

# abrdrn SICAV II European Smaller Companies Fund



31 December 2024

## Performance

The Fund outperformed the benchmark over the quarter. Looking at individual stock drivers, UK-listed construction services business Morgan Sindall performed well over the period. The company indicated that it was trading well ahead of expectations with a particularly strong performance from its Fit Out division. Market dynamics have changed significantly as the other main player in the market, ISG, collapsed. This considerably strengthened Morgan Sindall's market position and should see continued operating momentum for the business. Elsewhere in the UK, gaming company, Games Workshop, performed strongly after the company issued an unscheduled trading update that highlighted that trading is exceeding expectations with good core volumes and better-than-expected licensing revenues (which are also very high margin). The matrix (our quant tool) score is supportive and we retain the holding. In Italy, IT services company, Reply, added value as the business issued a positive third quarter report that highlighted solid trading ahead of expectations across most areas of the business.

On the negative side, Germany-listed online ticketing company, CTS Eventim, was the main laggard over the quarter. The shares suffered following third quarter results that were impacted by several one-off costs relating to recent acquisitions. Additionally, a large part of CTS' earnings miss was due to the difference of event timings this year versus last year. Much of the year-on-year shortfall is expected to be recouped in the fourth quarter as several global acts tour. The company retained guidance for the year and has strong visibility going into 2025. We retain the holding. Staying in Germany, kitchen appliance manufacturer, Rational, was also relatively weak given uncertainty over potential US tariffs. We are confident that the business can mitigate the impact with modest price increases, which should be manageable given its strong market position. Belgium-listed pharmaceutical, Fagron, suffered following an FDA warning in relation to one of Fagron's locations. The issue is being addressed by the company and we remain positive on the growth opportunities in the personalised medicine segment.

## Activity

Portfolio activity was muted over the quarter. We built the holding in Swedish engineering consulting business Sweco. It is a leading player in the European market with a strong position in the Nordics. The company is exposed to several structural growth drivers, including urbanisation, government investment in infrastructure and measures to improve the utilisation of consultants in several countries including the UK and Finland.

We topped up holdings in Sweden-listed outdoor equipment specialist Thule, UK-listed remote actuator company Rotork and Belgian personalised medicine specialist Fagron. All three reported better-than-expected results that confirm the investment cases. The matrix scores for these holdings are supportive.

We reduced the holdings in Diploma and Addtech for risk management purposes following strong share price performances. There was no change to the investment case for either stock. We also reduced the holding in Italian automotive supplier, Brembo, as concerns grew surrounding trade tensions with China and a reduction in Chinese demand for luxury vehicles.

## Risk factors you should consider before investing:

- The value of an investment can fall as well as rise and is not guaranteed. An investor may get back less than they put in. Past Performance is not a guide to future performance.
- The fund invests in equities and equity related securities. These are sensitive to variations in the stock markets which can be volatile and change substantially in short periods of time.
- The fund may invest in equities and equity related securities in European emerging markets. Investing in emerging markets involves a greater risk of loss than investing in more developed markets due to, among other factors, greater political, tax, economic, foreign exchange, liquidity and regulatory risks.
- The shares of smaller companies may be less liquid and more volatile than those of larger companies.
- The use of derivatives carries the risk of reduced liquidity, substantial loss and increased volatility in adverse market conditions, such as a failure amongst market participants. The use of derivatives may result in the fund being leveraged (where market exposure and thus the potential for loss by the fund exceeds the amount it has invested) and in these market conditions the effect of leverage will be to magnify losses. The fund does not make extensive use of derivatives.
- A concentrated portfolio may be more volatile than a more broadly diversified one.



**Cumulative and Annualised performance as at 31/12/2024**

	3 Months %	1 Year %	3 Years (p.a.) %	5 Years (p.a.) %
Standard Life European Smaller Companies Fund	-1.7	7.9	-7.9	3.3

**Discrete annual performance year to 31/12**

	2024	2023	2022	2021	2020
Standard Life European Smaller Companies Fund	7.9	10.9	-34.8	32.0	14.2

Fund performance has been calculated net of Annual Management Charge.

Source: abrdn

Past performance is not a guide to future results. The value of investments, and the income from them, can go down as well as up and an investor may get back less than the amount invested. This investment may be affected by changes in currency exchange rates.

**Investment involves risk. The value of investments, and the income from them, can go down as well as up and an investor may get back less than the amount invested. Past performance is not a guide to future results. This investment may be affected by changes in currency exchange rates.**

The information contained in this marketing document should not be considered as an offer, investment recommendation or solicitation, to deal in the shares of any securities or financial instruments. It is not intended for distribution or use by any person or entity who is a citizen or resident of or located in any jurisdiction where such distribution, publication or use would be prohibited. No information, opinions or data in this document constitute investment, legal, tax or other advice and are not to be relied upon in making an investment or other decision.

abrdn SICAV II European Smaller Companies Fund is a Unit Linked Insured Fund. The fund is invested in the abrdn SICAV II European Smaller Companies Fund.

\*abrdn means the relevant member of abrdn group, being abrdn plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

Issued by abrdn Investments Luxembourg S.A. 35a, Avenue J.F. Kennedy, L-1855 Luxembourg. No.B120637. Authorised in Luxembourg and regulated by CSSF. abrdn SICAV II is an umbrella type investment company with variable capital registered in Luxembourg (no. B120637) at 2-4, rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg.

www.abrdn.com © 2025 abrdn plc.

