for them up to the end of 2021. From this point their style of investing has been out of favour. They have used this to identify new opportunities and they believe when the change in market comes it will be these companies that benefit from this. All the data reflects that European equities remain cheap compared to their long-term average, and have the potential to deliver better returns vs the US over the next 10 to 15 years.

It is worth noting that volatility has spiked with this strategy, and this may reflect the style. However, investors may feel they don't want to take this level of "risk" based on the recent performance.

The source of information in this note has been provided by Abrdn and is correct as of September 2023. 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 make a decision based on these notes we cannot take responsibility for this, and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.

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