abrdn UK All Share Tracker Fund (WHSFGR)

Annual Report to 31 December 2024

Performance Review
For the 12 months ended 31 December 2024, the value of abrdn UK All Share Tracker Fund B Accumulation shares increased by 9.31% (net of fees) compared with an increase of 9.47% in the performance target, the FTSE All Share Index.

Fund return source: Lipper. Basis: total return, published net asset value (NAV) to NAV, UK net income reinvested. Please note the benchmark return is quoted gross and contains no adjustment for fees. Different share classes will have accrued different returns. Performance target source: abrdn. Basis: close of business return, income reinvested, gross of expenses.

The realised tracking as at 31 December 2024 was 0.04%. The Realised Tracking Error measures how consistently the fund follows its benchmark and is defined as being the volatility of differences in returns between the fund and its benchmark over a three-year period to 31 December 2024.

Please remember that past performance is not a guide to future returns. The price of shares and the revenue from them may fall as well as rise. Investors may not get back the amount originally invested.

Companies selected for illustrative purposes only to demonstrate the investment management style described herein and not as an investment recommendation or indication of future performance.

Market Review
UK equities performed strongly over the period thanks to continued falls in the rate of inflation and the start of Bank of England (BoE) interest-rate cuts. Sentiment earlier in the year was aided by data that broadly indicated a more positive outlook for the British economy, but there were concerns in the wake of the new Labour government's October Budget about the impact of tax rises and higher levels of state spending. The FTSE 100 Index returned 9.59% over the 12 months, having reached a new all-time high in May as large-cap energy and mining stocks were supported by higher oil and

commodity prices. The domestically focused FTSE 250 Index gained 8.13% and the FTSE Small Cap Index advanced by 10.66%, with an increase in takeover activity helping both indexes to recover well from a weak start to the year.

Gains in global markets during the period were underpinned by the ongoing resilience of the US economy and hopes that artificial intelligence could drive significant productivity improvements. In particular, major technology stocks in the US continued to outperform. However, geopolitical tensions weighed on investor confidence, with conflict in the Middle East and Ukraine ongoing. Markets around the world initially welcomed Donald Trump's victory in November's US presidential election, but concerns grew about the prospect of disputes between the US and its major trading partners in 2025.

In economic news, the inflation rate in the UK fell to its long-term 2% target in May but rose slightly towards the end of 2024 due to higher transport costs and price pressures in the services sector. The BoE cut interest rates for the first time since 2020 in August and again in November, but planned rises in government spending created uncertainty about the path of future base-rate reductions. Figures published early in the period showed the UK economy had entered a technical recession in late 2023, before returning to growth in the first six months of 2024. However, UK GDP in the third quarter was flat.

Portfolio Review
The fund aims to generate growth over the long term (five years or more) by tracking the return of the FTSE All Share Index. The fund continued to track the FTSE All Share Index. We periodically rebalanced its holdings in accordance with the changes made by the index provider at its quarterly reviews. Any intra-quarterly index changes are also traded in the Fund, if required, to maintain tracking against the benchmark.

Portfolio Outlook and Strategy
We approach 2025 with cautious optimism. The UK market remains attractively valued, particularly considering anticipated company earnings growth and expected monetary easing. On a macroeconomic level, the British economy is expected to deliver solid GDP growth, inflation is stabilising around target levels, and the BoE is likely to continue reducing interest rates, even if this is at a slower pace than previously anticipated. In combination, these factors should encourage an increase in business investment. Meanwhile, the UK consumer is benefiting from real wage growth, bolstered by an imminent rise in the National Living Wage, and maintains a robust double-digit savings ratio, indicating potential for increased spending once confidence returns. However, risks remain, including the potential for trade wars, inflationary pressures and geopolitical tensions.

Quantitative Index Solutions Team
January 2025