

abrdrn UK Real Estate Feeder Fund

Monthly Factsheet June 2024

Objective

To generate income and some growth over the long term (5 years or more) by investing in UK commercial property. It is intended that the sub-fund will be a PAIF at all times and, as such, its investment objective is to carry on property investment business and to manage cash raised for investment in the property investment business.

Performance Target: To exceed the return of the IA UK Direct Property Sector Average return (after charges) over rolling three year periods. The Performance Target is the level of performance that the management team hopes to achieve for the sub-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 sub-fund based on the investment policy of the sub-fund and the constituents of the sector.

Portfolio securities

- The fund will invest at least 70% in a diversified portfolio of UK freehold and leasehold commercial property selected from across the retail, office, industrial and other sectors.
- The fund may also invest indirectly in commercial property through investment vehicles such as quoted and unquoted property companies or funds (including those managed by abrdrn).
- The fund may also invest in short term government bonds such as gilts, money-market instruments and cash.

Discrete annual returns (%) - year ended 30/06

	2020	2021	2022	2023	2024
Fund Retail Acc shareclass	-6.32	4.23	14.19	-14.83	-5.25
Fund Institutional Acc shareclass	-6.00	4.67	14.57	-14.54	-4.86
Fund Platform One Acc shareclass	-6.04	4.61	14.58	-14.57	-4.88
Performance Target ^A	-3.03	2.58	11.86	-11.60	-1.05

Past performance (%)

	1m	3m	6m	1y	3y p.a.	5y p.a.
Fund Retail Acc shareclass	-0.42	-0.21	-0.91	-5.25	-2.69	-2.09
Fund Institutional Acc shareclass	-0.40	-0.08	-0.71	-4.86	-2.33	-1.73
Fund Platform One Acc shareclass	-0.40	-0.08	-0.70	-4.88	-2.35	-1.76
Performance Target ^A	0.04	0.65	-0.57	-1.05	-0.85	-0.63

^A Benchmark includes both master and feeder funds in the IA UK Direct Property Peer group. Source: abrdrn (Fund) and Morningstar (Target)

Past performance is not a guide to future results.

Top five property holdings

Name	£ of property*	Sub-sector
London, 24-26 Minorities	£50m - 75m	Other Commercial
Leamington Spa, Leamington Shopping Park	£50m - 75m	Retail
Birmingham, Solar Park	£25m - 50m	Industrial
Dartford, Masthead Industrial Estate	£25m - 50m	Industrial
Sutton, lo Centre & Tradeway	£25m - 50m	Industrial

Source: abrdrn, June 2024

^B The Ongoing Charge Figure (OCF) is an estimate as at April 2022 and may vary from year to year. It excludes the cost of buying and selling assets for the fund. An estimate is used in order to provide the figure that will most likely be charged. It does not include any initial charges or the cost of buying and selling stocks for the fund. The Ongoing Charge Figure can help you compare the annual operating expenses of different funds.

^C MSCI UK Daily Traded APUTs and PAIFs in the UK Quarterly Universe Property Index (unfrozen) from 01/01/2019. Prior MSCI UK Quarterly Balanced Monthly Index Funds Quarterly Property Index (Unfrozen)

^D Historic Distribution Yield - this represents the income generated by the assets in which the fund has been invested over the last twelve months, expressed as a % of the fund's value for Institutional Acc Shareclass. Please note that this income stream may be subject to taxes and charges.

^E The Average Lease Length is the weighted average (by estimated rental value, "ERV") of all contracted income within the fund. ERV refers to the rent that a particular asset would be expected to achieve if it were to be re-let in current market conditions. Benchmark is MSCI UK Daily Traded APUTs and PAIFs Quarterly Property Index.

^F The vacancy rate represents the sum of all assets within the fund's portfolio which do not generate rental income. It is expressed as a percentage of the total portfolio estimated rental value, ERV, which is the sum of rental income that the portfolio would be expected to achieve if all assets were to be re-let in current market conditions. Benchmark is MSCI UK Daily Traded APUTs and PAIFs Quarterly Property Index.

Dealing information

Minimum initial investment	
Retail shareclass	£500
Institutional shareclass	£1,000,000
Platform One shareclass	£1,000,000
Valuation point	12:00 UK Time
Settlement terms	T+3
Accounting period end dates	31 Dec (final) and 30 Jun (interim)
Ex-dividend dates	First day of each month
Payment dates	15 Feb (final) and Last day of each month. Jan no payment (interim)

Ongoing charges figure (OCF)^B

Retail shareclass	: 1.30%
Institutional shareclass	: 0.83%
Platform One shareclass	: 0.88%

Annual management charge (AMC)

Retail shareclass	: 1.30%
Institutional shareclass	: 0.75%
Platform One shareclass	: 0.75%

Retail Acc Shareclass

Sedol	BYPHP97
ISIN	GB00BYPHP973
Bloomberg	IGUKFAA
Lipper	68362406

Retail Inc Shareclass

Sedol	BYPHPB9
ISIN	GB00BYPHPB97
Bloomberg	IGUKFIA
Lipper	68362407

Institutional Acc Shareclass

Sedol	BYPHPD1
ISIN	GB00BYPHPD12
Bloomberg	SLIUAFP
Lipper	68367082

Performance Target/Performance Comparator Portfolio Constraining Benchmark^C

IA UK Direct Property Sector Average

MSCI UK Daily Traded APUTs and PAIFs in the UK Quarterly Property Index

Property Fund NAV	£772,923,740
No. of holdings	33
Fund Launch date	22 Dec 2004
Historic Distribution Yield ^D	4.58% (Fund)
Average Unexpired Lease Length ^E	6.7 Years
Benchmark	6.4 Years
% Vacancy Rate ^F	5.37%
Benchmark	9.50%



Management process

- The management team use market research and their discretion (active management) to identify investments that are expected to benefit from changes in property prices and property improvements. They will maintain a diverse asset mix at sector level.

- In seeking to achieve the Performance Target, the MSCI UK Daily Traded APUTs and PAIFs in the UK Quarterly Universe Property Index is used as a reference point for portfolio construction and as a basis for setting risk constraints. Due to the fund's risk constraints, the intention is that the fund's performance profile will not deviate significantly from that of the MSCI UK Daily Traded APUTs and PAIFs in the UK Quarterly Universe Property Index over the longer term.

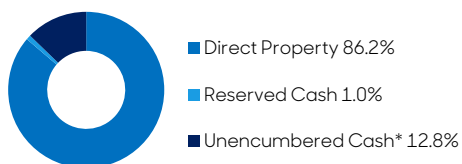
- Please note: Selling property can be a lengthy process so investors in the sub-fund should be aware that, in certain circumstances, they may not be able to sell their investment when they want to.

Top five tenants (consolidated)

Name	% of total income
Motel (One) Uk Limited	6.79
Radisson Hotel Edinburgh Limited	6.19
Tesco Stores Limited	5.25
T P Bennett LLP	3.80
Technip UK Limited	2.64

Source: abrdn, June 2024

Asset allocation



*The unencumbered cash figure includes cash or cash equivalents plus any short term assets and liabilities within the fund less any future committed capital expenditures.

Source: abrdn, June 2024.

Property portfolio: regional analysis

Region	Portfolio %
Central London	8.40
Rest of London	14.88
South East	18.61
South West	0.38
Eastern	12.89
East Midlands	1.04
West Midlands	14.77
Yorks/Humber	0.00
North West	5.96
North East	5.54
Scotland	16.27
Wales	1.26

Source: abrdn, June 2024

Property portfolio: sector analysis

Sector	Portfolio %
Retail	20.48
Retail Warehouses	10.94
Standard Retail - South East	1.52
Standard Retail - Rest of UK	4.51
Shopping Centres	3.51
Offices	19.55
Office - Rest of UK	13.23
Office - Rest of South East	6.32
Office - West End & Mid Town	0.00
Industrial	41.75
Industrial - South East	31.64
Industrial - Rest of UK	10.11
Other	18.22

Source: abrdn, June 2024

Market review

According to the MSCI UK Monthly Index for June, the total return for all property increased to 0.7% for the month, up from 0.5% in May. As a result, total return for Q2 2024 improved to 1.7% from 0.6% in Q1 2024, whilst on an annual basis total returns increased to 1.0%.

Capital growth for all property sat at 0.2% over the month and quarter whilst on an annual basis growth improved to -4.7%. Retail saw the strongest capital growth out of all sectors in June at 0.6%, with Retail Warehouses reporting the largest improvement in capital values at 1.0%. Industrial recorded an improvement in capital values of 0.3% over the month and 0.6% over the quarter, with Rest of UK Industrial exhibiting stronger capital growth than South East Industrial in June at 0.3% and 0.2%, respectively. The Office sector continued to exhibit the greatest decline in capital values at -0.6%, with Rest of UK Offices reporting the largest fall in capital values over the month at -1.3%.

Fund performance

The Institutional Acc shares returned investors -0.40% over the month. Over the past 3 years the Fund has returned -2.33%, 1.48% behind the IA UK Direct Property benchmark.

Fund management activity

The Fund sold its office asset, Voyager, Manchester Airport, for £11.5m during the month. Recent asset management activity includes the letting of unit 3, Sutton Trade Park, Sutton, to Angel Plastics for a term of 10 years at an initial rent of £96,685 per annum.

Outlook and Fund positioning

UK real estate is pointing in a much more positive direction than this time last year. More economic and political certainty has filtered into the market. We have seen investors hold back over the first half of 2024 however this is expected to shift into a more positive light as the rate-cutting cycle takes hold and as real estate returns look more attractive on a risk-adjusted basis.

From a risk perspective, a change in the UK's government doesn't seem to have much of an impact on investor intentions. The living sector may be under more scrutiny, given potential policy changes, but the probability of any radical shifts from Labour is low. A greater level of uncertainty comes from the Bank of England's actions on rates. A cumulative reduction of 75 basis points is expected over the second half of 2024, though worries surrounding services inflation and wage growth persist.

Bifurcation of performance within sectors will remain a factor of the market. We expect the industrial and living sectors to outperform all property, particularly over the next year. In a notable shift over recent months, offices are now projected to be in positive territory, owing to strong rental growth. In fact, rental growth will remain a central growth story across real estate sectors, especially given the low levels of construction projected over the forecast period. Although construction prices have moderated from their peaks, restrictive financing costs will make development difficult in the near term.

Certain lenders are acknowledging the upside potential here, as we are seeing increased activity by UK clearing banks for all asset classes outside of offices. As the rate-cutting cycle bites, margins are expected to become more competitive among non-bank lenders. This should provide a much-needed boost to liquidity.

The over-arching Fund strategy remains focused on reducing risk within the property portfolio, whilst also retaining an enhanced exposure to liquid assets. Strong asset fundamentals are important at times of volatility. We will continually review and implement enhancements as appropriate to best protect the interests of our customers and investors as matters evolve.

Important Information

The following risk factors should be carefully considered before making an investment decision:

- The value of investments and the income from them can fall and investors may get back less than the amount invested.
- The abrdn UK Real Estate Feeder Fund invests in assets that may at times be hard to sell. This means that there may be occasions when you experience a delay or receive less than you might otherwise expect when selling your investment. For more information on risks, see the prospectus and key investor information document.
- Commercial property is less liquid than other asset classes such as bonds or equities. Selling property can be a lengthy process so investors in the fund should be aware that they may not be able to sell their investment when they want to.
- Commercial property transaction charges are higher than those which apply in other asset classes. Investors should be aware that a high volume of transactions would have a material impact on fund returns.
- Property valuation is a matter of judgment by an independent valuer and is therefore a matter of the valuer's opinion rather than fact.
- The fund employs a single swinging pricing methodology to protect against the dilution impact of transaction costs. Due to the high transaction charges associated with the fund's assets, a change in the pricing basis will result in a significant movement in the fund's published price.
- The abrdn UK Real Estate Feeder Fund was previously known as the 'SLI UK Real Estate Accumulation Feeder 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 and Prospectus which are available on our website www.abrdn.com. The Prospectus also contains a glossary of key terms used in this document.

The fund's Authorised Corporate Director is abrdn Fund Managers Limited.

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AA-190724-180846-58