| abrdn Ethical Corporate Bond Fund – Investment Objective and Policy | |
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| **Current** | **Updated (Effective 27th November 2026)** |
| **Investment Objective**<br>To generate income and some growth over the long term (5 years or more) by investing in Sterling-denominated investment grade corporate bonds which adhere to the Aberdeen Investments Ethical Corporate Bond Investment Approach.<br><br>Performance Target: To be top quartile within the fund's peer group; defined as the Investment Association Sterling Corporate Bond Sector, over rolling five-year periods (after charges). The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target. Due to the ethical nature of the management process, there are a material number of stocks and sectors that the fund is unable to invest in while other funds in the Investment Association Sterling Corporate Bond Sector can, which means the fund's performance profile may deviate significantly from that of the Investment Association Sterling Corporate Bond Sector average.<br><br>The ACD believes this is an appropriate target for the fund based on the investment policy of the fund and the constituents of the sector. | **Investment Objective**<br>To generate income and some growth over the long term (5 years or more) by investing in Sterling-denominated investment grade corporate bonds which adhere to the Aberdeen Investments Ethical Corporate Bond Investment Approach.<br><br>Performance Target: To be top quartile within the fund's peer group; defined as the Investment Association Sterling Corporate Bond Sector, over rolling five-year periods (after charges). The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target. Due to the ethical nature of the management process, there are a material number of stocks and sectors that the fund is unable to invest in while other funds in the Investment Association Sterling Corporate Bond Sector can, which means the fund's performance profile may deviate significantly from that of the Investment Association Sterling Corporate Bond Sector average.<br><br>The ACD believes this is an appropriate target for the fund based on the investment policy of the fund and the constituents of the sector. |
| **Investment Policy**<br>**Portfolio Securities**<br>• The fund will invest at least 60% in Sterling denominated investment grade corporate bonds issued anywhere in the world.<br>• The fund may invest in bonds, issued anywhere in the world by corporations and supranational institutions, including sub-sovereigns, sub-investment grade, inflation-linked, convertible, asset backed and mortgage backed bonds. The fund will employ techniques to reduce (hedge) risk related to currency movements on non-Sterling bonds.<br>• The fund may also invest in other funds (including those managed by Aberdeen Investments), money market instruments and cash.<br>• All investments will adhere to the Aberdeen Investments Ethical Corporate Bond Investment Approach as set out in Appendix VIII. | **Investment Policy**<br>**Portfolio Securities**<br>• The fund will invest at least 60% in Sterling denominated investment grade corporate bonds issued anywhere in the world.<br>• The fund may invest in bonds, issued anywhere in the world by corporations and supranational institutions, including sub-sovereigns, sub-investment grade, inflation-linked, convertible, asset backed and mortgage backed bonds. The fund will employ techniques to reduce (hedge) risk related to currency movements on non-Sterling bonds.<br>• The fund may also invest in other funds (including those managed by Aberdeen Investments), money market instruments and cash.<br>• All investments will adhere to the Aberdeen Investments Ethical Corporate Bond Investment Approach as set out in Appendix VIII. |

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| • The fund applies a set of company exclusions which are related but not limited to fossil fuels, animal testing, weaponry, pornography, gambling, tobacco and alcohol.<br>• In addition, the investment team carries out qualitative and quantitative assessment of companies' ESG characteristics.<br>  ○ The qualitative assessment utilises Aberdeen Investments' fixed income investment process, which enables portfolio managers to assess how ESG factors are likely to impact on the company's ability to repay its debt, both now and in the future. A key component of this is the ESG Risk Rating, which enables the management team to qualitatively identify and avoid ESG laggards. ESG laggards are typically companies with financially material controversies, severe governance concerns, and/or poor treatment of minority shareholders.<br>  ○ The quantitative assessment utilises the Aberdeen Investments ESG House Score to evaluate how companies manage their ESG risks and assigns a score accordingly. The global universe of scored companies is then sorted and split into 7 equal groupings, with at least 70% of the fund invested in companies in the top two groups.<br><br>**Management Process**<br>• The fund management team use their discretion (active management) to identify bonds and derivatives based on analysis of global economic and market conditions (for example, interest rates and inflation), analysis of a company's prospects and creditworthiness compared to that of the market.<br>• Engagement with external company management teams is used to evaluate the ownership structures, governance and management quality of those entities, in order to inform portfolio construction.<br>• The Aberdeen Investments Ethical Corporate Bond Investment Approach criteria reduces the benchmark investable universe by a minimum of 20%. | • The fund applies a set of company exclusions which are related but not limited to fossil fuels, animal testing, weaponry, pornography, gambling, tobacco and alcohol.<br>• In addition, the investment team carries out a dual assessment of companies' ESG characteristics.<br>  ○ The fund utilises Aberdeen Investments' fixed income investment process, which enables portfolio managers to assess how ESG factors are likely to impact on the company's ability to repay its debt, both now and in the future. A key component of this is the ESG Risk Rating, which enables the management team to qualitatively identify and avoid ESG laggards. ESG laggards are typically companies with financially material controversies, severe governance concerns, and/or poor treatment of minority shareholders.<br>  ○ Additionally, at least 60% of the fund's assets will be invested in companies that manage adverse environmental impacts and promote societal welfare through their products and/or services or the way in which they operate their business.<br><br>**Management Process**<br>• The fund management team use their discretion (active management) to identify bonds and derivatives based on analysis of global economic and market conditions (for example, interest rates and inflation), analysis of a company's prospects and creditworthiness compared to that of the market.<br>• Engagement with external company management teams is used to evaluate the ownership structures, governance and management quality of those entities, in order to inform portfolio construction.<br>• The Aberdeen Investments Ethical Corporate Bond Investment Approach criteria reduces the benchmark investable universe by a minimum of 20%.<br>• In seeking to achieve the Performance Target, the Markit iBoxx Sterling Collateralized & Corporates Index is used as a reference point for portfolio construction and as a basis for |

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| • In seeking to achieve the Performance Target, the Markit iBoxx Sterling Collateralized & Corporates Index is used as a reference point for portfolio construction and as a basis for setting risk constraints. The expected variation ("tracking error") between the returns of the fund and the index, is not ordinarily expected to exceed 3%. Due to the ethical nature of the management process, there are a material number of stocks and sectors in the Markit iBoxx Sterling Collateralized & Corporates Index that the fund is unable to invest in, which means the fund's performance profile may deviate significantly from that of the Markit iBoxx Sterling Collateralized & Corporates Index.<br><br>Please Note: The fund's ability to buy and sell bonds and the associated costs can be affected during periods of market stress which could include periods where interest rates move sharply.<br><br>**Derivatives and Techniques**<br>• The fund will make routine use of derivatives to reduce risk, reduce cost and/ or generate extra income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management").<br>• Derivatives include instruments used to manage expected changes in interest rates, inflation, currencies or creditworthiness of corporations. | setting risk constraints. The expected variation ("tracking error") between the returns of the fund and the index, is not ordinarily expected to exceed 3%. Due to the ethical nature of the management process, there are a material number of stocks and sectors in the Markit iBoxx Sterling Collateralized & Corporates Index that the fund is unable to invest in, which means the fund's performance profile may deviate significantly from that of the Markit iBoxx Sterling Collateralized & Corporates Index.<br><br>Please Note: The fund's ability to buy and sell bonds and the associated costs can be affected during periods of market stress which could include periods where interest rates move sharply.<br><br>**Derivatives and Techniques**<br>• The fund will make routine use of derivatives to reduce risk, reduce cost and/ or generate extra income or growth consistent with the risk profile of the fund (often referred to as "Efficient Portfolio Management").<br>• Derivatives include instruments used to manage expected changes in interest rates, inflation, currencies or creditworthiness of corporations.<br>• Derivatives may result in indirect exposure to assets that do not explicitly adhere to the fund's ethical objective. |