abrdn

Multi-Asset investing at abrdn

abrdn.com

Investment process overview

4 key components available to address clients' needs

Semi-annually review	Weekly review	Biweekly	Ongoing
• Optimal strategic allocation betusing industry-leading forecast models of returns and risks • Based on fundamental analyses rather than historical data, to meet objectives	• Team-based approach to exploit short-term market dislocations, with a 13-year track record of alpha generation • Dynamic adjustments with 3-12 month investment horizon driven by four factor drivers of Macro Profits, Monetary, Valuation, Behavioral assessment	• Granular medium term (1-3 year) absolute return ideas that offer diversification • 16-year of track record and >300 ideas generated	• Customized and process driven implementation of equities and fixed income to maximize alpha generation while being cost-conscious • Industry-leading risk management techniques e.g. forward stress testing • Compress risk for a given level of return

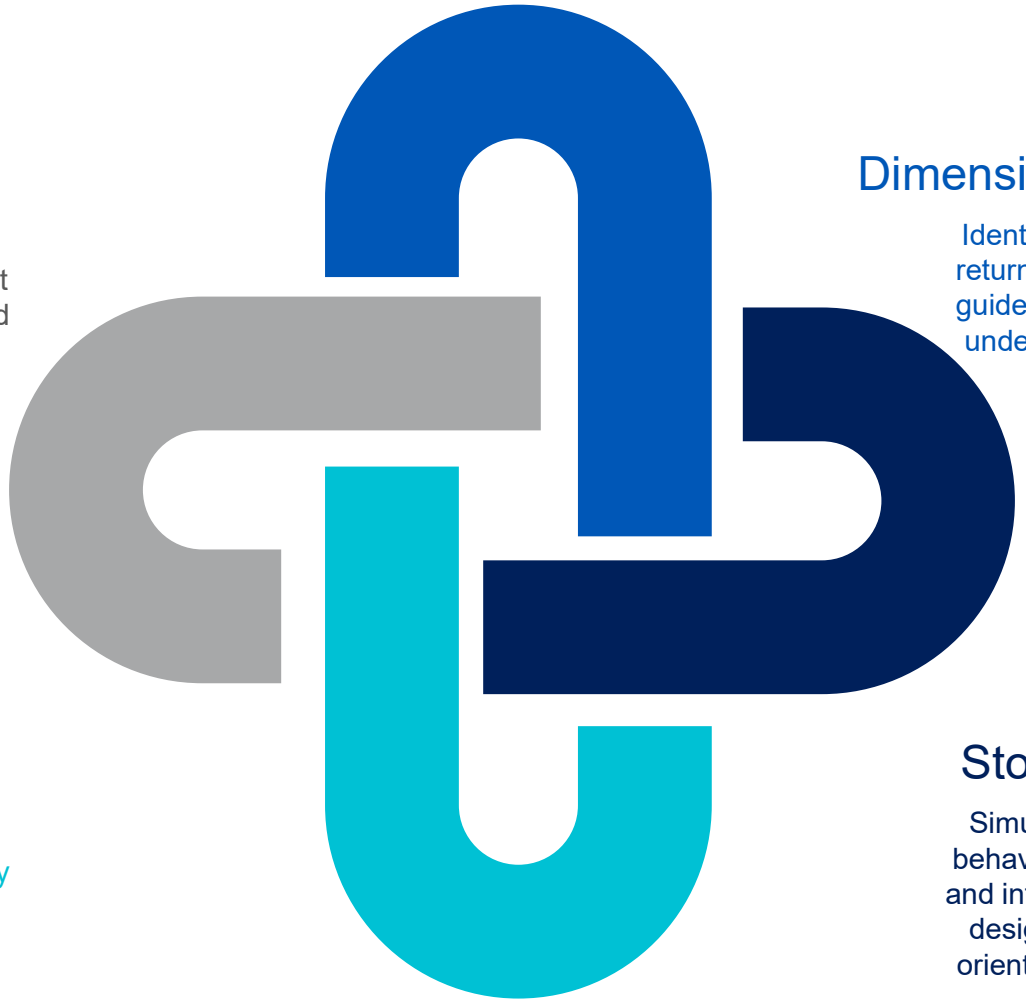
Source: abrdn, October 2022

Risk management

A ‘Four Lenses’ Framework

Risk Analysis

Ex-ante risk modelling of current positions. Usage of internal and external risk systems to gain insight into short-term risks, exposures and derivative managment.



Dimensionality/Factor Analysis

Identification of truly independent return streams within a portfolio to guide portfolio construction, better understand tail risks and support risk budgeting.

Scenario Analysis

Library of historical scenarios. Extreme, but plausible thematic forward looking scenarios, internally modelled by proprietary scenario engine.

Stochastic Modelling

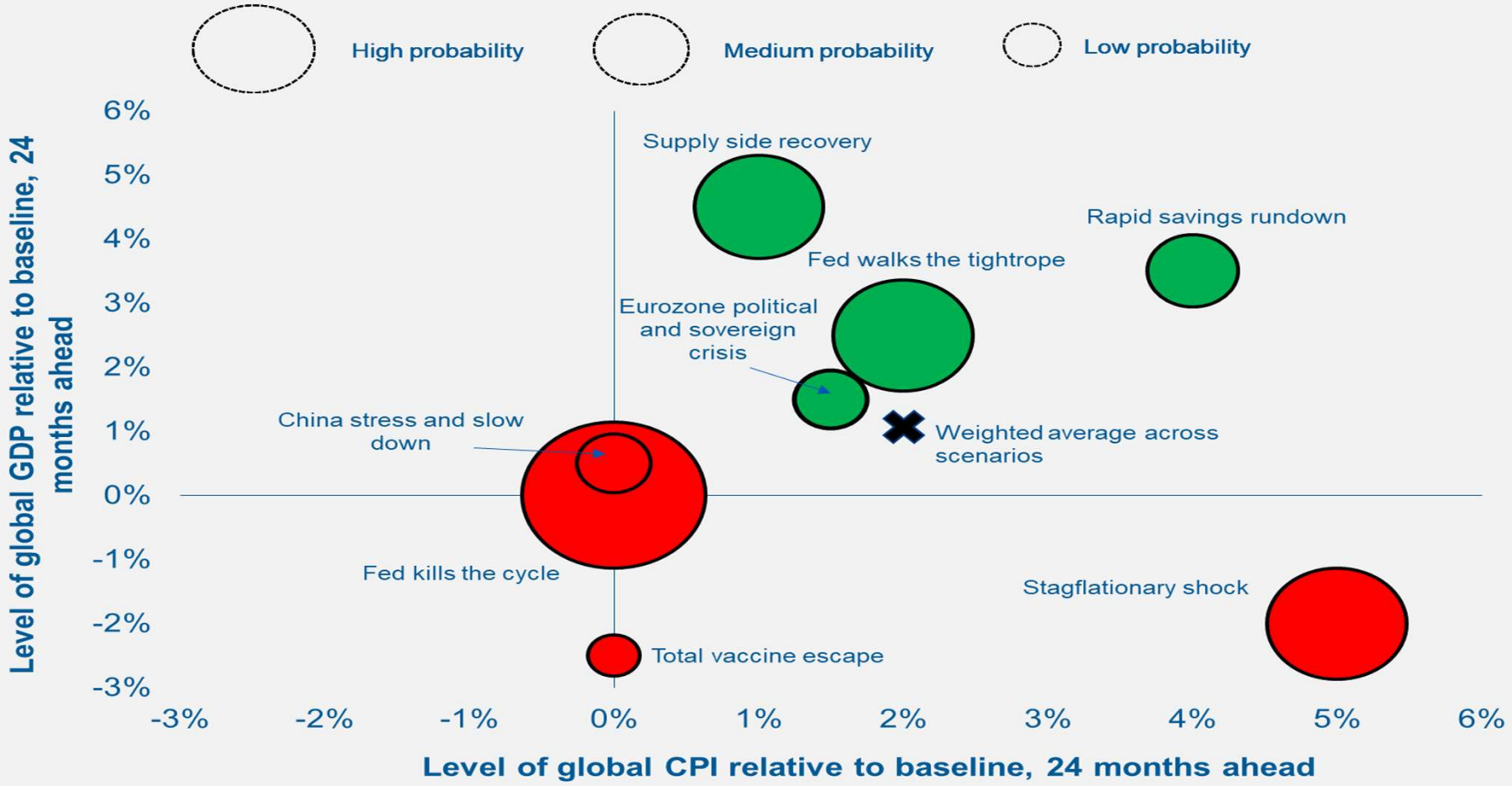
Simulation of long-term portfolio behaviour using stochastic models and internal calibration. Support the design of bespoke and outcome oriented solutions across different investment horizons.

Source: abrdn.

Scenarios

Over 55% of our probability mass is occupied by scenarios consistent with a global recession

Global activity and price level in alternative scenarios, relative to baseline, 24 months ahead



Source: abrdn, September 2022