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# Building resilient portfolios in uncertain times

## Master Investor Conference

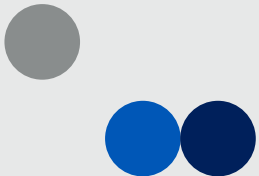
**Presented by**

Nalaka De Silva, Head of Private Market Solutions  
Chair, abrdn Diversified Income Growth Investment Committee

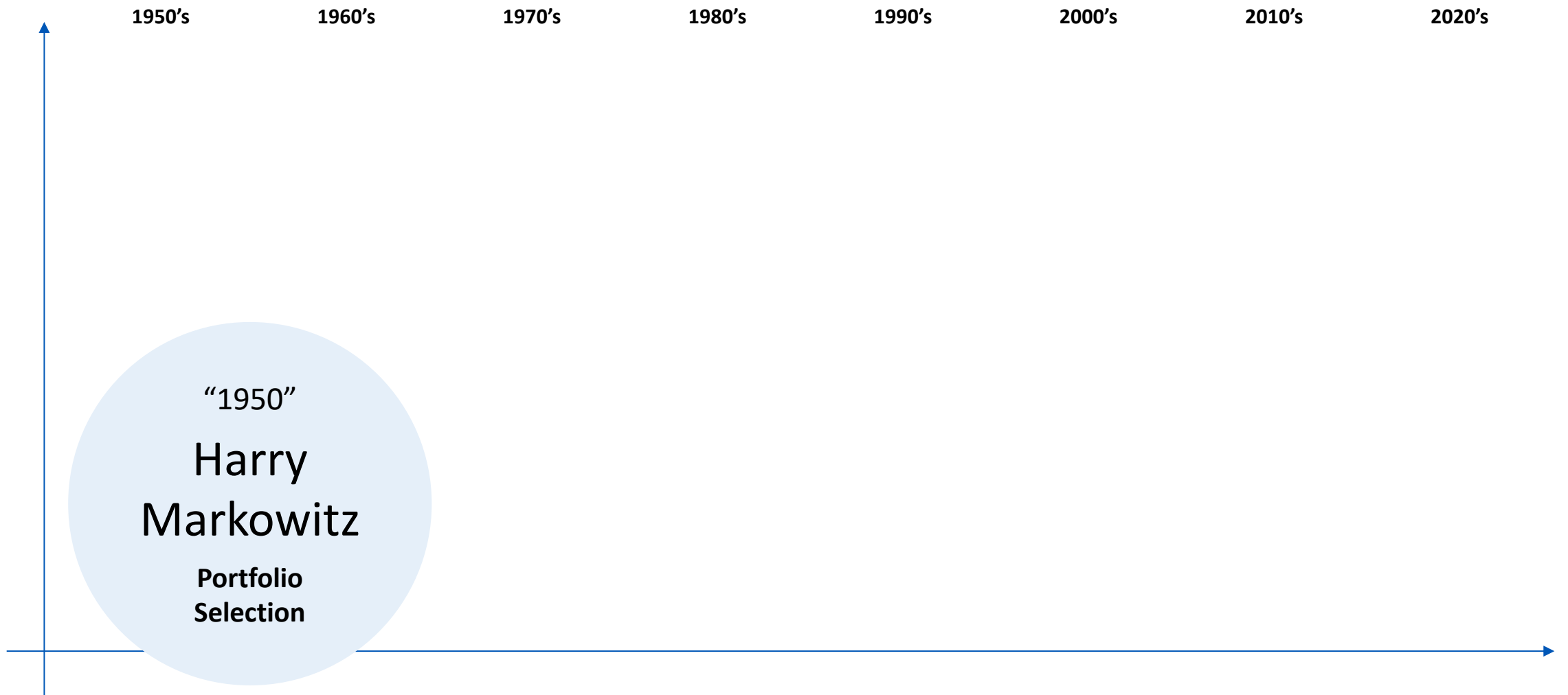
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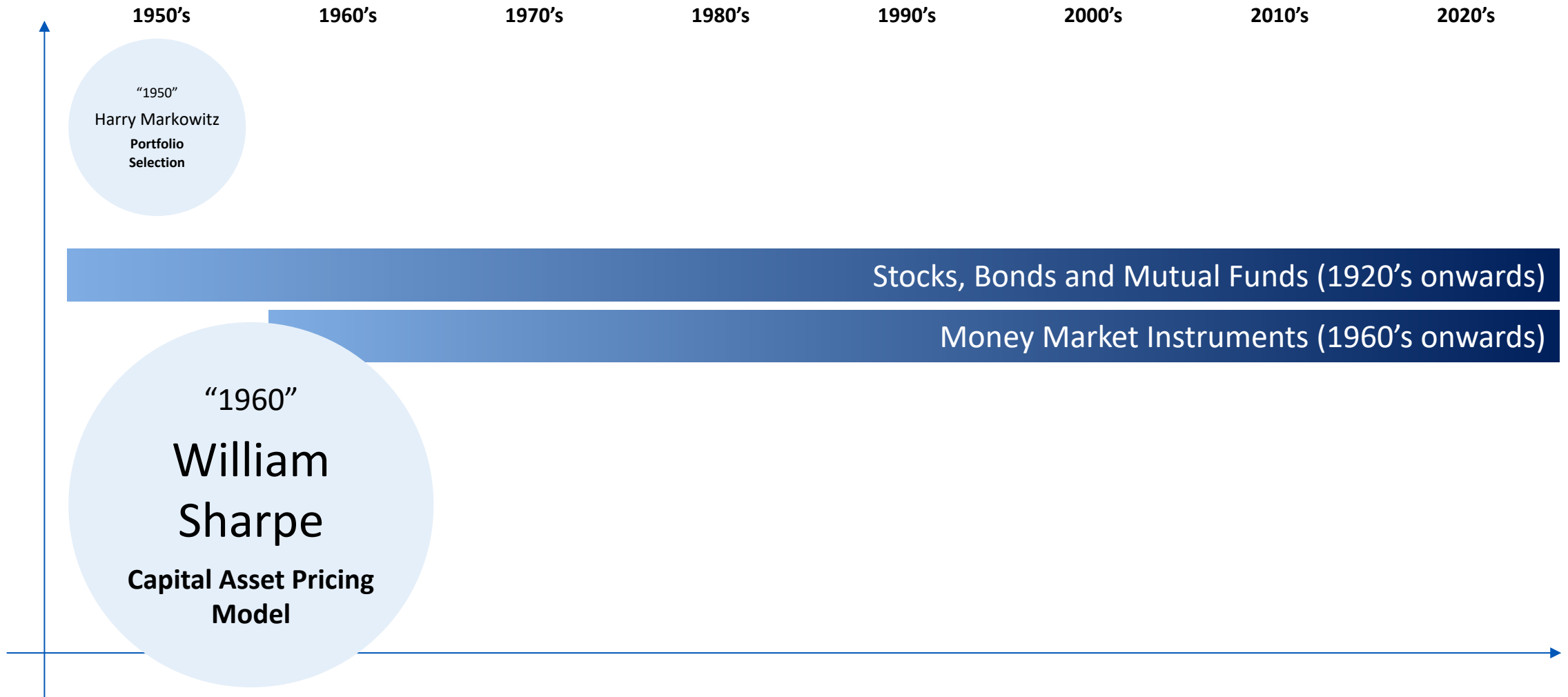
“The Company seeks to provide **dependable income** and **capital appreciation** over the **long term** through investment in a globally **diversified multi-asset portfolio**”



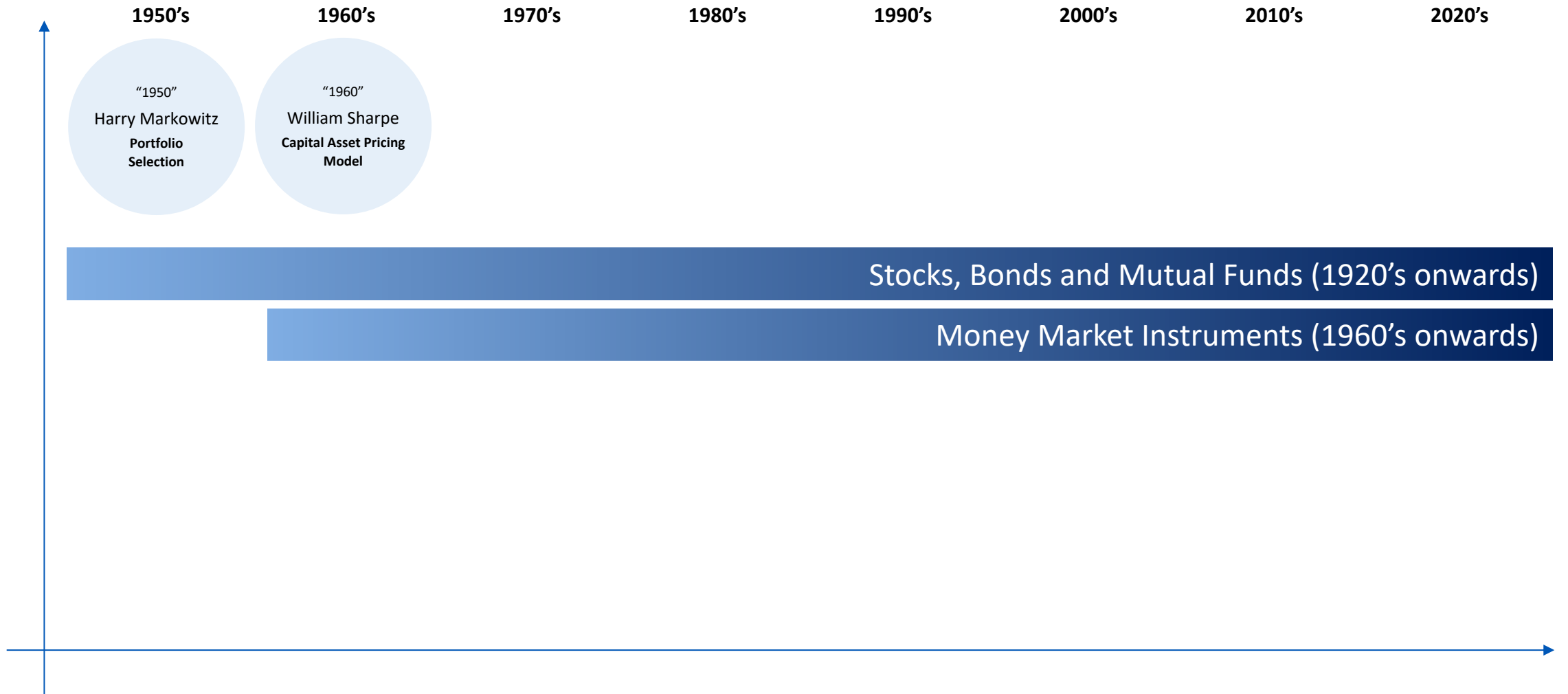
# Evolution of Financial Theory and instruments



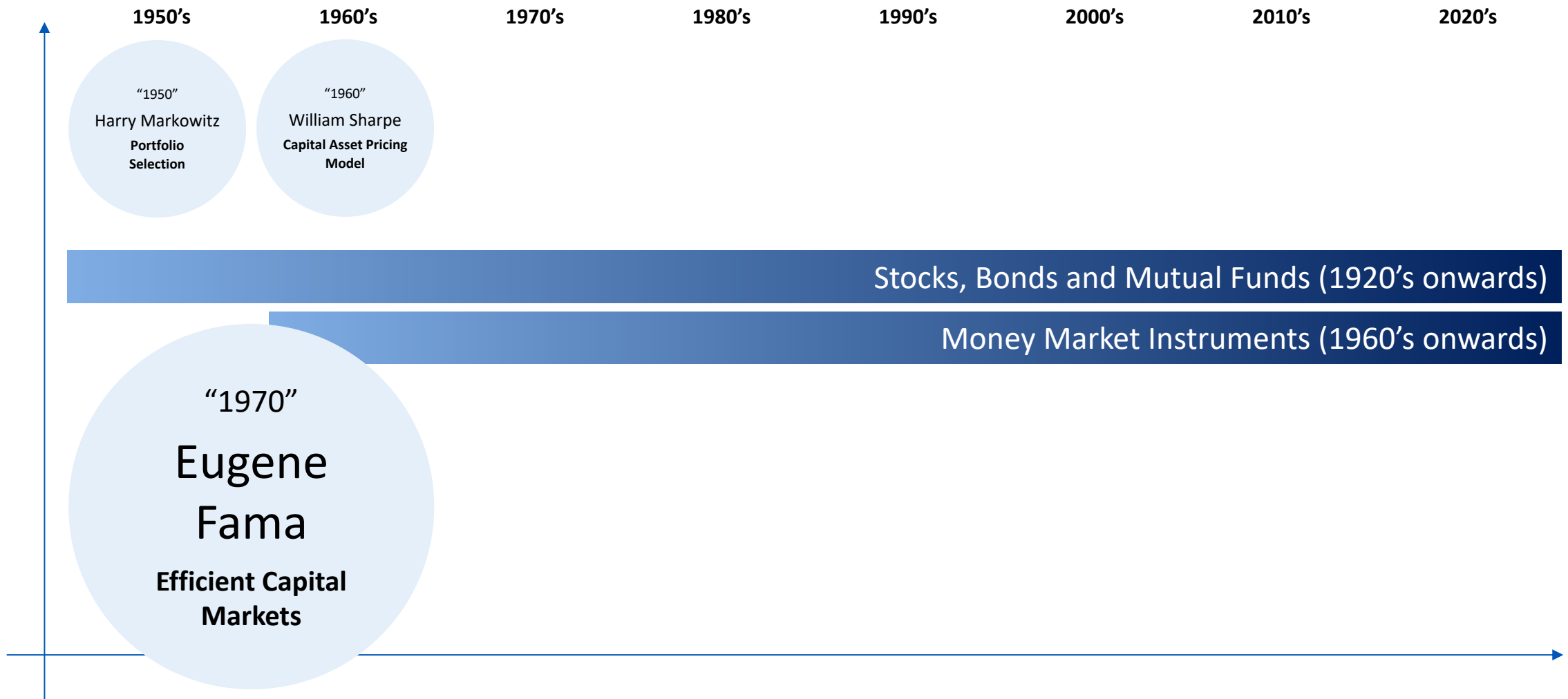
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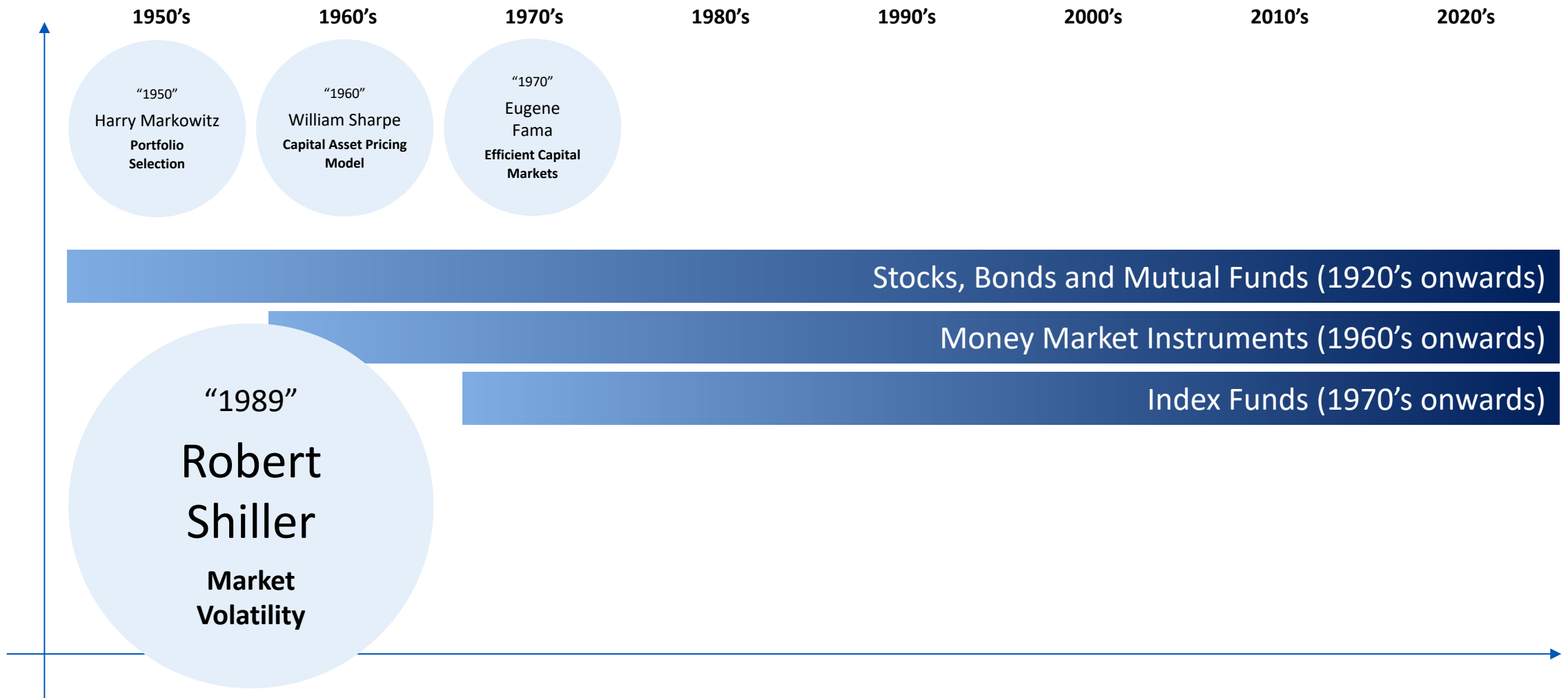
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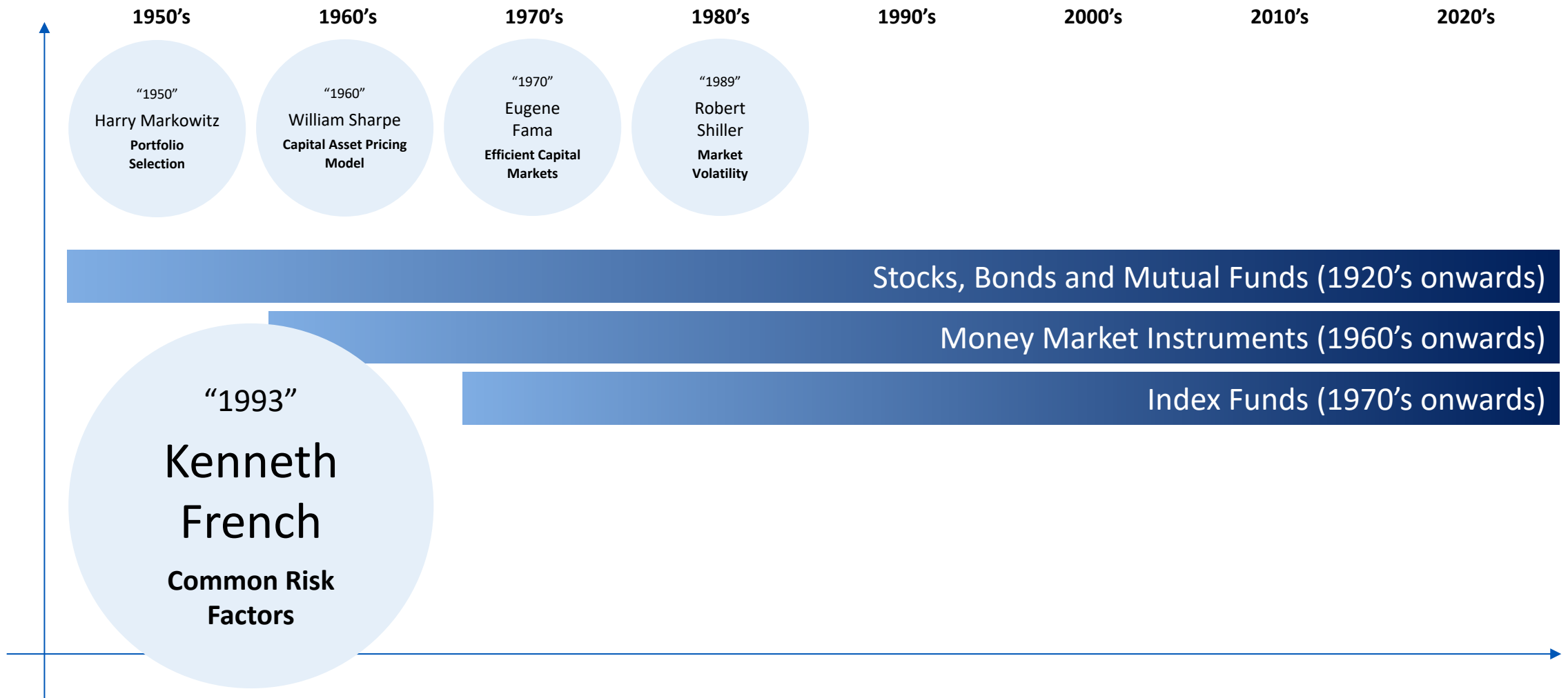
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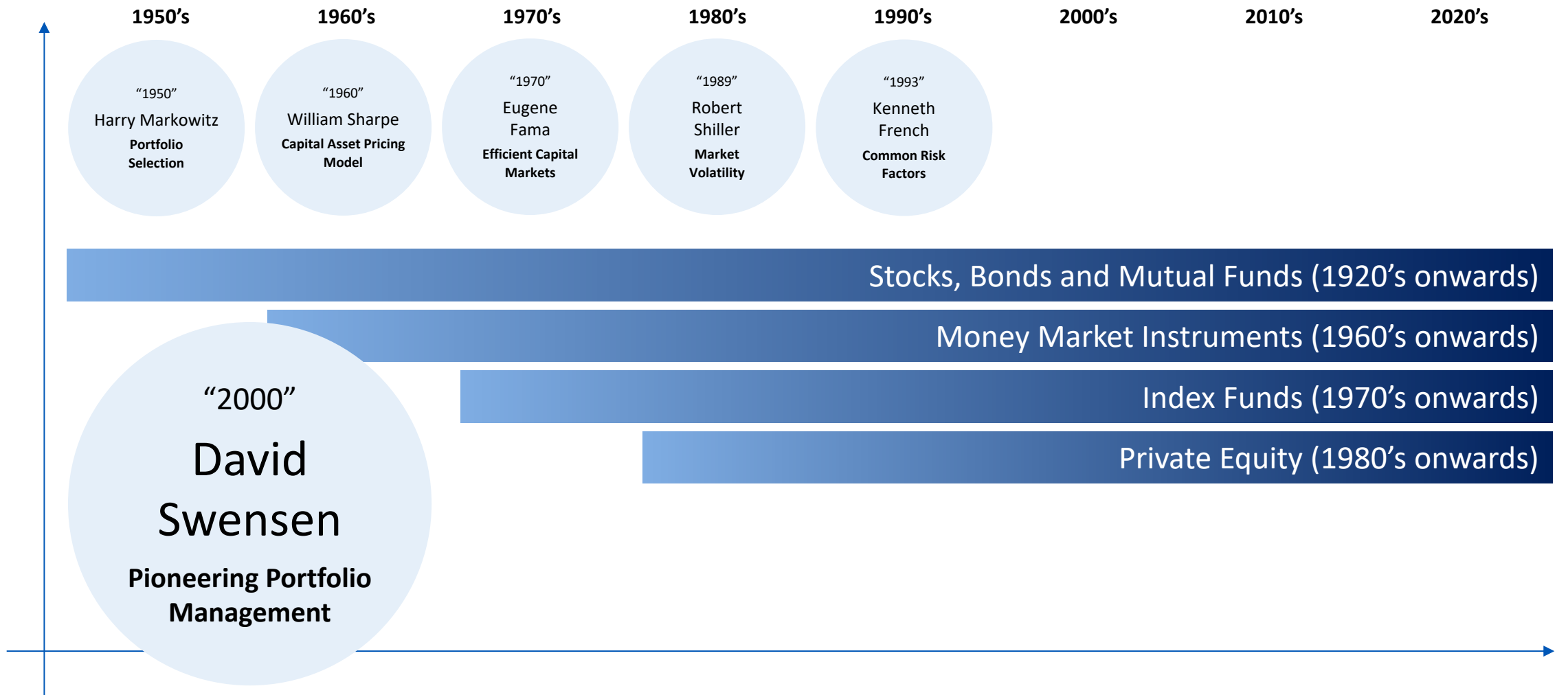


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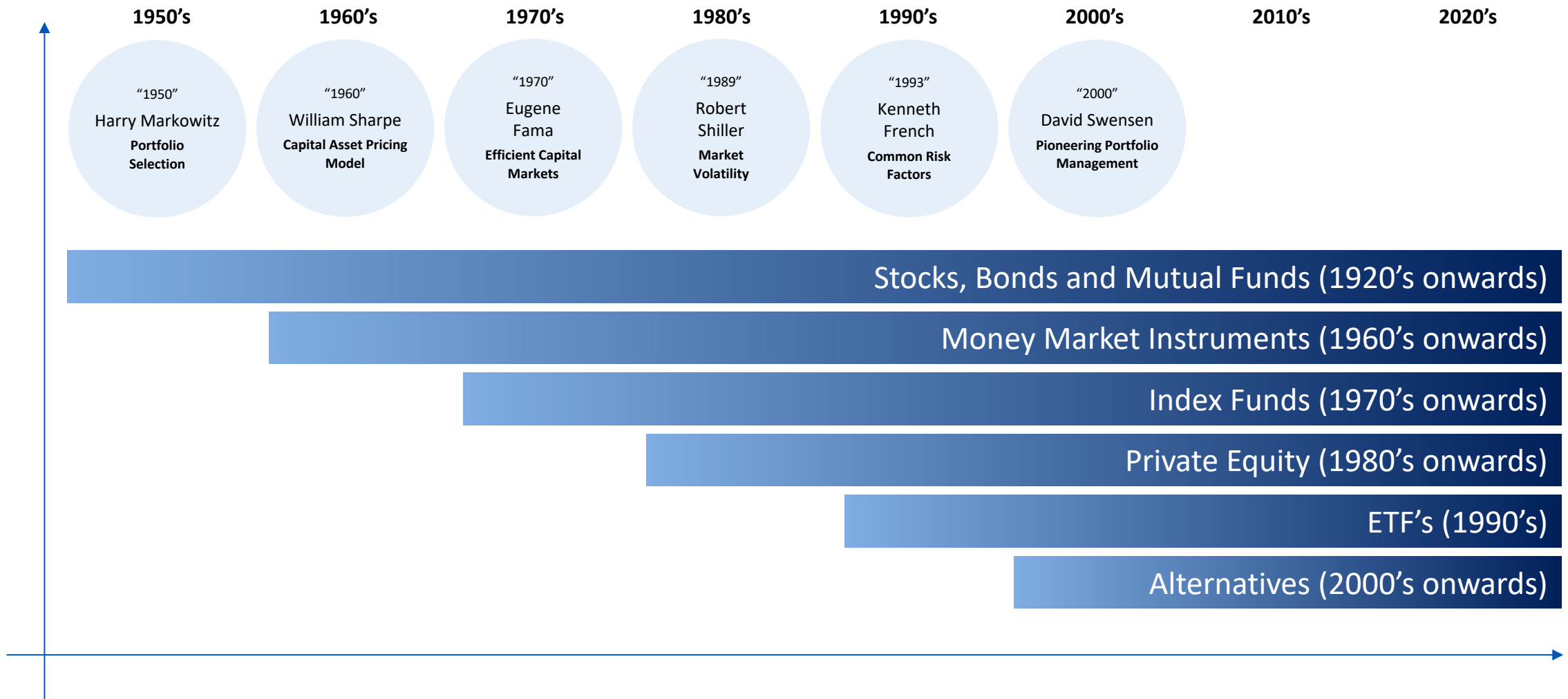




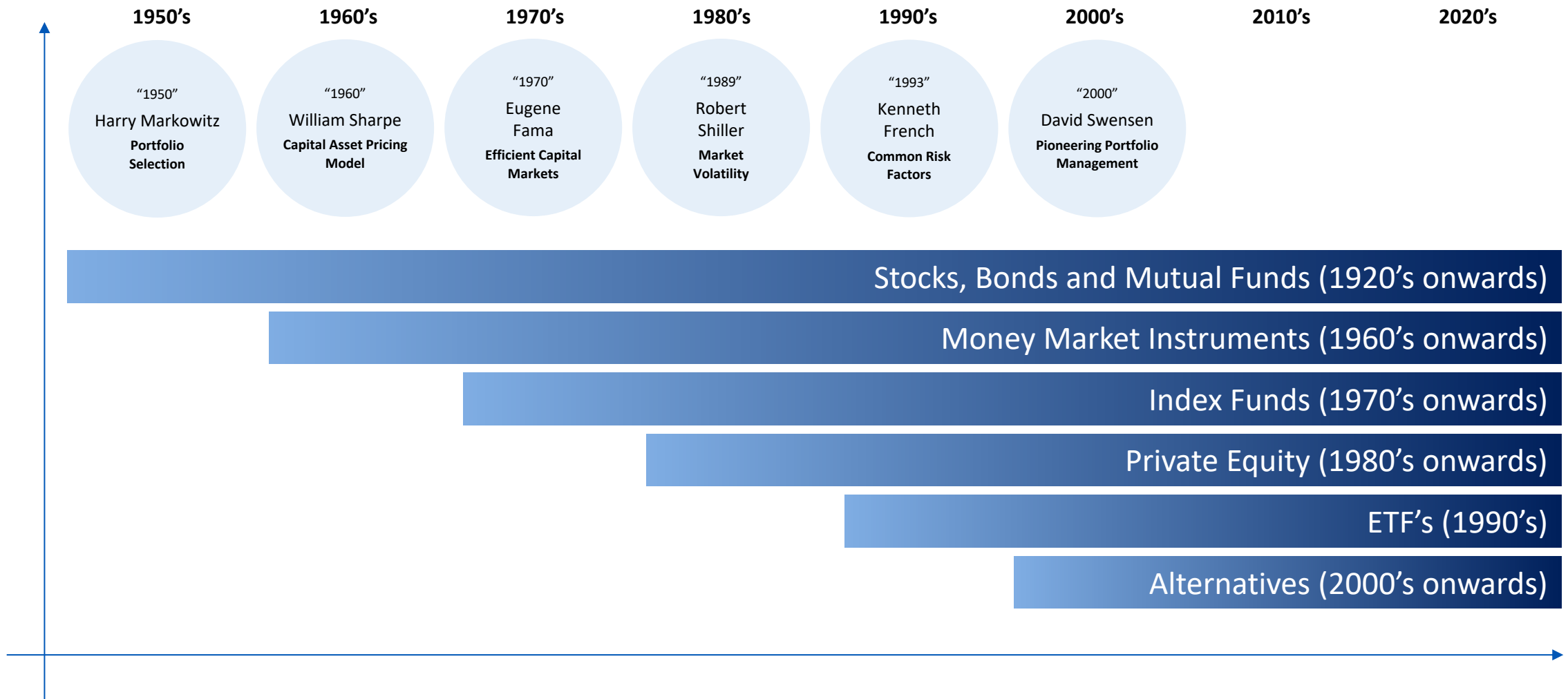
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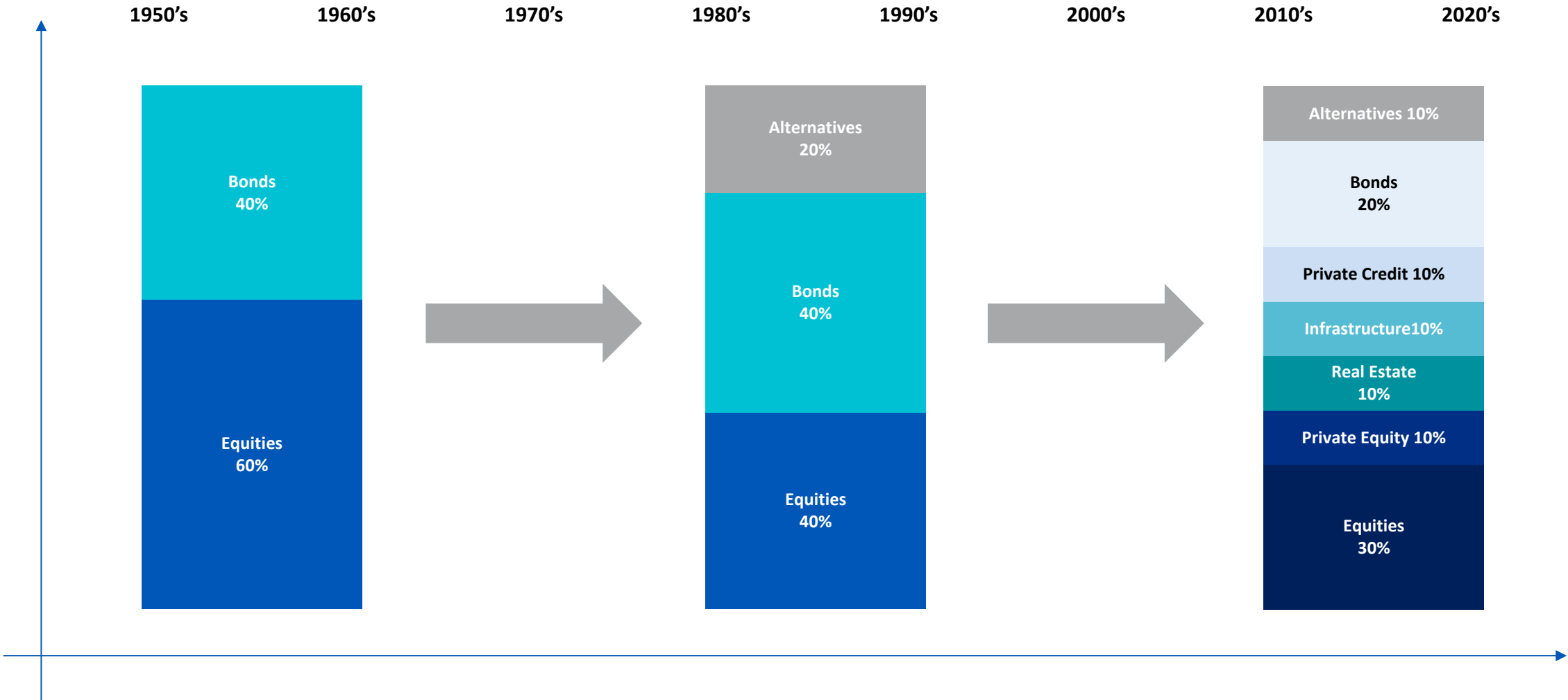
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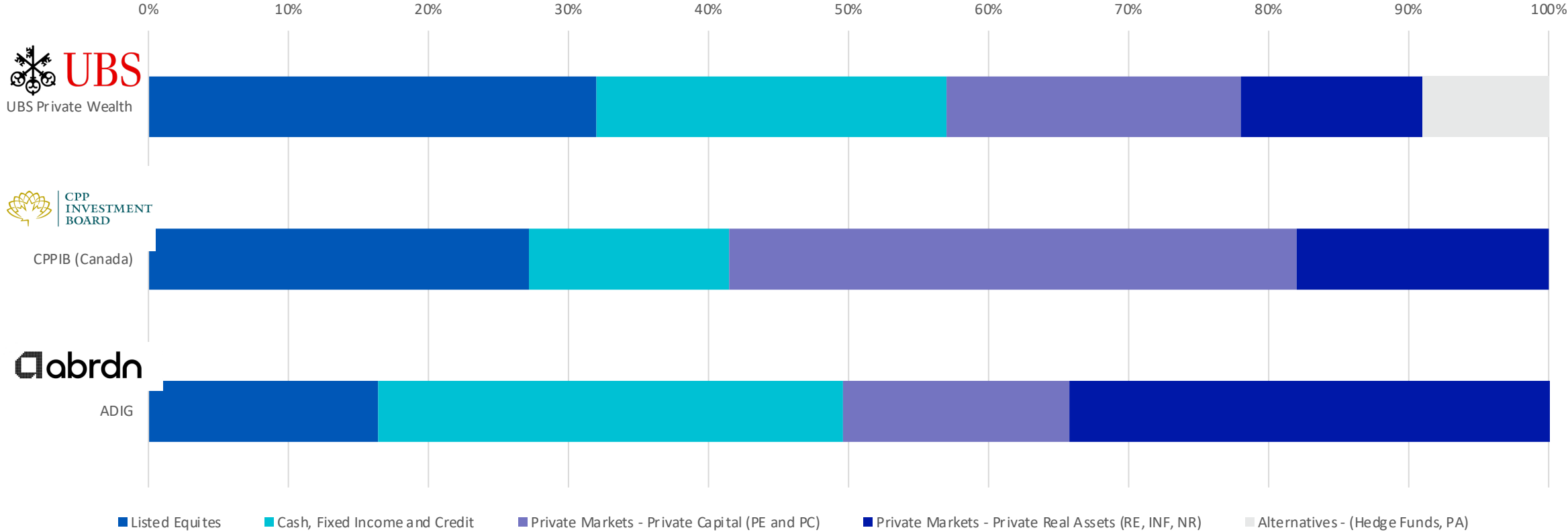


# Subsequent changes to portfolio construction



# Asset Allocation in the context of Long Term Investors

Asset Allocation across long term investors

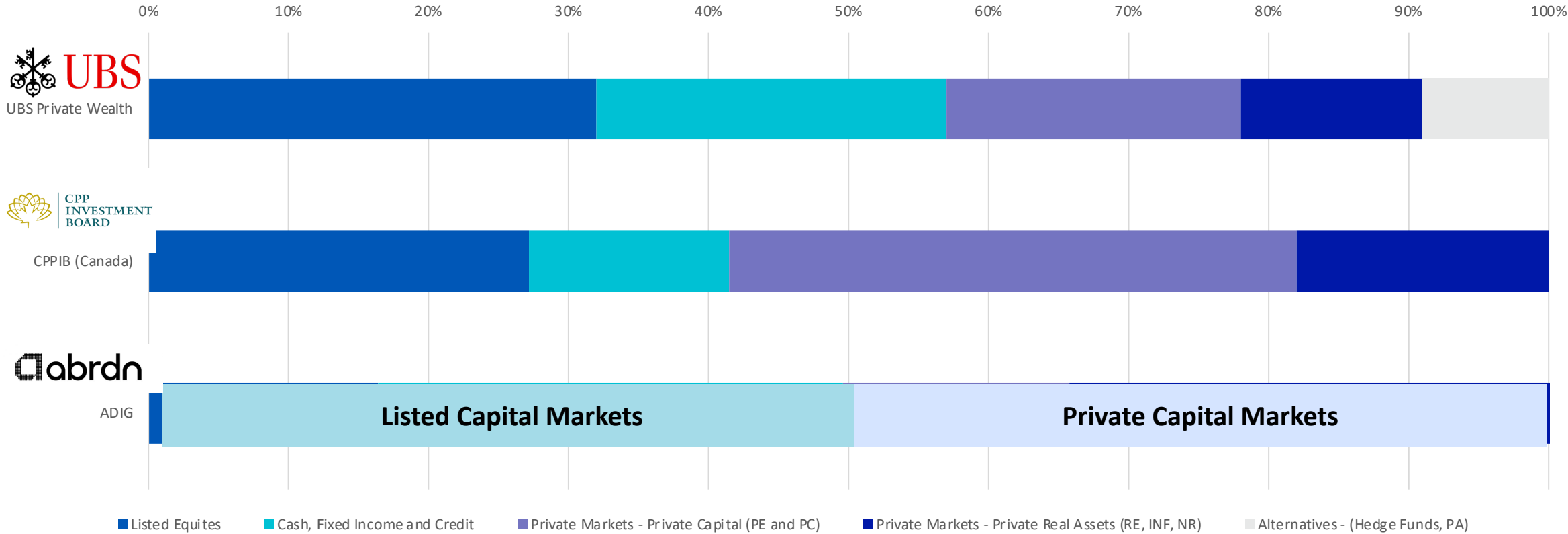


Source: UBS Family office report 2022, CPPIB Website, abrdn.

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# Asset Allocation in the context of Long Term Investors

Asset Allocation across long term investors



Source: UBS Family office report 2022, CPPIB Website, abrdn.

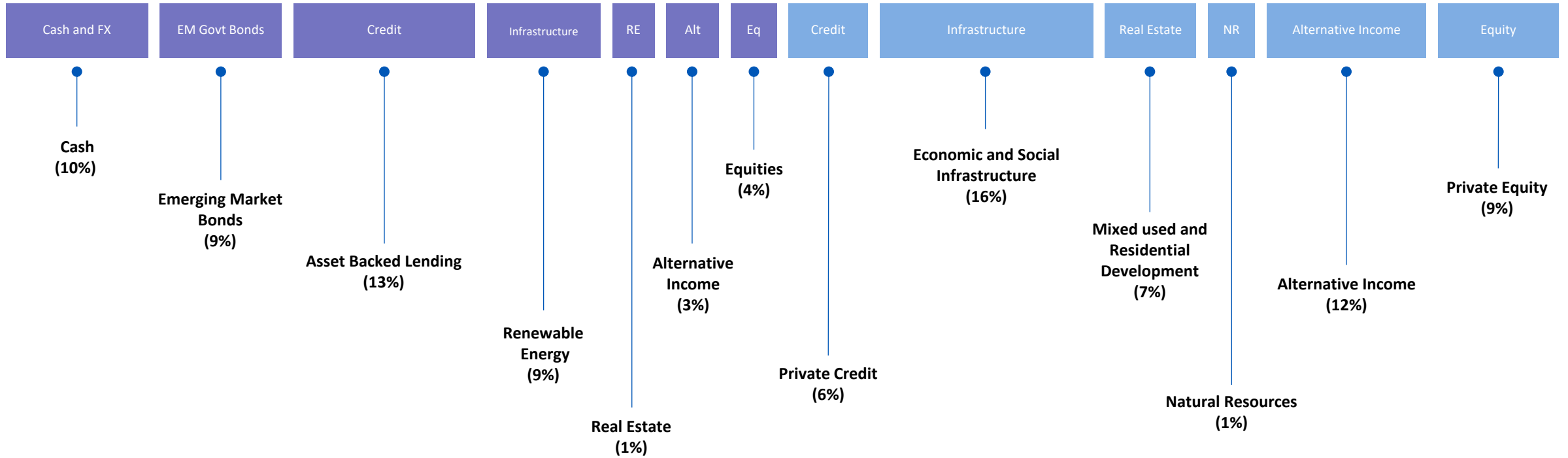
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# Lets explore the ADIG Portfolio?

Listed Capital Markets

Private Capital Markets

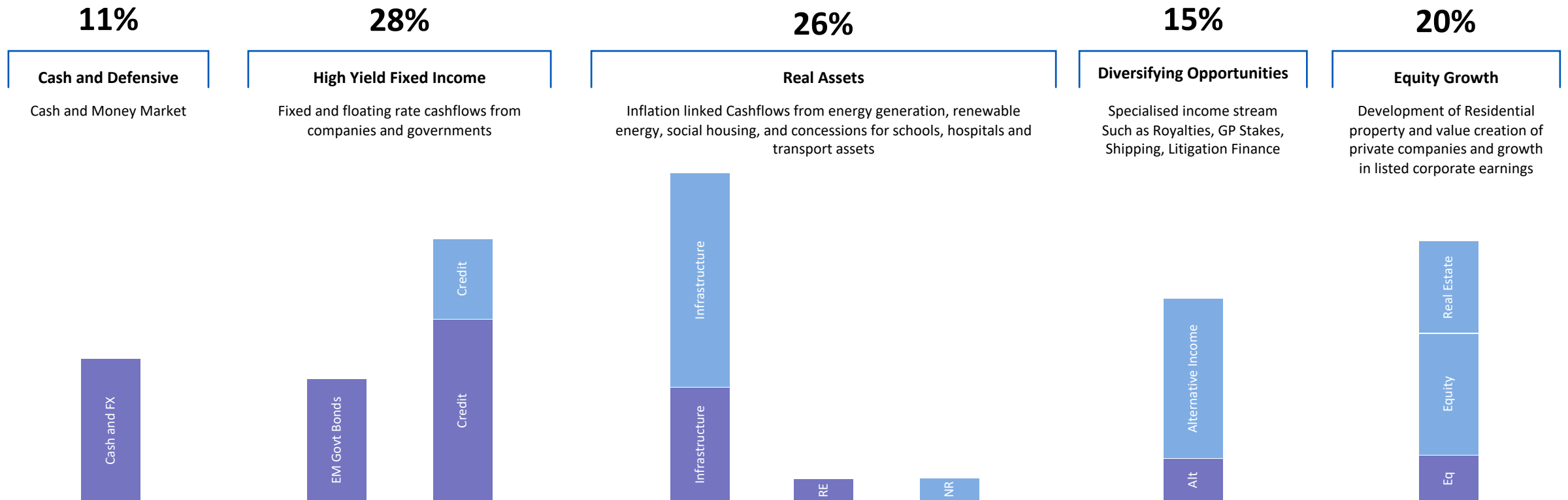
# Diversified by Asset Class, Sector and Characteristics



ADIG is **not dependent on any single strategy** to deliver its objective



# Lets explore the ADIG Portfolio?



# Investment Spotlight – I77 Toll Road

- Held via **Aberdeen Global Infrastructure Partners II**
- Toll express lanes on Interstate 77 highway to/from Charlotte, North Carolina, USA
- First investment made in Q1 2018, second tranche in Q3 2022
- Significant uplift in Q1 2022 due to higher than forecast traffic revenue
- Exited in Q4 2022 with an **IRR of 59% p.a.** and proceeds of **3.5x** invested capital

Source: abrdn, December 2022. Securities selected for illustrative purposes only to demonstrate investment management style and not as an indication of performance or investment recommendation



# Investment Spotlight – Sticks'n'Sushi

- Held via [Maj Invest Equity 4 K/S](#)
- Restaurant group in Denmark, London, and Berlin serving high quality fresh combination of traditional sushi & yakitori sticks from the grill
- Track record of new restaurant openings in existing & new markets with strong staying power once established
- First investment made in 2013 of 60m DKK, with current valuation as of Q4 2022 representing a **gross IRR of 16.1% & MOIC of 2.5x**

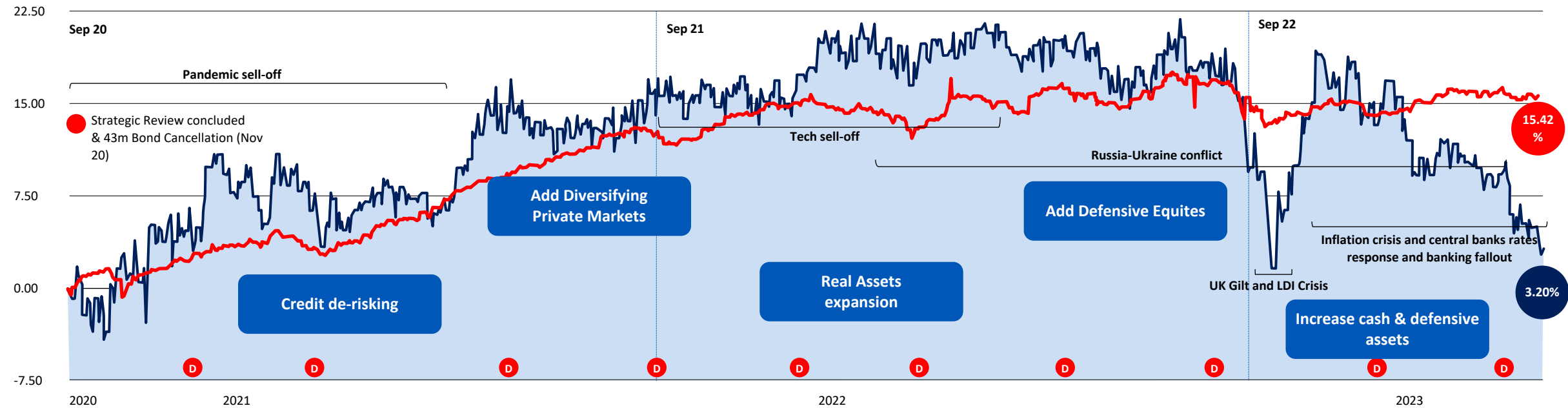
Source: abrdn, December 2022. Securities selected for illustrative purposes only to demonstrate investment management style and not as an indication of performance or investment recommendation. © owned by each of the corporate entities named in the respective logos



# ADIG's journey as we navigated complex markets

## Dynamic allocation activity in volatile markets

abrdn Diversified Income & Growth Ord (Share Price TR) +3.20% abrdn Diversified Income & Growth Ord ((NAV TR) +15.44%



Stronger Returns

**15.44%** NAV Total Return (since Sept 2020)

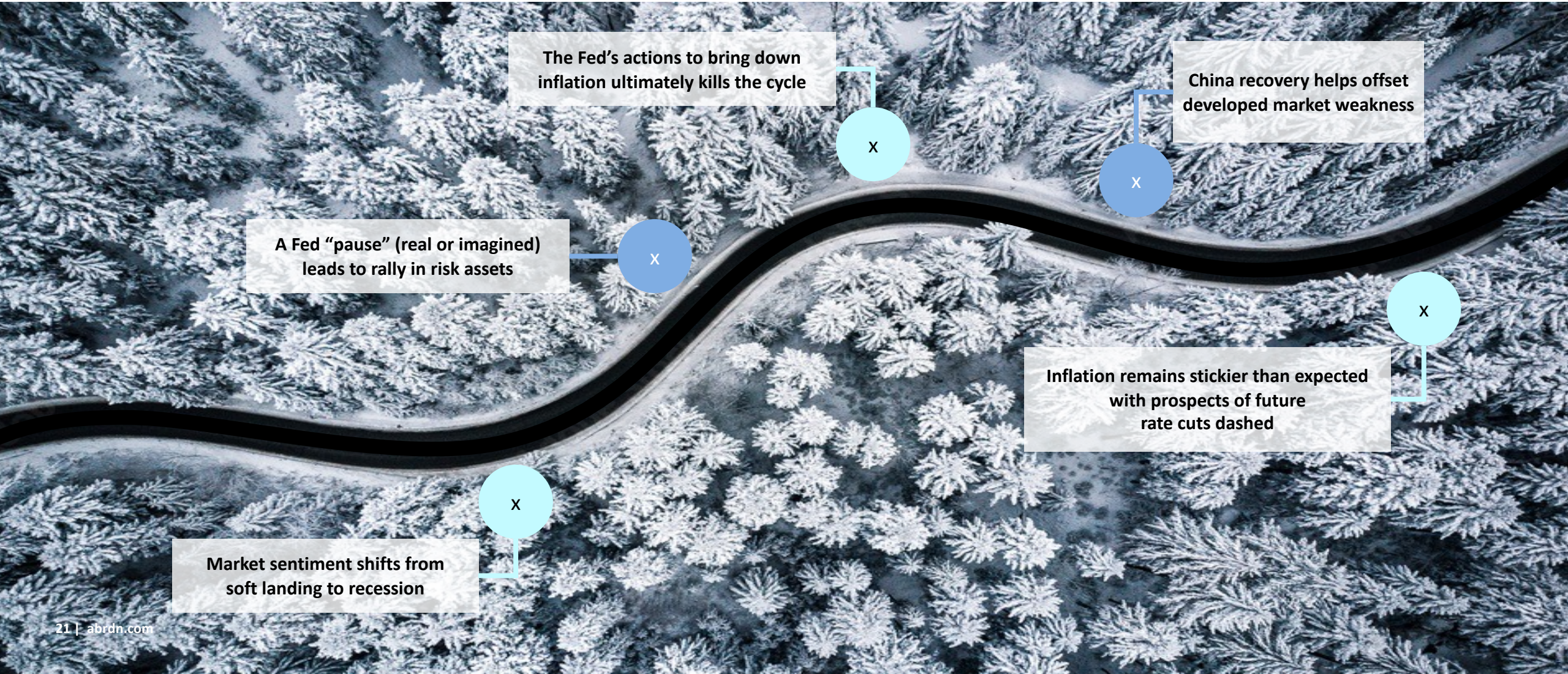
Lower Risk

**0.62** NAV Sharpe Ratio (since Sept 2020)

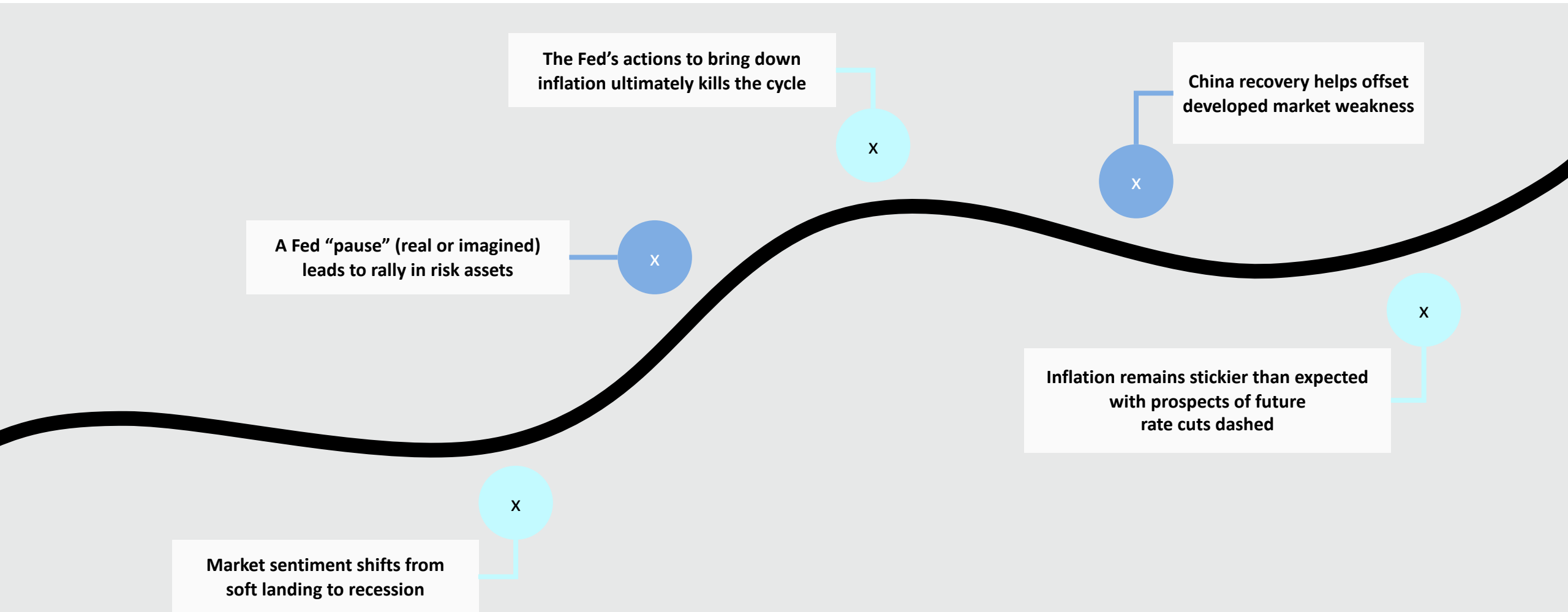
Source: abrdn, March 2023, AIC Website.

# What does 2023 look like from here?

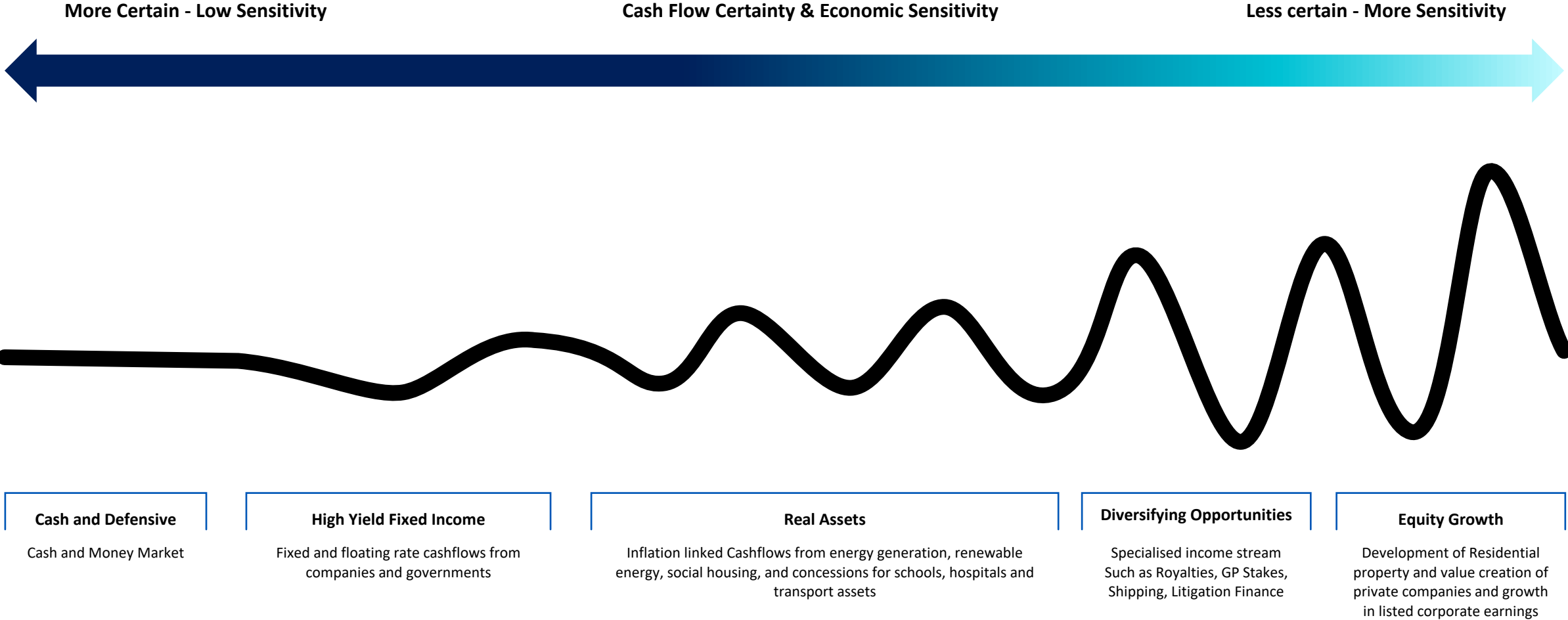
Like driving on icy roads, you need to be vigilant



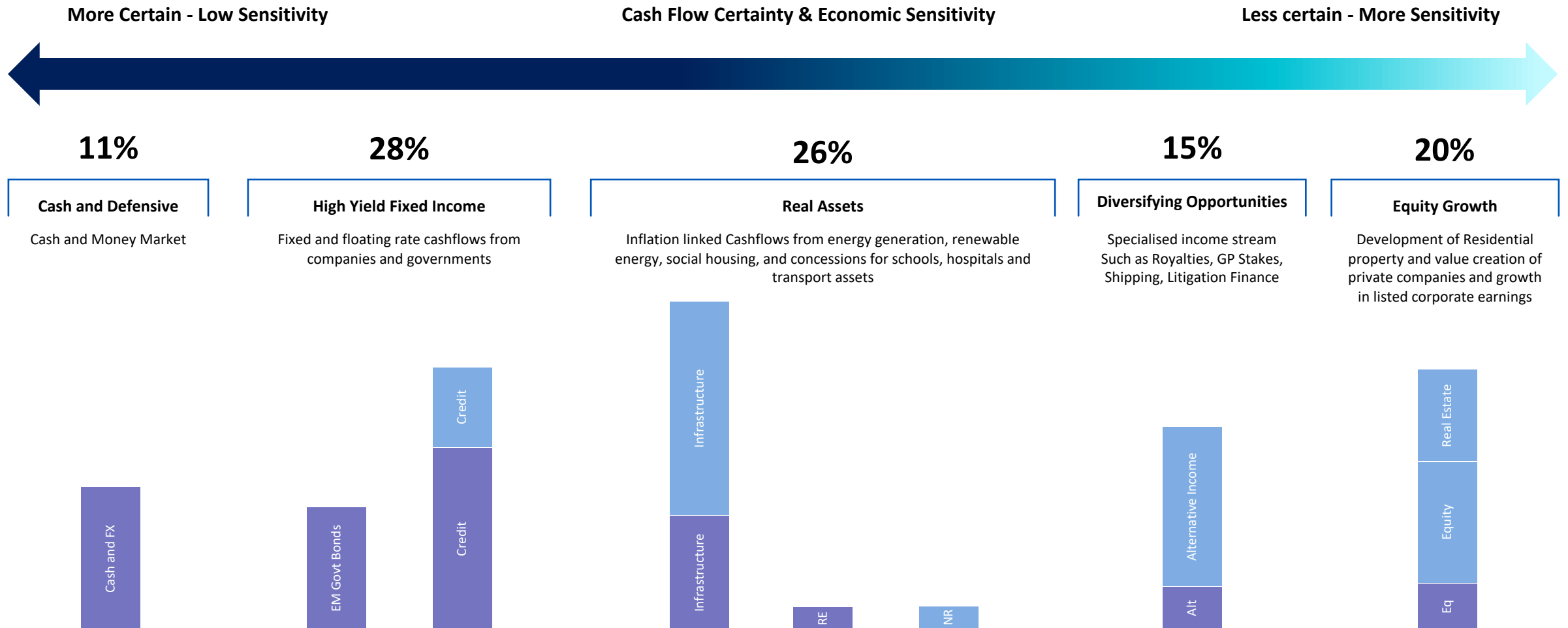
# Being able to adapt will depend on your assets



# Think about cash flow and economic sensitivity

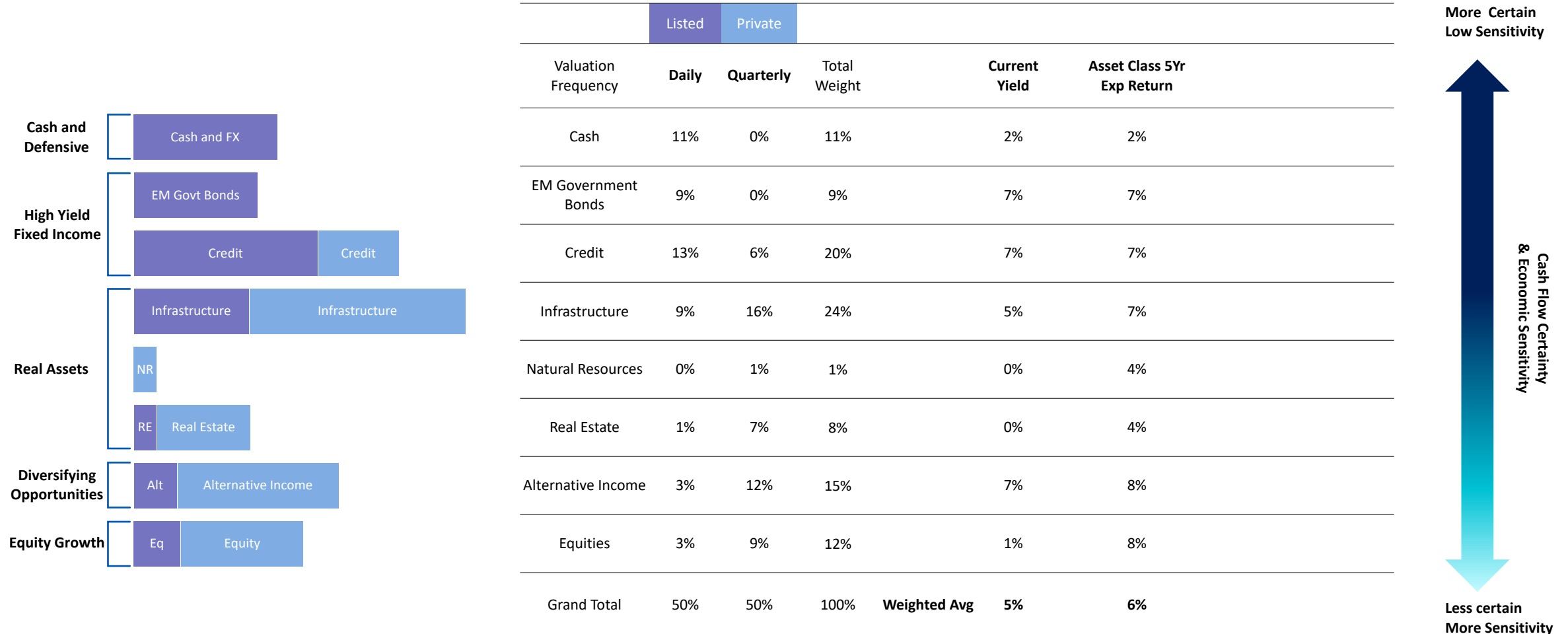


# 65% of ADIG portfolio has resilient cashflows

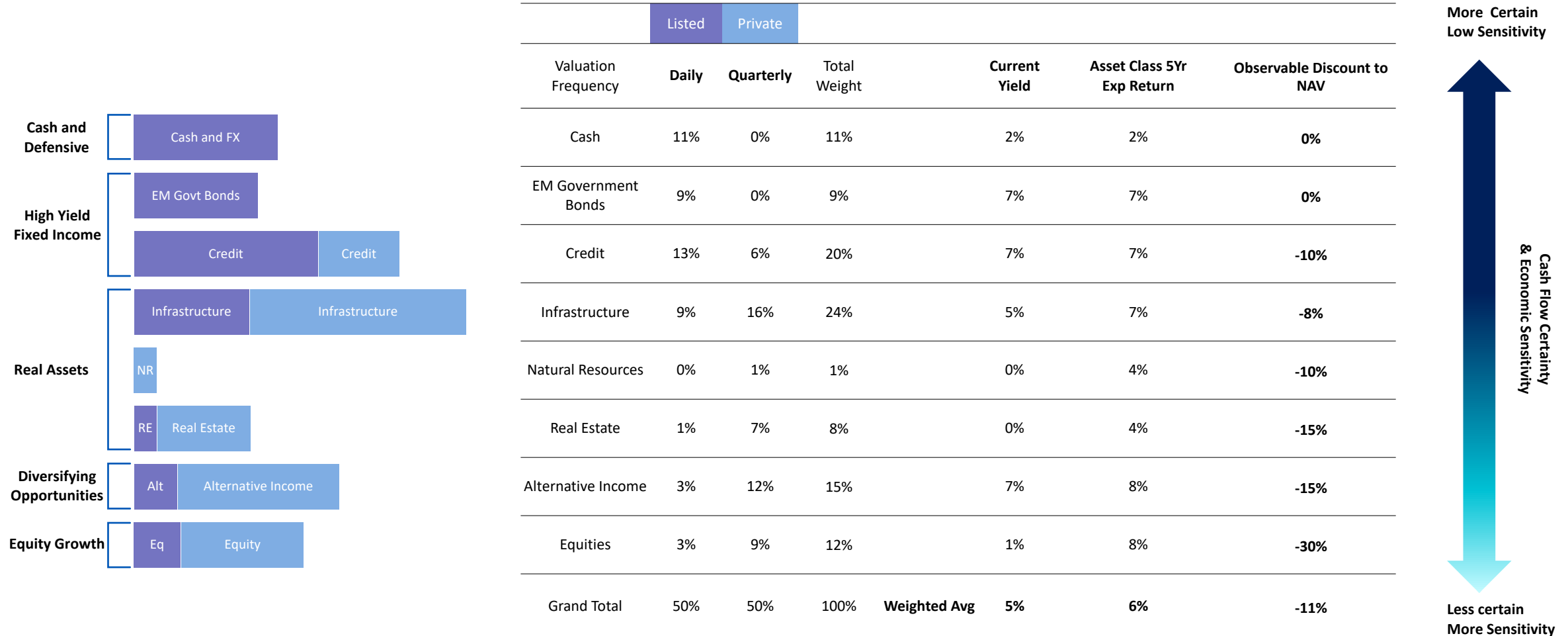




# Where do we see returns over the medium term?



# At 6.85% yield ADIG demonstrates significant value



# Risk factors you should consider prior to investing:

- 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.
- Investment in the Company may not be appropriate for investors who plan to withdraw their money within 5 years.
- The Company may borrow to finance further investment (gearing). The use of gearing is likely to lead to volatility in the Net Asset Value (NAV) meaning that any movement in the value of the company's assets will result in a magnified movement in the NAV.
- The Company may accumulate investment positions which represent more than normal trading volumes which may make it difficult to realise investments and may lead to volatility in the market price of the Company's shares.
- There is no guarantee that the market price of the Company's shares will fully reflect their underlying Net Asset Value.
- As with all stock exchange investments the value of the Company's shares purchased will immediately fall by the difference between the buying and selling prices, the bid offer spread. If trading volumes fall, the bid-offer spread can widen.
- Yields are estimated figures and may fluctuate, there are no guarantees that future dividends will match or exceed historic dividends and certain investors may be subject to further tax on dividends.
- Derivatives may be used, subject to restrictions set out for the Company, in order to manage risk and generate income. The market in derivatives can be volatile and there is a higher than average risk of loss.
- The Company may invest in alternative investments (including direct lending, commercial property, renewable energy and mortgage strategies). Such investments may be relatively illiquid and it may be difficult for the Company to realise these investments over a short time period, which may make it difficult to realise investments and may lead to volatility in the market price of the Company's shares.
- Investing globally can bring additional returns and diversify risk. However, currency exchange rate fluctuations may have a positive or negative impact on the value of investments.

# Where do we see value in 2023?

Over the next 12 months there will be near term **market dislocations** and some longer term **structural changes** to markets will present compelling value.



## Private Markets Corporate

- Special situations debt
- Secondary private equity



## Private Markets Real Assets

- Real Estate market disruption
- Sustained inflation



## Listed Equities

- Real asset exposures
- Global de-synchronisation

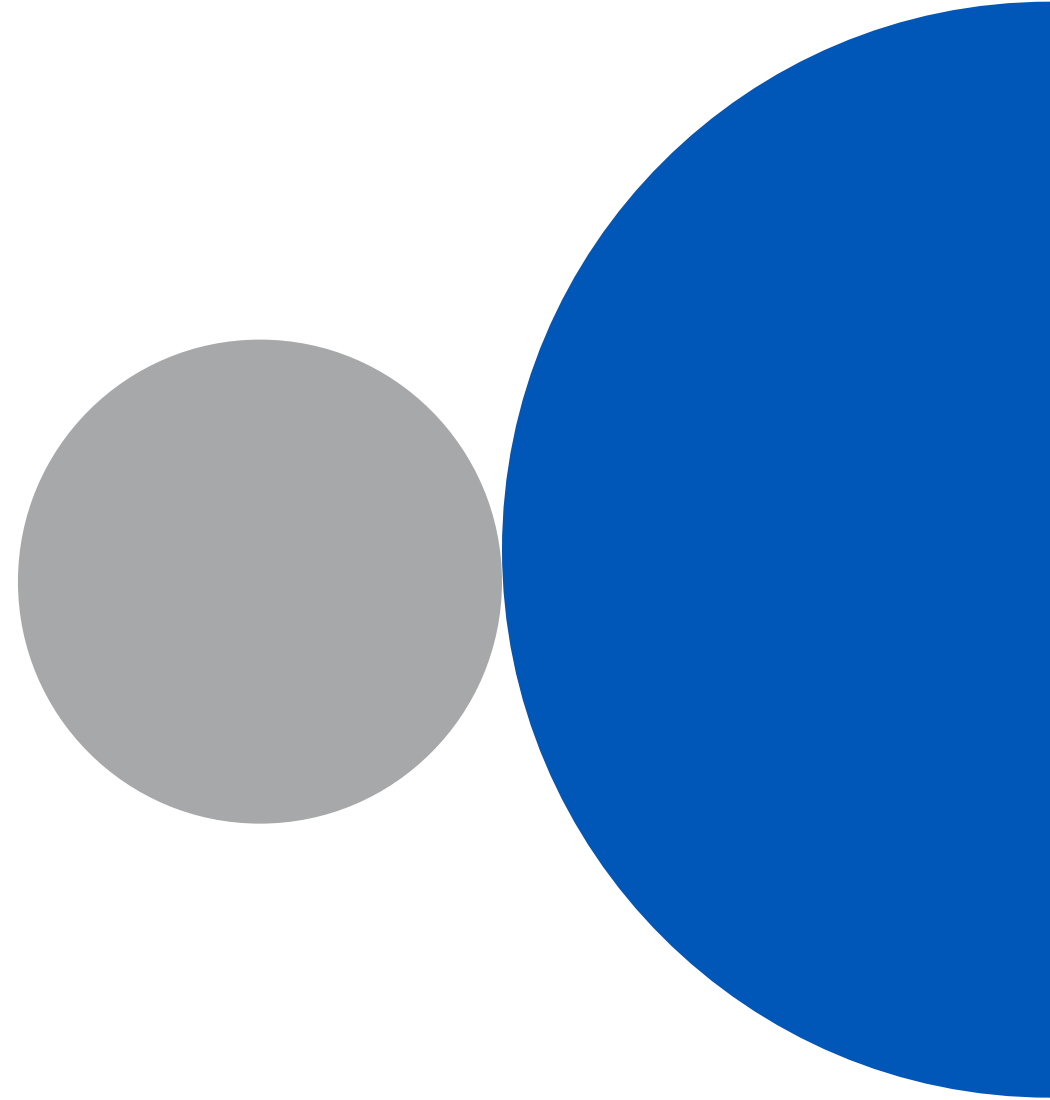


## Fixed Income and Credit

- Defensive fixed income
- Emerging market local currency

# Why ADIG, why now?

- **Significant value** - discount represents significant value, based on quality of asset base with dependable income yield paid on a quarterly basis, currently **6.85% cash yield**.
- **Thoughtfully constructed & resilient portfolio** – Unique access to an **institutional grade** globally diversified portfolio with access to **high quality and mature private markets** opportunities.
- **Defensive Positioning** – Ability to weather turbulent times, with the ability to pivot to growth as market opportunities present themselves.





# Thank you

Questions



Important information

# abrdn Diversified Income and Growth discrete performance (%)

	28/02/23	28/02/22	28/02/21	29/02/20	28/02/19
Share Price	(7.9)	10.5	(2.4)	(7.3)	1.3
NAV <sup>A</sup>	1.5	10.3	1.4	4.3	(1.7)

## Fund Objective:

The Company seeks to provide income and capital appreciation over the long term through investment in a globally diversified multi-asset portfolio.

<sup>A</sup> Including current year revenue.

Total return; NAV to NAV, net income reinvested, GBP. Share price total return is on a mid-to-mid basis. Dividend calculations are to reinvest as at the ex-dividend date. NAV returns based on NAVs with debt valued at fair value.

Source: Morningstar.

For Information only. Performance prior to 11th February 2017 does not relate to management by abrdn.



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