

# abrdn SICAV II

Prospectus  
7 May 2025

[abrdn.com](https://abrdn.com)

# abrdn SICAV II

*Société d'investissement à capital variable*

Registered Office:  
35a, avenue John F. Kennedy, L-1855 Luxembourg  
Grand Duchy of Luxembourg

## OFFER FOR SHARES

This is an offer to subscribe for separate classes of shares (the "**Shares**") issued without par value in abrdn SICAV II (the "**Company**"), each Share being linked to one of the sub-funds of the Company (the "**Sub-funds**"), as specified below:

Name of Sub-fund	Reference Currency	Initial Subscription Day
<b><u>Equity Sub-funds</u></b>		
abrdn SICAV II - Global Real Estate Securities Sustainable Fund (*)	Euro	26 January 2007
abrdn SICAV II - European Smaller Companies Fund	Euro	27 September 2007
abrdn SICAV II – Global Impact Equity Fund	US Dollar	25 November 2022
abrdn SICAV II – Global Smaller Companies Fund	US Dollar	25 November 2022
<b><u>Bond Sub-funds</u></b>		
abrdn SICAV II - Global Inflation-Linked Government Bond Fund	US Dollar	26 May 2005
abrdn SICAV II - Euro Corporate Bond Fund	Euro	25 September 2003
abrdn SICAV II - Emerging Market Local Currency Debt Fund	US Dollar	19 June 2013
abrdn SICAV II - Global High Yield Bond Fund	US Dollar	6 April 2010
abrdn SICAV II - Global Corporate Bond Fund	US Dollar	17 June 2011
abrdn SICAV II - Euro Corporate Sustainable Bond Fund	Euro	17 October 2012
abrdn SICAV II - Macro Fixed Income Fund	Sterling	29 March 2011
abrdn SICAV II - Global Income Bond Fund	US Dollar	25 September 2014
abrdn SICAV II – Global Short Dated Corporate Bond Fund	US Dollar	25 November 2022
<b><u>Absolute Return Sub-funds</u></b>		
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(\*) This Sub-fund is not authorized by the Securities and Futures Commission under the Code on Real Estate Investment Trusts, but it is authorized under the Code on Unit Trusts and Mutual Funds. Such authorization does not imply official recommendation.

<b><u>Multi-Asset Sub-funds</u></b>		
abrdrn SICAV II – Global Risk Mitigation Fund	US Dollar	14 June 2022

The Shares in the Sub-funds may be divided into: Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class J Shares, Class K Shares, Class S Shares, Class T Shares and Class Z Shares (each a "**Class**"). Each Class may be sub-divided into (i) accumulation of income and/or different distribution of income categories and/or (ii) hedged and/or un-hedged categories and/or (iii) different investment currencies (each a "**Category**" and together the "**Categories**"). For further information about the rights attaching to the various Classes and/or Categories, please refer to the section headed "*Classes of Shares*".

The reference currency (the "**Reference Currency**") of each Sub-fund is the currency in which each Sub-fund is denominated. Notwithstanding this, a Class or Category may be denominated in a currency other than the Reference Currency of the Sub-fund (the "**Class Currency**"). Both the Reference Currency and Class Currency relating to each Sub-fund, Class and Category, as the case may be, are further described in this Prospectus.

## IMPORTANT INFORMATION

If you are in any doubt about the contents of this prospectus (the "Prospectus"), you should consult your stockbroker, solicitor, accountant or other financial advisor. No person is authorised to give any information other than that contained in this Prospectus, or any of the documents referred to herein that are available for public inspection at 35a, avenue John F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg.

- The Company, being an investment company with variable capital (*société d'investissement à capital variable*), is registered in the Grand Duchy of Luxembourg as an undertaking for collective investment in transferable securities (a "UCITS") pursuant to Part I of the Luxembourg law (the "UCI Law") of 17 December 2010 (as amended from time to time) on undertakings for collective investment (a "UCI") and the Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 (the "UCITS Directive"), as amended. However, such registration does not imply a positive assessment by the supervisory authority, the *Commission de Surveillance du Secteur Financier* (the "CSSF") of the contents of this Prospectus or of the quality of the Shares offered for sale. Any representation to the contrary is unauthorised and unlawful.
- The Company has appointed, as of 1 October 2018, abrdn Investments Luxembourg S.A. (formerly known as Aberdeen Standard Investments Luxembourg S.A.) to act as its designated management company (the "**Management Company**") in accordance with the UCI Law, as further detailed below.
- This Prospectus does not constitute an offer to anyone or solicitation by anyone in any jurisdiction in which such an offer or solicitation is unlawful or in which the person making such an offer or solicitation is not qualified to do so.
- Only statements made in this Prospectus are regarded as authorised. The information contained in this Prospectus is considered to be accurate at the date of its publication. To reflect material changes, this Prospectus may be updated from time to time and potential subscribers should enquire with the Company as to the issue of any later Prospectus.
- Profile of the typical investor:
  1. For Equity Sub-funds:

The Equity Sub-funds aim to provide long term growth. These Sub-funds may not be appropriate for investors who plan to withdraw their money within 5 years. Investors should satisfy themselves that their attitude to risk aligns with the risk profile of the Sub-funds before investing.
  2. For Bond Sub-funds:

The Bond Sub-funds aim to provide long term growth from capital gains and the reinvestment of income. These Sub-funds may not be appropriate for investors who plan to withdraw their money within 5 years. Investors should satisfy themselves that their attitude to risk aligns with the risk profile of the Sub-funds before investing.
  3. For Absolute Return Sub-funds:

The Absolute Return Sub-funds aim to provide positive investment returns in all market conditions over the medium to long term. These Sub-funds may not be appropriate for investors who plan to withdraw their money within 5 years. Investors should satisfy themselves that their attitude to risk aligns with the risk profile of the Sub-funds before investing.
  4. For Multi-Asset Sub-funds (excluding abrdn SICAV II – Global Risk Mitigation Fund):

The Multi-Asset Sub-funds aim to provide growth over the medium to long term. These Sub-funds may not be appropriate for investors who plan to withdraw their money within

5 years. Investors should satisfy themselves that their attitude to risk aligns with the risk profile of the Sub-funds before investing.

5. For abrdn SICAV II – Global Risk Mitigation Fund

This Sub-fund aims to provide strong returns when equity markets experience material declines and volatility is high. This Sub-fund may not be appropriate for investors who plan to withdraw their money before experiencing a full market cycle. Investors should satisfy themselves that their attitude to risk aligns with the risk profile of the Sub-fund before investing.

6. For Sub-funds subject to SFDR Article 8 and 9:

These Sub-funds may be suitable for investors seeking a sustainability-related outcome. The SFDR Article to which each Sub-fund is subject is set out in its investment objective and policy.

- The distribution of this Prospectus and the offering of the Shares may be restricted in certain jurisdictions. It is the responsibility of any person in possession of this Prospectus and of any person wishing to subscribe for Shares pursuant to this Prospectus to inform itself of, and to observe, all applicable laws and regulations of any relevant jurisdictions. Potential subscribers or purchasers of Shares should inform themselves as to the possible tax consequences, the legal requirements and any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their citizenship, residence or domicile and which might be relevant to the subscription, purchase, holding, conversion or sale of Shares.
- Subscriptions for Shares can be accepted only on the basis of the current Prospectus or the key information documents for retail and insurance-based packaged investment products within the meaning of Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for retail and insurance-based packaged investment products, as amended (the "**PRIIPS KIDs**")<sup>1</sup>. The Company produces an annual report (the "**Annual Report**") containing the Company's audited accounts and semi-annual reports (a "**Semi-annual Report**"). These reports in their latest version will form an integral part of the Prospectus.
- For offering of Shares in Singapore, this Prospectus shall at all times be read and distributed with the latest Singapore Supplement to the Prospectus. For offering of Shares in Hong Kong this Prospectus shall at all times be read and distributed together with the latest Additional Information for Hong Kong Investors relating to the Prospectus.

### The abrdn Organisation

Aberdeen Group plc ("**abrdn**"), a company listed on the London Stock Exchange, is the holding company of a fund management group (the "**abrdn Group**") with offices in Europe, the United States of America, South America, Australia and Asia. Both the Management Company and the Investment Manager are part of the abrdn Group.

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<sup>1</sup> For UK investors only, the reference to PRIIPS KID should be understood as UCITS Key Investor Information Document ("**KIID**"), as defined by Commission Regulation (EU) No 583/2010 of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards key investor information and conditions to be met when providing key investor information or the prospectus in a durable medium other than paper or by means of a website.

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## Board of Directors of the Company

Member	Ms Nadya Christina Wells Director
Member	Ms Susanne Van Dootingh Director
Member	Mr Andrey Charles Berzins Director
Member	Mr Ian Allan Boyland Director
Member	Mr Xavier Meyer Director
Member	Ms Emily Jane Smart Director



## Administration and Advisors

Management Company, Domiciliary Agent and Distributor	abrdn Investments Luxembourg S.A. 35a, avenue John F. Kennedy L-1855 Luxembourg Grand Duchy of Luxembourg
Registrar and Transfer Agent	International Financial Data Services (Luxembourg) S.A. 49, avenue J.F. Kennedy L-1855 Luxembourg R.C.S Luxembourg B81997
For Shareholder Services	abrdn Investments Luxembourg S.A. c/o International Financial Data Services (Luxembourg) S.A. 49, avenue J. F. Kennedy L-1855 Luxembourg Grand Duchy of Luxembourg  Europe (excluding UK) and the rest of the World: Tel: +(352) 46 40 10 820 Fax: +(352) 24 52 90 56 UK Tel: +(44) 1224 425 255
Board of Directors of the Management Company	Miroslav Stoev
	Andreia Camara
	Paul Hugues
Auditor of the Management Company	KPMG Luxembourg 39, avenue John F. Kennedy L-1855 Luxembourg Grand Duchy of Luxembourg
Paying Agent	State Street Bank International GmbH, Luxembourg Branch 49, avenue John F. Kennedy L-1855 Luxembourg Grand Duchy of Luxembourg
Depository and Administrator	Citibank Europe plc, Luxembourg Branch 31 Z.A. Bourmicht, L-8070 Bertrange Luxembourg, Grand Duchy of Luxembourg
Auditor	KPMG Luxembourg 39, avenue John F. Kennedy L-1855 Luxembourg Grand Duchy of Luxembourg

Legal Advisor	Elvinger Hoss Prussen, <i>société anonyme</i> 2 Place Winston Churchill L-1340 Luxembourg Grand Duchy of Luxembourg
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## Investment Management Entities

Name and address
<p>abrdrn Inc. 2nd Floor 1900 Market Street Philadelphia PA 19103 United States of America</p> <p>abrdrn Inc. is authorised by the Securities and Exchange Commission of the United States of America</p>
<p>abrdrn Japan Limited Otemachi Financial City Grand Cube 9F 1-9-2 Otemachi, Chiyoda-ku Tokyo 100-0004 Japan</p> <p>abrdrn Japan Limited is authorised and regulated by the Japanese Financial Services Agency</p>
<p>abrdrn Hong Kong Limited <u>Correspondence address:</u> 30th Floor, LHT Tower 31 Queen's Road Central, Hong Kong</p> <p><u>Registered office address:</u> 6th Floor, Alexandra House 18 Chater Road Central, Hong Kong</p> <p>abrdrn Hong Kong Limited is licensed and regulated by the Securities and Futures Commission in Hong Kong</p>
<p>abrdrn Asia Limited 7 Straits View #23-04 Marina One East Tower Singapore 018936</p> <p>abrdrn Asia Limited is regulated by the Monetary Authority of Singapore</p>
<p>abrdrn Investments Limited 1 George Street Edinburgh EH2 2LL United Kingdom</p> <p>abrdrn Investments Limited is authorised and regulated by the Financial Conduct Authority</p>

abrdn Investment Management Limited  
1 George Street  
Aberdeen  
EH2 2LL  
United Kingdom

abrdn Investment Management Limited is authorised and regulated by the Financial Conduct Authority

abrdn Brasil Investimentos Ltda (as Investment Advisor)  
Rua Joaquim Floriano, 913-7th Floor - Cj. 71  
Sao Paulo  
SP 04534-013  
Brazil

abrdn Brasil Investimentos Ltda is regulated by the Comissão de Valores Mobiliários ("CVM"), the Securities Exchange Commission of Brazil

## Investment Objective

The objective of the Company is to provide the investors with a choice of professionally managed Sub-funds investing in a wide range of transferable securities, money market instruments and/or other permitted assets in order to achieve an optimum return from capital invested, while reducing investment risk through diversification.

## Investment Policies

Each Sub-fund is managed in accordance with the investment powers and restrictions (the "**Investment Powers and Restrictions**") specified in Appendix A, and the special investment and hedging techniques and instruments (the "**Special Investment and Hedging Techniques and Instruments**") specified in Appendix B. The investment objective and policy of each Sub-fund is described below.

The board of directors of the Company (the "**Board of Directors**", each a "**Director**") may decide to create further Sub-funds with different investment objectives, and in such cases, this Prospectus will be updated accordingly. Each Sub-fund corresponds, in accordance with article 181 of the UCI Law, to a distinct part of the assets and liabilities of the Company.

All references to the Company, the Board of Directors or to a Director refer, where applicable, also to any delegates of the Company.

The Management Company, on behalf of the Company, will use a risk-management process that enables it to monitor and measure at any time the risk of the Sub-funds' portfolio positions and their contribution to the overall risk profile of the portfolio of the Company. The risk-management process is described in Appendix A.

### Equity Sub-funds

#### **abrdn SICAV II - Global Real Estate Securities Sustainable Fund**

This Sub-fund is subject to Article 8 of the SFDR. Further information can be found under section "EU's Sustainable Finance Disclosure Regulation – Investment Philosophy and Process".

The investment objective of the Sub-fund is to maximise total return from income and capital appreciation by investing at least 90% of the Sub-fund's assets in listed closed ended real estate investment trusts ("**REITs**") or securities and companies principally engaged in real estate activities (together "Real Estate Companies") on a global basis.

The Sub-fund aims to outperform the FTSE EPRA Nareit Developed Net Return Index (EUR) benchmark before charges.

A REIT is a company usually listed on a stock exchange that owns and manages predominantly income producing property, either commercial or residential. Most of its taxable income is distributed to shareholders through dividends, in return for which the company is largely exempt from corporation tax.

REITs are designed to offer investors income and capital appreciation from rented property assets in a tax efficient way, with a return over time more closely aligned with direct property investment. This is achieved by taking away the "double taxation" (corporation tax plus the tax on dividends) of real estate funds. REITs allow investors to invest in property as an asset class by creating a more liquid and tax efficient vehicle than solely investing in the direct property markets.

The Sub-fund is actively managed. The benchmark is also used as a reference point for portfolio construction and as a basis for setting risk constraints, but does not incorporate any sustainable criteria. In order to achieve its objective, the Sub-fund will take positions whose weightings diverge from the benchmark or invest in Real Estate Companies which are not included in the benchmark. The investments of the Sub-fund may deviate significantly from the components and their weightings in the benchmark. Due to the Sub-fund's risk constraints, the Sub-fund's performance profile is not ordinarily expected to deviate significantly from that of the benchmark over the longer term.

The Sub-fund promotes environmental and social characteristics but does not have a sustainable investment objective.

Investment in all Real Estate Companies will follow abrdn's "Global Real Estate Securities Sustainable Investment Approach".

Through the application of this approach the Sub-fund commits to having a minimum 40% in Sustainable Investments. Furthermore, the Sub-fund targets an ESG rating that is better than the benchmark.

The Sub-fund aims to have a positive tilt towards sustainable leaders with at least 50% of the Sub-fund invested in companies with best in class ESG credentials addressing global environmental and societal challenges ("Sustainable leaders"). As a minimum, Real Estate Companies will be expected to have ESG credentials that are considered average within the region they operate to be considered for investment.

The abrdn ESG House Score is used to quantitatively identify and exclude those companies exposed to the highest ESG risks. Additionally, abrdn apply a set of company exclusions to rule out a narrow, defined list of unacceptable activities and behaviours which are related to the UN Global Compact, State Owned Enterprises (SOE), Weapons, Tobacco, Thermal Coal, Oil & Gas and Electricity Generation. Taken together, the Sub-fund will exclude at least 20% of the benchmark investment universe. More detail on this overall process is captured within our Global Real Estate Securities Sustainable Investment Approach, which is published at [www.abrdn.com](http://www.abrdn.com) under "Fund Centre".

Engagement with external company management teams is used to evaluate the ownership structures, governance and management quality of those companies in order to adjust portfolio construction.

Financial derivative instruments, money-market instruments and cash may not adhere to this approach.

The Sub-fund may utilise financial derivative instruments for hedging and/or investment purposes, or to manage foreign exchange risks, subject to the conditions and within the limits laid down by applicable laws and regulations. The use of derivatives for hedging and/or investment purposes is expected to be very limited, mainly in those cases where there are significant inflows into the Sub-fund so that cash can be invested while the Sub-fund's investments in Real Estate Companies principally engaged in real estate activities is maintained.

The Sub-fund may hold ancillary liquid assets (i.e., bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 20% of its net assets for treasury purposes. That is, to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under article 4(1) of the UCI Law or for a period of time strictly necessary in case of unfavourable market conditions.

The Sub-fund may invest directly in money market and cash equivalent instruments or short-term debt securities, which may include fixed or floating rate commercial paper, bonds, notes and bills, bank deposits, certificates of deposit, term deposits up to one year, bankers' acceptances, call and notice accounts, and undertakings of collective investment which invest in these instruments (i.e. money market funds) for treasury purposes.

Where Share Classes are denominated in a different currency to that of the reference currency of the Sub-fund, a currency specific benchmark will typically be used for performance comparison purposes. This will be the benchmark of the Sub-fund expressed in another currency.

### **abrdn SICAV II - European Smaller Companies Fund**

This Sub-fund is subject to Article 8 of the SFDR. Further information can be found under section "EU's Sustainable Finance Disclosure Regulation – Investment Philosophy and Process".

The Sub-fund's investment objective is long term total return to be achieved by investing at least 70% of the Sub-fund's assets in small capitalisation equities and equity related securities of companies listed, incorporated or domiciled in Europe or companies that derive a significant proportion of their revenues or profits from European operations or have a significant proportion of their assets there.

Small capitalisation companies are defined as any stock included in the FTSE Developed Europe Small Cap Index (EUR) or, if not included within the index, any stock having a market capitalisation smaller than that of the stock with the largest market capitalisation in such index.

The Sub-fund is actively managed. The Sub-fund aims to outperform the FTSE Developed Europe Small Cap Index (EUR) benchmark before charges. The benchmark is also used as a reference point for portfolio construction and as a basis for setting risk constraints, but does not incorporate any sustainable criteria.

In order to achieve its objective, the Sub-fund will take positions whose weightings diverge from the benchmark and may invest in securities which are not included in the benchmark. The investments of the Sub-fund may deviate significantly from the components of and their respective weightings in the benchmark. Due to the active nature of the management process, the Sub-fund's performance profile may deviate significantly from that of the benchmark.

The Sub-fund promotes environmental and social characteristics but does not have a sustainable investment objective.

Investment in all equity and equity-related securities will follow the abrdn "European Smaller Companies Promoting ESG Equity Investment Approach".

Through the application of this approach, the Sub-fund commits to having a minimum of 10% in Sustainable Investments. Furthermore, the Sub-fund targets an ESG rating that is equal to or better, and a meaningfully lower carbon intensity, than the benchmark.

This approach utilises abrdn's equity investment process, which enables portfolio managers to qualitatively identify and avoid ESG laggards. To complement this research, the abrdn ESG House Score is used to quantitatively identify and exclude those companies exposed to the highest ESG risks. Additionally, abrdn apply a set of company exclusions which are related to the UN Global Compact, Controversial Weapons, Tobacco Manufacturing and Thermal Coal. More detail on this overall process is captured within the abrdn European Smaller Companies Promoting ESG Equity Investment Approach, which is published at [www.abrdn.com](http://www.abrdn.com) under "Fund Centre".

Engagement with external company management teams is used to evaluate the ownership structures, governance and management quality of those companies in order to inform portfolio construction.

Financial derivative instruments, money-market instruments and cash may not adhere to this approach.

The Sub-fund may utilise financial derivative instruments for hedging and/or investment purposes, or to manage foreign exchange risks, subject to the conditions and within the limits laid down by applicable laws and regulations. The use of derivatives for hedging and/or investment purposes is expected to be very limited, mainly in those cases where there are significant inflows into the Sub-fund so that cash can be invested while the Sub-fund's investments in equity and equity related securities is maintained.

The Sub-fund may hold ancillary liquid assets (i.e., bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 20% of its net assets for treasury purposes. That is, to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under article 4(1) of the UCI Law or for a period of time strictly necessary in case of unfavourable market conditions.

The Sub-fund may invest directly in money market and cash equivalent instruments or short-term debt securities, which may include fixed or floating rate commercial paper, bonds, notes and bills, bank deposits, certificates of deposit, term deposits up to one year, bankers' acceptances, call and notice accounts, and undertakings of collective investment which invest in these instruments (i.e. money market funds) for treasury purposes.

Where Share Classes are denominated in a currency other than the Reference Currency of the Sub-fund, a currency specific benchmark will typically be used for performance comparison purposes. This will be the benchmark of the Sub-fund expressed in another currency.

### **abrdn SICAV II - Global Impact Equity Fund**

This Sub-fund is subject to Article 9 of the SFDR. Further information can be found under section "EU's Sustainable Finance Disclosure Regulation – Investment Philosophy and Process".

The Sub-fund aims to provide long term growth by investing in companies listed globally that intentionally aim to create positive measurable environmental and/or social impacts.

The Sub-fund will invest at least 90% of the Sub-fund's assets in its investment universe. This is defined as equities and equity-related securities of companies that are under active research coverage by the investment team and are listed on global stock exchanges including Emerging Markets.

The Sub-fund may invest up to 10% of its net assets in Mainland China equity and equity-related securities including through the Shanghai-Hong Kong and Shenzhen- Hong Kong Stock Connect programme or by any other available means.

Investment in all equity and equity related securities will follow the abrdn "Global Impact Equity Investment Approach".

Through the application of this approach, the Sub-fund commits to having a minimum of 80% in Sustainable Investments. Furthermore, the Sub-fund targets a lower carbon intensity, and greater board diversity, than the benchmark.

This approach leverages the United Nations' Agenda for Sustainable Development to identify the most pressing global issues and target positive impact. The UN's current framework involves a series of Sustainable Development Goals (SDGs) which may change over time, and the investment approach will evolve to mirror the UN's agenda. By assessing companies' ability to deliver intentional positive outcomes for the environment and society (i.e. intentionally), the investment approach identifies companies with products or services that align to abrdn's impact pillars: sustainable energy, circular economy, health & social care, water & sanitation, education & employment, food & agriculture, sustainable real estate & infrastructure and financial inclusion which reflect the priority concerns in the SDGs. At least 30% of company investment (e.g. research and development, capital expenditure) must be directed towards a product or service aligned with one of the impact pillars to demonstrate intentionality.

The Sub-fund also invests in companies that enable progress aligned to each pillar, but are too far down the supply chain for impact to be directly attributable to them. Investments in these companies are limited to 10% of the total Sub-fund.

Progress against each pillar is measured using key performance indicators (KPIs) that mirror the SDGs' KPIs, linking the company's ability to affect positive change in the context of these overarching global challenges. Engagement with company management teams is a part of our investment process and ongoing stewardship programme. Our process evaluates the ownership structures, governance and management quality of the companies.



In addition, we apply a set of company exclusions which are related to normative screening (UN Global Compact, International Labour Organisation and OECD), Norges Bank Investment Management (NBIM), State Owned Enterprises (SOE), Weapons, Tobacco, Gambling, Alcohol, Thermal Coal, Oil & Gas, and Electricity Generation. For details of how we apply our exclusion lists, this is captured within our Global Impact Equity Investment Approach, which is published at [www.abrdn.com](http://www.abrdn.com) under “Fund Centre”.

The portfolio construction and the abrdn Global Impact Equity Investment Approach reduces the investment universe by a minimum of 25%.

Financial derivative instruments, money-market instruments and cash may not adhere to this approach.

The Sub-fund is actively managed and will be a concentrated portfolio and will not be restricted by index weightings, sector constraints, or company size. The Sub-fund aims to outperform MSCI AC World Index (USD) benchmark before charges.

The benchmark is also used as a basis for setting risk constraints and does not have any sustainable factors. The Sub-fund will take positions whose weightings diverge from the benchmark or invest in securities which are not included in the benchmark. The investments of the Sub-fund may deviate significantly from the components and their weightings in the benchmark. Due to the active nature of the management process, the Sub-fund's performance profile may deviate significantly from that of the benchmark over the longer term.

The Sub-fund may utilise financial derivative instruments for hedging and/or investment purposes, or to manage foreign exchange risks, subject to the conditions and within the limits laid down by applicable laws and regulations. The use of derivatives for hedging and/or investment purposes is expected to be very limited, mainly in those cases where there are significant inflows into the Sub-fund so that cash can be invested while the Sub-fund's investments in equity and equity related securities is maintained.

The Sub-fund may hold ancillary liquid assets (i.e., bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 20% of its net assets for treasury purposes. That is, to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under article 4(1) of the UCI Law or for a period of time strictly necessary in case of unfavourable market conditions.

The Sub-fund may invest directly in money market and cash equivalent instruments or short-term debt securities, which may include fixed or floating rate commercial paper, bonds, notes and bills, bank deposits, certificates of deposit, term deposits up to one year, bankers' acceptances, call and notice accounts, and undertakings of collective investment which invest in these instruments (i.e. money market funds) for treasury purposes.

Where Share Classes are denominated in a different currency to that of the reference currency of the Sub-fund, a currency specific benchmark will typically be used for performance comparison purposes. This will be the benchmark of the Sub-fund expressed in another currency.

#### **abrdn SICAV II - Global Smaller Companies Fund**

This Sub-fund is subject to Article 8 of the SFDR. Further information can be found under section "EU's Sustainable Finance Disclosure Regulation – Investment Philosophy and Process".

The Sub-fund's investment objective is long term total return to be achieved by investing at least 70% of the Sub-fund's assets in smaller capitalisation equities and equity related securities companies listed on global stock exchanges including Emerging Markets.

The Sub-fund may invest up to 20% of its net assets in Mainland China equity and equity-related securities including through the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect programme or by any other available means.

Small capitalisation companies are defined as any stock included in the MSCI AC World Small Cap Index or, if not included within the index, any stock having a market capitalisation smaller than that of the stock with the largest market capitalisation in such index.

The Sub-fund is actively managed. The Sub-fund aims to outperform the MSCI AC World Small Cap Index (USD) benchmark before charges. The benchmark is also used as a reference point for portfolio construction and as a basis for setting risk constraints, but does not incorporate any sustainable criteria.

In order to achieve its objective, the Sub-fund will take positions whose weightings diverge from the benchmark and may invest in securities which are not included in the benchmark. The investments of the Sub-fund may deviate significantly from the components of and their respective weightings in the benchmark. Due to the active nature of the management process, the Sub-fund's performance profile may deviate significantly from that of the benchmark.

The Sub-fund promotes environmental and social characteristics but does not have a sustainable investment objective.

Investment in all equity and equity-related securities will follow the abrdn "Global Smaller Companies Promoting ESG Equity Investment Approach".

Through the application of this approach, the Sub-fund commits to having a minimum of 10% in Sustainable Investments. Furthermore, the Sub-fund targets an ESG rating that is equal to or better, and a meaningfully lower carbon intensity, than the benchmark.

This approach utilises abrdn's equity investment process, which enables portfolio managers to qualitatively identify and avoid ESG laggards. To complement this research, the abrdn ESG House Score is used to quantitatively identify and exclude those companies exposed to the highest ESG risks. Additionally, abrdn apply a set of company exclusions which are related to the UN Global Compact, Controversial Weapons, Tobacco Manufacturing and Thermal Coal. More detail on this overall process is captured within the abrdn Global Smaller Companies Promoting ESG Equity Investment Approach, which is published at [www.abrdn.com](http://www.abrdn.com) under "Fund Centre".

Engagement with external company management teams is used to evaluate the ownership structures, governance and management quality of those companies in order to inform portfolio construction.

Financial derivative instruments, money-market instruments and cash may not adhere to this approach.

The Sub-fund may utilise financial derivative instruments for hedging and/or investment purposes, or to manage foreign exchange risks, subject to the conditions and within the limits laid down by applicable laws and regulations. The use of derivatives for hedging and/or investment purposes is expected to be very limited, mainly in those cases where there are significant inflows into the Sub-fund so that cash can be invested while the Sub-fund's investments in equity and equity related securities is maintained.

The Sub-fund may hold ancillary liquid assets (i.e., bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 20% of its net assets for treasury purposes. That is, to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under article 4(1) of the UCI Law or for a period of time strictly necessary in case of unfavourable market conditions.

The Sub-fund may invest directly in money market and cash equivalent instruments or short-term debt securities, which may include fixed or floating rate commercial paper, bonds, notes and bills, bank deposits, certificates of deposit, term deposits up to one year, bankers' acceptances, call and notice accounts, and undertakings of collective investment which invest in these instruments (i.e. money market funds) for treasury purposes.

Where Share Classes are denominated in a currency other than the base currency of the Sub-fund, a currency specific benchmark will typically be used for performance comparison purposes. This will be the benchmark of the Sub-fund expressed in another currency.

## **Bond Sub-funds**

### **abrdn SICAV II - Global Inflation-Linked Government Bond Fund**

This Sub-fund is subject to Article 6 of the SFDR. Further information can be found under section "EU's Sustainable Finance Disclosure Regulation – Investment Philosophy and Process".

The Sub-fund's investment objective is total return. The Sub-fund aims to outperform the Bloomberg World Government Inflation Linked Index (Hedged to USD) benchmark before charges.

It seeks to achieve this objective by investing primarily in inflation-linked investment grade debt and debt-related securities denominated in US Dollars, or hedged back to US Dollars, which are issued by governments, supranational institutions and government related bodies worldwide.

The Sub-fund may also invest in inflation-linked investment grade debt and debt-related securities issued by corporations worldwide, as well as non-inflation-linked investment grade debt and debt-related securities issued by governments, supranational institutions, government related bodies and corporations worldwide.

The Sub-fund is actively managed. The benchmark is also used as a reference point for portfolio construction and as a basis for setting risk constraints. In order to achieve its aim, the Sub-fund will take positions whose weightings diverge from the benchmark or invest in securities which are not included in the benchmark.

The investments of the Sub-fund may deviate significantly from the components and their weightings in the benchmark. Due to the Sub-fund's risk constraints, the Sub-fund's performance profile is not ordinarily expected to deviate significantly from that of the benchmark over the longer term.

The Sub-fund may utilise financial derivative instruments routinely for hedging and/or investment purposes, or to manage foreign exchange risks, subject to the conditions and within the limits laid down by applicable laws and regulations.

The Sub-fund may hold ancillary liquid assets (i.e., bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 20% of its net assets for treasury purposes. That is, to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under article 4(1) of the UCI Law or for a period of time strictly necessary in case of unfavourable market conditions.

The Sub-fund may invest directly in money market and cash equivalent instruments or short-term debt securities, which may include fixed or floating rate commercial paper, bonds, notes and bills, bank deposits, certificates of deposit, term deposits up to one year, bankers' acceptances, call and notice accounts, and undertakings of collective investment which invest in these instruments (i.e. money market funds) for treasury purposes.

Where Share Classes are denominated in a different currency to that of the reference currency of the Sub-fund, a currency specific benchmark will typically be used for performance comparison purposes. This will be the benchmark of the Sub-fund expressed in another currency.

### **abrdn SICAV II - Euro Corporate Bond Fund**

This Sub-fund is subject to Article 8 of the SFDR. Further information can be found under section "EU's Sustainable Finance Disclosure Regulation – Investment Philosophy and Process".

The Sub-fund's investment objective is long-term total return to be achieved by investing at least 80% of assets in Euro denominated investment grade debt and debt-related securities issued by corporations.

The Sub-fund may invest up to 20% of assets in sub-investment grade debt and debt-related securities.

The Sub-fund may also hold government bonds, convertible bonds and other bonds (e.g. supranational, government-backed, index-linked, asset backed and mortgage backed bonds) issued worldwide.

The Sub-fund is actively managed. The Sub-fund aims to outperform the iBoxx Euro Corporates Index (EUR) benchmark before charges. The benchmark is also used as a reference point for portfolio construction and as a basis for setting risk constraints, but does not incorporate any sustainable criteria. In order to achieve its aim, the Sub-fund will take positions whose weightings diverge from the benchmark or invest in securities which are not included in the benchmark.

The investments of the Sub-fund may deviate significantly from the components and their respective weightings in the benchmark. Due to the Sub-fund's risk constraints, its performance profile is not ordinarily expected to deviate significantly from that of the benchmark over the longer term.

The Sub-fund promotes environmental and social characteristics but does not have a sustainable investment objective.

Investment in all debt and debt-related securities issued by corporations will follow abrdn "Euro Corporate Bond Promoting ESG Investment Approach".

Through the application of this approach, the Sub-fund commits to having a minimum of 10% in Sustainable Investments. Furthermore, the Sub-fund targets a lower carbon intensity than the benchmark.

This approach utilises abrdn's fixed income investment process, which enables portfolio managers to qualitatively assess how ESG factors are likely to impact on the company's ability to repay its debt, both now and in the future. To complement this research, the abrdn ESG House Score is used to quantitatively identify and exclude those companies exposed to the highest ESG risks. In addition, abrdn apply a set of company exclusions, which are related to the UN Global Compact, Controversial Weapons, Tobacco Manufacturing and Thermal Coal. While these exclusions are applied at a company level, investment is permitted in Green bonds, Social bonds or Sustainable bonds issued by companies otherwise excluded by the environmental screens, where the proceeds of such issues can be confirmed as having a positive environmental impact.

Engagement with external company management teams is a part of abrdn's investment process and ongoing stewardship programme. This process evaluates the ownership structures, governance and management quality of those companies, in order to inform portfolio construction. As part of this, where the engagement process identifies companies in high carbon emitting sectors with ambitious and credible targets to decarbonise their operations, up to 5% of assets may be invested in these companies in order to support their transition to ultimately comply with the environmental screens.

Further detail of this overall process is captured within the "Euro Corporate Bond Promoting ESG Investment Approach", which is published at [www.abrdn.com](http://www.abrdn.com) under "Fund Centre".

Investment in financial derivative instruments, money-market instruments and cash may not adhere to this approach.

The Sub-fund may utilise financial derivative instruments routinely for hedging and/or investment purposes, or to manage foreign exchange risks, subject to the conditions and within the limits laid down by applicable laws and regulations.

The Sub-fund's portfolio will typically be hedged back to the Reference Currency.

The Sub-fund may hold ancillary liquid assets (i.e., bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 20% of its net assets for treasury purposes. That is, to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under article 4(1) of the UCI Law or for a period of time strictly necessary in case of unfavourable market conditions.

The Sub-fund may invest directly in money market and cash equivalent instruments or short-term debt securities, which may include fixed or floating rate commercial paper, bonds, notes and bills, bank deposits, certificates of deposit, term deposits up to one year, bankers' acceptances, call and notice accounts, and undertakings of collective investment which invest in these instruments (i.e. money market funds) for treasury purposes.

Where Share Classes are denominated in a different currency to that of the reference currency of the Sub-fund, a currency specific benchmark will typically be used for performance comparison purposes. This will be the benchmark of the Sub-fund expressed in another currency.

### **abrdn SICAV II - Emerging Market Local Currency Debt Fund**

This Sub-fund is subject to Article 8 of the SFDR. Further information can be found under section "EU's Sustainable Finance Disclosure Regulation – Investment Philosophy and Process".

The Sub-fund's investment objective is long term total return to be achieved by investing at least 70% of its net assets in Emerging Market currencies and Emerging Market local currency-denominated debt and debt-related securities. These include bonds as well as inflation-linked bonds issued by governments, supranational institutions or government-related bodies. The Sub-fund may hold investment grade and sub-investment grade corporate bonds issued in these countries, as well as government debt and debt-related securities, investment grade and sub-investment grade corporate bonds and other bonds issued in non-Emerging Market countries worldwide. The Sub-fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives (including currency forwards, interest rate and credit default swaps) and collective investment schemes.

The Sub-fund may, subject to and in accordance with the UCI Law and applicable CSSF circulars, use derivative contracts for the purpose of meeting its investment objective and for efficient portfolio management (including hedging).

The Sub-fund may invest up to 100% of its net assets in sub-investment grade debt and debt-related securities.

The Sub-fund may invest up to 20% of its net assets in Mainland China debt and debt-related securities listed on PRC stock exchanges or traded on other PRC markets including on the China Interbank Bond Market via Northbound trading link through Bond Connect or by any other available means.

The Sub-fund is actively managed. The Sub-fund aims to outperform the JP Morgan GBI-EM Global Diversified Index (USD) benchmark before charges. The benchmark is also used as a reference point for portfolio construction and as a basis for setting risk constraints. In order to achieve its aim, the Sub-fund will take positions whose weightings diverge from the benchmark or invest in securities which are not included in the benchmark.

The investments of the Sub-fund may deviate significantly from the components and their weightings in the benchmark. Due to the active nature of the management process, the Sub-fund's performance profile may deviate significantly from that of the benchmark over the longer term.

The Sub-fund promotes environmental and social characteristics but does not have a sustainable investment objective.

Investment in all debt and debt-related securities will follow the abrdn "Emerging Market Local Currency Debt Promoting ESG Investment Approach".

Through the application of this approach, the Sub-fund commits to having a minimum of 5% in Sustainable Investments.

This approach is designed to evaluate the Environmental, Social, Governance and Political ("ESGP") characteristics of sovereign issuers using a range of data points. This data results in a score being calculated for each of the four ESGP pillars and an overall ESGP score is then assigned to each issuer, based on an equally weighted average across the pillars. The overall ESGP score allows a subset of countries falling below a threshold to be excluded from the investment universe.

In addition to the exclusion threshold, a forward-looking qualitative Direction of Travel assessment is conducted. This assessment is based on internal research and focuses on material ESG factors, allowing quantitative exclusions to be overridden where ESGP weaknesses are being adequately addressed by the sovereign issuer and this is not reflected in the data.

To promote sustainable development, the Sub-fund may invest in Green bonds, Social bonds or Sustainable bonds issued by excluded countries where the proceeds of such issues can be confirmed as having a positive environmental or social impact.

For investments in debt and debt-related securities issued by corporations, the abrdn ESG House Score is used to quantitatively identify and exclude those companies exposed to the highest ESG risks. In addition, abrdn apply a set of company exclusions, which are related to the UN Global Compact, Controversial Weapons, Tobacco Manufacturing and Thermal Coal. While these exclusions are applied at a company level, investment is permitted in Green bonds, Social bonds or Sustainable bonds issued by companies otherwise excluded by the environmental screens, where the proceeds of such issues can be confirmed as having a positive environmental impact.

Engagement with issuers is a part of abrdn's investment process and ongoing stewardship programme. As part of this, where the engagement process identifies companies in high carbon emitting sectors with ambitious and credible targets to decarbonise their operations, up to 5% of assets may be invested in these companies in order to support their transition to ultimately comply with the environmental screens.

Further detail of this overall process is captured within the "Emerging Market Local Currency Debt Promoting ESG Investment Approach", which is published at [www.abrdn.com](http://www.abrdn.com) under "Fund Centre".

Investment in financial derivative instruments, money-market instruments and cash may not adhere to this approach.

The Sub-fund may utilise financial derivative instruments routinely for hedging and/or investment purposes, or to manage foreign exchange risks, subject to the conditions and within the limits laid down by applicable laws and regulations.

The Sub-fund may hold ancillary liquid assets (i.e., bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 20% of its net assets for treasury purposes. That is, to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under article 4(1) of the UCI Law or for a period of time strictly necessary in case of unfavourable market conditions.

The Sub-fund may invest directly in money market and cash equivalent instruments or short-term debt securities, which may include fixed or floating rate commercial paper, bonds, notes and bills, bank deposits, certificates of deposit, term deposits up to one year, bankers' acceptances, call and notice accounts, and undertakings of collective investment which invest in these instruments (i.e. money market funds) for treasury purposes.

Where Share Classes are denominated in a different currency to that of the reference currency of the Sub-fund, a currency specific benchmark will typically be used for performance comparison purposes. This will be the benchmark of the Sub-fund expressed in another currency.

### **abrdn SICAV II - Global High Yield Bond Fund**

This Sub-fund is subject to Article 6 of the SFDR. Further information can be found under section "EU's Sustainable Finance Disclosure Regulation – Investment Philosophy and Process".

The objective of the Sub-fund is to achieve long-term growth in the share price of the Sub-fund. The Sub-fund aims to outperform the Bloomberg Global High Yield Corporate Index 2% Issuer Cap (Hedged to USD) benchmark before charges.

The Sub-fund will invest primarily in global high yielding debt securities, but may also invest in corporate bonds, government bonds and other interest bearing securities issued anywhere in the world. The Sub-fund may invest in both investment grade and sub-investment grade corporate

entities. Returns of the Sub-fund will be both through the reinvestment of income and from capital gains.

The Sub-fund is actively managed. The benchmark is also used as a reference point for portfolio construction and as a basis for setting risk constraints. In order to achieve its aim, the Sub-fund will take positions whose weightings diverge from the benchmark or invest in securities which are not included in the benchmark.

The investments of the Sub-fund may deviate significantly from the components and their weightings in the benchmark. Due to the active nature of the management process, the Sub-fund's performance profile may deviate significantly from that of the benchmark over the longer term.

The Sub-fund may utilise financial derivative instruments routinely for hedging and/or investment purposes, or to manage foreign exchange risks, subject to the conditions and within the limits laid down by applicable laws and regulations.

The Sub-fund may hold ancillary liquid assets (i.e., bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 20% of its net assets for treasury purposes. That is, to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under article 4(1) of the UCI Law or for a period of time strictly necessary in case of unfavourable market conditions.

The Sub-fund may invest directly in money market and cash equivalent instruments or short-term debt securities, which may include fixed or floating rate commercial paper, bonds, notes and bills, bank deposits, certificates of deposit, term deposits up to one year, bankers' acceptances, call and notice accounts, and undertakings of collective investment which invest in these instruments (i.e. money market funds) for treasury purposes.

Where Share Classes are denominated in a different currency to that of the reference currency of the Sub-fund, a currency specific benchmark will typically be used for performance comparison purposes. This will be the benchmark of the Sub-fund expressed in another currency.

#### **abrdn SICAV II - Global Corporate Bond Fund**

This Sub-fund is subject to Article 6 of the SFDR. Further information can be found under section "EU's Sustainable Finance Disclosure Regulation – Investment Philosophy and Process".

The objective of the Sub-fund is to achieve long-term growth in the share price of the Sub-fund. The Sub-fund aims to outperform the Bloomberg Global Aggregate Corporate Bond Index (Hedged to USD) benchmark before charges.

The Sub-fund will invest primarily in global debt securities. Holdings will principally be of investment grade bonds. The Sub-fund may also invest in government bonds, sub-investment grade debt and other interest bearing securities issued anywhere in the world. Returns of the Sub-fund will be both through the reinvestment of income and from capital gains.

The Sub-fund is actively managed. The benchmark is also used as a reference point for portfolio construction and as a basis for setting risk constraints. In order to achieve its aim, the Sub-fund will take positions whose weightings diverge from the benchmark or invest in securities which are not included in the benchmark.

The investments of the Sub-fund may deviate significantly from the components and their weightings in the benchmark. Due to the Sub-fund's risk constraints, the Sub-fund's performance profile is not ordinarily expected to deviate significantly from that of the benchmark over the longer term.

The Sub-fund may utilise financial derivative instruments routinely for hedging and/or investment purposes, or to manage foreign exchange risks, subject to the conditions and within the limits laid down by applicable laws and regulations.

The Sub-fund may hold ancillary liquid assets (i.e., bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 20% of its net assets for treasury

purposes. That is, to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under article 4(1) of the UCI Law or for a period of time strictly necessary in case of unfavourable market conditions.

The Sub-fund may invest directly in money market and cash equivalent instruments or short-term debt securities, which may include fixed or floating rate commercial paper, bonds, notes and bills, bank deposits, certificates of deposit, term deposits up to one year, bankers' acceptances, call and notice accounts, and undertakings of collective investment which invest in these instruments (i.e. money market funds) for treasury purposes.

Where Share Classes are denominated in a different currency to that of the reference currency of the Sub-fund, a currency specific benchmark will typically be used for performance comparison purposes. This will be the benchmark of the Sub-fund expressed in another currency.

### **abrdn SICAV II - Euro Corporate Sustainable Bond Fund**

This Sub-fund is subject to Article 8 of the SFDR. Further information can be found under section "EU's Sustainable Finance Disclosure Regulation – Investment Philosophy and Process".

The Sub-fund's investment objective is long-term total return to be achieved by investing at least 90% of assets in Euro denominated debt and debt-related securities issued by corporations and governments, including sub-sovereigns, inflation-linked, convertible, asset backed and mortgage backed bonds.

At least 80% of the Sub-fund's assets will be invested in investment grade debt and debt-related securities issued by corporations and denominated in Euros.

The Sub-fund may invest up to 20% of its assets in sub-investment grade debt and debt-related securities.

The Sub-fund may also hold convertible bonds and other bonds (e.g. supranational, government-backed and index-linked bonds) issued worldwide.

The Sub-fund is actively managed. The Sub-fund aims to outperform the iBoxx Euro Corporates Index (EUR) before charges. The benchmark is also used as a reference point for portfolio construction and as a basis for setting risk constraints, but does not incorporate any sustainable criteria.

In order to achieve its aim, the Sub-fund will take positions whose weightings diverge from the benchmark or invest in securities which are not included in the benchmark. The investments of the Sub-fund may deviate significantly from the components and their respective weightings in the benchmark. Due to the Sub-fund's risk constraints, its performance profile is not ordinarily expected to deviate significantly from that of the benchmark over the longer term.

The Sub-fund promotes environmental and social characteristics but does not have a sustainable investment objective.

Investment in debt and debt-related securities will follow the abrdn "Euro Corporate Sustainable Bond Investment Approach".

Through the application of this approach, the Sub-fund commits to having a minimum of 40% in Sustainable Investments and targets an ESG rating that is equal to or better than the benchmark. Furthermore, the Sub-fund sets a carbon intensity target with a phased reduction over time. Setting a base-line reference level of the benchmark carbon intensity as of 31 December 2019, the Sub-fund targets a portfolio-level carbon intensity that is at least 25% lower than this base-line level by 31 December 2025 and at least 55% lower by 31 December 2030. As the Sub-fund and investment universe evolves, the carbon intensity target is expected to be updated, and additional milestones added. Investors will be notified in advance of any such updates.

This approach utilises abrdn's fixed income investment process, which enables portfolio managers to qualitatively assess how ESG factors are likely to impact on the company's ability to repay its debt, both now and in the future. To complement this research, the abrdn ESG House Score is used



to quantitatively identify and exclude those companies exposed to the highest ESG risks. In addition, abrdn apply a set of company exclusions, which are related to the UN Global Compact, State Owned Enterprises (SOE), Weapons, Tobacco, Thermal Coal, Oil & Gas and Electricity Generation. While these exclusions are applied at a company level, investment is permitted in green bonds, social bonds or sustainable bonds issued by companies otherwise excluded by the environmental screens, where the proceeds of such issues can be confirmed as having a positive environmental impact.

Engagement with external company management teams is a part of abrdn's investment process and ongoing stewardship programme. This process evaluates the ownership structures, governance and management quality of those companies, in order to inform portfolio construction. As part of this, where the engagement process identifies companies in high carbon emitting sectors with ambitious and credible targets to decarbonise their operations, up to 5% of assets may be invested in these companies in order to support their transition to ultimately comply with the environmental screens.

Further detail of this overall process is captured within the "Euro Corporate Sustainable Bond Investment Approach", which is published at [www.abrdn.com](http://www.abrdn.com) under "Fund Centre".

The "Euro Corporate Sustainable Bond Investment Approach" is expected to reduce the investment universe by a minimum of 15%.

Investment in financial derivative instruments, money market instruments and cash may not adhere to this approach.

The Sub-fund may utilise financial derivative instruments routinely for hedging and/or investment purposes, or to manage foreign exchange risks, subject to the conditions and within the limits laid down by applicable laws and regulations.

The Sub-fund's portfolio will typically be hedged back to the base currency.

The Sub-fund may hold ancillary liquid assets (i.e., bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 20% of its net assets for treasury purposes. That is, to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under article 4(1) of the UCI Law or for a period of time strictly necessary in case of unfavourable market conditions.

The Sub-fund may invest directly in money market and cash equivalent instruments or short-term debt securities, which may include fixed or floating rate commercial paper, bonds, notes and bills, bank deposits, certificates of deposit, term deposits up to one year, bankers' acceptances, call and notice accounts, and undertakings of collective investment which invest in these instruments (i.e. money market funds) for treasury purposes.

Where Share Classes are denominated in a different currency to that of the reference currency of the Sub-fund, a currency specific benchmark will typically be used for performance comparison purposes. This will be the benchmark of the Sub-fund expressed in another currency.

#### **abrdn SICAV II - Global Income Bond Fund**

This Sub-fund is subject to Article 8 of the SFDR. Further information can be found under section "EU's Sustainable Finance Disclosure Regulation – Investment Philosophy and Process".

The objective of the Sub-fund is to provide long term total return by investing in a diversified portfolio of debt and debt-related securities from across the global fixed income universe, in both developed and emerging markets. Up to 100% of the Sub-fund's assets may be invested in sub-investment grade debt and debt-related securities.

The Sub-fund aims to outperform the Bloomberg Global Aggregate Corporate BBB Index (Hedged to USD) with a yield greater than the index over rolling three-year periods (before charges). There is however no certainty or promise that the Sub-fund will achieve this level of return.

The Sub-fund is actively managed by the investment team, who will select securities without reference to an index weight or size with the aim of taking advantage of opportunities they have identified. The Sub-fund will invest in debt and debt-related securities that are listed or traded

anywhere in the world (including in Emerging Markets), including government and corporate bonds, asset-backed securities, sub-investment grade bonds and inflation-linked bonds. The Sub-fund may also invest in other transferable securities, floating rate notes, money-market instruments, deposits, cash and near cash, derivatives (including currency forwards, bond futures, interest rate swaps and credit default swaps) and collective investment schemes.

The Sub-fund will not invest more than 20% of net assets in asset-backed securities.

The Sub-fund promotes environmental and social characteristics but does not have a sustainable investment objective.

Investment in all debt and debt-related securities issued by corporations will follow the abrdn "Global Income Bond Promoting ESG Investment Approach".

Through the application of this approach, the Sub-fund commits to having a minimum of 10% in Sustainable Investments. Furthermore, the Sub-fund targets a lower carbon intensity than a comparable investment universe defined as follows:

50% Bloomberg Global High Yield Corporate Index, 30% Bloomberg Global Aggregate Corporates Total Return Index and 20% JP Morgan CEMBI Broad Diversified Index.

This composite index is used as an appropriate comparator for ESG purposes. However, this index combination is not used as a performance comparator, or as a reference point for portfolio construction or for setting risk constraints.

This approach utilises abrdn's fixed income investment process, which enables portfolio managers to qualitatively assess how ESG factors are likely to impact on the company's ability to repay its debt, both now and in the future. To complement this research, the abrdn ESG House Score is used to quantitatively identify and exclude those companies exposed to the highest ESG risks. In addition, abrdn apply a set of company exclusions, which are related to the UN Global Compact, Controversial Weapons, Tobacco Manufacturing and Thermal Coal. While these exclusions are applied at a company level, investment is permitted in Green bonds, Social bonds or Sustainable bonds issued by companies otherwise excluded by the environmental screens, where the proceeds of such issues can be confirmed as having a positive environmental impact.

Engagement with external company management teams is a part of abrdn's investment process and ongoing stewardship programme. This process evaluates the ownership structures, governance and management quality of those companies, in order to inform portfolio construction. As part of this, where the engagement process identifies companies in high carbon emitting sectors with ambitious and credible targets to decarbonise their operations, up to 5% of assets may be invested in these companies in order to support their transition to ultimately comply with the environmental screens.

Further detail of this overall process is captured within the "Global Income Bond Promoting ESG Investment Approach", which is published at [www.abrdn.com](http://www.abrdn.com) under "Fund Centre".

Investment in financial derivatives instruments, money-market instruments and cash may not adhere to this approach.

The Sub-fund may utilise financial derivative instruments routinely for hedging and/or investment purposes, or to manage foreign exchange risks, subject to the conditions and within the limits laid down by applicable laws and regulations. In particular, interest rate swaps and government bond futures may be used to manage the overall interest rate risk in the portfolio, while contracts on credit default swap indices may be used to add or reduce high yield credit exposure, based on the investment team's view of the market.

There is no benchmark used for portfolio construction or as a basis for setting risk constraints in the management of the Sub-fund. The investment team also seek to reduce the risk of losses and the expected change (as measured by annual volatility) in the value of the Sub-fund is not ordinarily expected to exceed 8% over the longer term.

The Sub-fund may hold ancillary liquid assets (i.e., bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 20% of its net assets for treasury

purposes. That is, to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under article 4(1) of the UCI Law or for a period of time strictly necessary in case of unfavourable market conditions.

The Sub-fund may invest directly in money market and cash equivalent instruments or short-term debt securities, which may include fixed or floating rate commercial paper, bonds, notes and bills, bank deposits, certificates of deposit, term deposits up to one year, bankers' acceptances, call and notice accounts, and undertakings of collective investment which invest in these instruments (i.e. money market funds) for treasury purposes.

### **abrdn SICAV II – Global Short Dated Corporate Bond Fund**

This Sub-fund is subject to Article 8 of the SFDR. Further information can be found under section "EU's Sustainable Finance Disclosure Regulation – Investment Philosophy and Process".

The Sub-fund's investment objective is long-term total return to be achieved by investing at least 70% of its net assets in investment grade debt and debt-related securities issued by corporations globally (including in emerging markets) with a maturity of up to 5 years.

The Sub-fund may also hold government bonds, convertible bonds and other bonds (e.g. supranational, government-backed, index-linked, asset backed and mortgage backed bonds) issued worldwide. Up to 20% of its net assets may be invested in asset backed and mortgage backed bonds.

The Sub-fund may invest up to 20% of its net assets in sub-investment grade debt and debt-related securities.

The Sub-fund may invest up to 10% of its net assets in Mainland China debt and debt-related securities, including via the China Interbank Bond Market, through QFI regime or by any other available means.

The portfolio duration is expected to be within a range of two years to three and a half years.

The Sub-fund is actively managed. The Sub-fund aims to outperform the Bloomberg Global Aggregate Corporate ex Subordinated (1-5 Years) Index (Hedged to USD) benchmark before charges. The benchmark is also used as a reference point for portfolio construction and as a basis for setting risk constraints, but does not incorporate any sustainable criteria.

In order to achieve its aim, the Sub-fund will take positions whose weightings diverge from the benchmark or invest in securities which are not included in the benchmark. The investments of the Sub-fund may deviate significantly from the components and their respective weightings in the benchmark. Due to the Sub-fund's risk constraints, its performance profile is not ordinarily expected to deviate significantly from that of the benchmark over the longer term.

The Sub-fund promotes environmental and social characteristics but does not have a sustainable investment objective.

Investment in all Debt and Debt-Related Securities issued by corporations will follow the abrdn "Global Short Dated Promoting ESG Investment Approach".

Through the application of this approach, the Sub-fund commits to having a minimum of 10% in Sustainable Investments. Furthermore, the Sub-fund targets a lower carbon intensity than the benchmark.

This approach utilises abrdn's fixed income investment process, which enables portfolio managers to qualitatively assess how ESG factors are likely to impact on the company's ability to repay its debt, both now and in the future. To complement this research, the abrdn ESG House Score is used to quantitatively identify and exclude those companies exposed to the highest ESG risks. In addition, abrdn apply a set of company exclusions, which are related to the UN Global Compact, Controversial Weapons, Tobacco Manufacturing and Thermal Coal. While these exclusions are applied at a company level, investment is permitted in Green bonds, Social bonds or Sustainable bonds issued

by companies otherwise excluded by the environmental screens, where the proceeds of such issues can be confirmed as having a positive environmental impact.

Engagement with external company management teams is a part of abrdn's investment process and ongoing stewardship programme. This process evaluates the ownership structures, governance and management quality of those companies, in order to inform portfolio construction. As part of this, where the engagement process identifies companies in high carbon emitting sectors with ambitious and credible targets to decarbonise their operations, up to 5% of assets may be invested in these companies in order to support their transition to ultimately comply with the environmental screens.

Further detail of this overall process is captured within the "Global Short Dated Promoting ESG Investment Approach", which is published at [www.abrdn.com](http://www.abrdn.com) under "Fund Centre".

Investment in financial derivative instruments, money-market instruments and cash may not adhere to this approach.

The Sub-fund may utilise financial derivative instruments routinely for hedging and/or investment purposes, or to manage foreign exchange risks, subject to the conditions and within the limits laid down by applicable laws and regulations.

The Sub-fund's portfolio will typically be hedged back to the Reference Currency.

The Sub-fund may hold ancillary liquid assets (i.e., bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 20% of its net assets for treasury purposes. That is, to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under article 4(1) of the UCI Law or for a period of time strictly necessary in case of unfavourable market conditions.

The Sub-fund may invest directly in money market and cash equivalent instruments or short-term debt securities, which may include fixed or floating rate commercial paper, bonds, notes and bills, bank deposits, certificates of deposit, term deposits up to one year, bankers' acceptances, call and notice accounts, and undertakings of collective investment which invest in these instruments (i.e. money market funds) for treasury purposes.

Where Share Classes are denominated in a different currency to that of the reference currency of the Sub-fund, a currency specific benchmark will typically be used for performance comparison purposes. This will be the benchmark of the Sub-fund expressed in another currency.

#### **abrdn SICAV II - Macro Fixed Income Fund**

This Sub-fund is subject to Article 6 of the SFDR. Further information can be found under section "EU's Sustainable Finance Disclosure Regulation – Investment Philosophy and Process".

The Sub-fund's investment objective is to deliver long term total return by investing in a diversified portfolio of debt and debt-related securities (both investment grade and sub-investment grade) from across the global fixed income universe, in both developed and emerging markets. The Sub-fund is actively managed and aims to exceed the return on cash (SONIA has been chosen as a proxy for the return on cash deposits) by three percent per annum, evaluated over rolling three year periods (before charges).

Debt and debt-related securities held by the Sub-fund may be of any credit quality. The Sub-fund may invest up to 100% of its net assets in sub-investment grade securities and up to 10% of its net assets (in aggregate) in distressed and defaulted securities.

The Sub-fund aims to exploit market inefficiencies through active allocation to a diverse range of market positions. The Sub-fund uses a combination of traditional assets (such as bonds, cash and money market instruments) and investment strategies based on derivative techniques, resulting in a diversified portfolio. The Sub-fund may, subject to and in accordance with the UCI Law and applicable CSSF circulars, take long and short positions in markets, securities and groups of securities through derivative contracts. Leverage in the Sub-fund arises as a result of the use of derivatives.

The Sub-fund seeks strategies from across the entire fixed income and foreign exchange investment universe, looking for returns through dynamic allocation to investment opportunities in traditional and advanced asset strategies. Through this combination of diversified returns, the Sub-fund aims to minimise the impact of market volatility and therefore reduce risk. Indeed, the volatility of the Sub-fund is not expected to exceed 5% in normal market conditions while maintaining the return objective.

Examples of strategies that may be used at any time may include:

- An assessment of the direction of credit quality in one market compared to another. Changes in credit quality can influence the valuation of assets and this strategy would position the portfolio to benefit from such changes. Rather than invest in physical securities, this strategy could be implemented through the use of derivatives in the form of credit default swaps.
- An assessment of the value of one currency relative to another. The strategy could involve the sale of the currency considered overvalued and purchase of the currency considered undervalued. Derivatives, in the form of forward foreign exchange contracts, could be used to implement the strategy.
- An assessment of the direction of interest rates. Derivatives, in the form of interest rate swaps, could be used to position the portfolio such that it could benefit from the future direction of interest rates.

Additionally the Sub-fund may invest in other forms of eligible transferable securities, deposits, money market instruments and undertakings for collective investment.

The Sub-fund may utilise financial derivative instruments extensively for hedging and/or investment purposes, or to manage foreign exchange risks, subject to the conditions and within the limits laid down by applicable laws and regulations.

The Sub-fund may hold ancillary liquid assets (i.e., bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 20% of its net assets for treasury purposes. That is, to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under article 4(1) of the UCI Law or for a period of time strictly necessary in case of unfavourable market conditions.

The Sub-fund may invest directly in money market and cash equivalent instruments or short-term debt securities, which may include fixed or floating rate commercial paper, bonds, notes and bills, bank deposits, certificates of deposit, term deposits up to one year, bankers' acceptances, call and notice accounts, and undertakings of collective investment which invest in these instruments (i.e. money market funds) for treasury purposes.

Where Share Classes are denominated in a different currency to that of the reference currency of the Sub-fund, a currency specific benchmark will typically be used for performance comparison purposes. This will be a different currency specific benchmark with similar characteristics.

## **Multi-Asset Sub-funds**

### **abrdn SICAV II – Global Risk Mitigation Fund**

This Sub-fund is subject to Article 6 of the SFDR. Further information can be found under section "EU's Sustainable Finance Disclosure Regulation – Investment Philosophy and Process".

The objective of the Sub-fund is to provide investors with a strategy that delivers strong positive returns when global equity markets experience material declines and volatility is high with costs comparable to, or less than other systematic derivative based hedging strategies such as rolling puts. The Sub-fund aims to have a negative beta to equity markets. The nature of the strategy means the Sub-fund is expected to experience a degree of loss during periods when global equity markets rise and experience low volatility. It is therefore intended to mitigate other investment exposures an investor may have in their overall portfolio. There is however no certainty or guarantee that the Sub-fund will achieve this investment outcome.

The Sub-fund is actively managed and no benchmark is used for performance comparison or portfolio construction.

The principal investment policy of the Sub-fund is to gain synthetic exposure to the GRM Strategies set out below by entering into one or more total return swaps.

The GRM Strategies which the Sub-fund will seek to gain exposure to through total return swaps are described as "First Risk", "Defensive Factors", "Systematic Trend Following", and "Tail Risk".

The GRM Strategies or any basket of GRM Strategies will either: (i) qualify as financial indices which are compliant with applicable UCITS regulations, or (ii) represent systematic strategies that are run in compliance with the investment restrictions as laid down in the general part of the Prospectus.

Through the synthetic exposure to the GRM Strategies or any basket of GRM Strategies, the Sub-fund may, subject to and in accordance with the UCITS regulations and applicable CSSF circulars, (i) take long and short positions in markets, securities (including eligible certificates which give exposure to commodity indices), commodities, currencies and groups thereof (ii) seek exposures to UCITS eligible indices which will provide investors with returns linked to a diverse range of asset classes including equities, commodities, fixed interest securities and currencies.

Further details on the GRM Strategies and the underlying instruments to which the Sub-fund will seek to gain exposure to through total return swaps are provided below.

#### **First Risk strategies**

First Risk strategies are intended to perform well in a market shock and are overall short equities and long volatility. First risk strategies seek to protect the Sub-fund's portfolio during the initial phase of a sell off, when volatility spikes higher and equity prices gap lower. The strategy weightings in this allocation are intended to be managed, taking into consideration the expected carry and payoff profile of each strategy given prevailing market conditions.

These strategies will have exposure to instruments including equity index options on a variety of developed market equity indices and futures.

#### **Defensive Factors**

Defensive Factors are systematic strategies targeting positive returns over time by investing in defensive factors that exhibit stable and low correlation to traditional asset classes in both low and high volatility environments and also provide low sensitivity to the directional movements of equity markets.

The returns of defensive factors are therefore not expected to be correlated to equity markets. Strategies that exhibit high equity correlation in stressed market conditions are specifically excluded as part of this strategy.

These strategies will aim to generate positive returns by systematically taking relative value positions, long and short, to instruments including single name equities, interest rate swaps and swaptions, G10 FX forwards, covered calls on developed market equity indices, and eligible certificates giving exposure to gold. The relative value positions are selected and executed systematically based on a range of metrics to determine their relative attractiveness.

#### Systematic Trend Following strategies

Systematic Trend Following strategies position themselves to benefit from trending market behaviour across multiple asset classes but typically struggle in range bound markets.

These strategies will have exposure to interest rates futures, FX forwards, and high yield and investment grade credit derivative indices. The strategies will systematically have long or short exposure to these instruments based on the degree of momentum exhibited across each of these asset classes. The degree of momentum will be calculated systematically from an analysis of the price history of each instrument described above.

#### Tail Risk strategies

Tail Risk strategies are predominantly long volatility and volatility relative value strategies that exhibit little sensitivity to the direction of equities under normal market conditions but are expected to generate strong positive returns through larger declines in global equity prices and during periods of heightened market stress.

These strategies will have exposure to instruments including equity index options on developed market equity indices, futures, credit indices, and swaptions.

Strategies can be removed and new strategies can be added to the GRM portfolio at any time as long as they are compliant with applicable UCITS regulations and are consistent with the portfolio construction framework outlined above.

The baskets of the strategies are selected by the Investment Manager for the Sub-fund through a combination of systematic quantitative techniques and a qualitative assessment and can be amended or replaced. Allocations to the strategies are then determined by the Investment Manager based on a combination of factors which include the strategy's expected contribution to the performance objective, the relative cost of implementation and an assessment of risk exposures. The Investment Manager determines the initial investment universe of the portfolio and advises thereafter from time to time on the reweighting within agreed guidelines. The allocation to First Risk will tend to be greater when markets are calm and equities are in an upward trend. When markets are in a decline and volatility has increased the Investment Manager expects the allocation to First Risk to be reduced and the allocation to Tail Risk to be increased. Within Defensive Factors the allocation will be determined according to the perceived attractiveness of each component in the prevailing market condition. The sizing of the allocation to Trend will be influenced by how the positioning within the Trend strategies is affecting the ex-ante equity beta of the portfolio.

The Sub-fund will enter into one or more total return swaps and through this will be extensively exposed to financial derivative instruments to achieve the synthetic exposure to the GRM Strategies or any basket of GRM Strategies. Such financial derivative instruments achieve investment purposes and/or hedging through futures, options, credit swaptions, credit default swaps and forwards or manage foreign exchange risks, subject to the conditions and within the limits laid down by applicable laws and regulations. The Sub-fund may have high notional leverage as a result of the exposure to derivatives through one or more total return swaps. The level of leverage may vary depending on the relative deployment of the GRM Strategies, which aim to deliver a projected downside (negative) beta to equity markets of -0.6 or lower.

Should analysis determine that achieving that aim requires a greater allocation to the First Risk or Tail Risk strategies, the Sub-fund will typically experience a higher level of leverage as a result. The Sub-fund will also directly enter into financial derivative instruments for currency hedging purposes.

The Sub-fund will enter into total return swaps with one or more counterparties. Each counterparty must be an approved counterparty in relation to OTC derivatives for a UCITS and be subject to prudential supervision rules and specialised in this type of transactions. At the time of the launch of

the Sub-fund, BNP Paribas S.A., a société anonyme, registered with the French Registre de Commerce et des Sociétés under number B662042449 and whose registered office is located at 16 boulevard des Italiens, 75009 Paris is acting as counterparty. Information in relation to the counterparties may be obtained by investors at the registered office of the Company, and will be disclosed in the annual and semi-annual reports of the Company.

Counterparties to the total return swaps may also act as service provider/sponsor with respect to the strategies or indices to which the Sub-fund seeks exposure. Potential conflicts of interest (if any) are monitored in accordance with the conflicts of interest policies.

While the parties to total return swaps may agree on minimum and maximum weightings to the underlying strategies or baskets which will be selected at the discretion of the Investment Manager, the counterparty assumes no discretion over the management of the investment portfolio of the Sub-fund or over the underlying of the total return swap.

Due to the extensive use of derivatives, the Sub-fund may at times have substantial money market or cash holdings which are held as collateral. The cash will be managed, in accordance with the principle of risk diversification, to maintain liquidity in the Sub-fund. The cash will be invested directly in bonds and/or money market instruments whilst retaining amounts in cash or cash equivalents pending reinvestment, for use as collateral or if this is otherwise considered appropriate to the investment objective. The Sub-fund may therefore invest directly in:

- money market instruments, which may include bank deposits, fixed or floating rate commercial paper, floating or variable rate notes, certificates of deposit, debentures and short-dated government or corporate bonds, cash or cash equivalents (including treasury bills) and undertakings of collective investment that are rated as investment grade;
- investment grade and high yielding debt securities, including bonds, issued by governments, government related and corporate entities worldwide denominated in local currencies which may be fixed or floating rate.

The Sub-fund may hold ancillary liquid assets (i.e., bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 20% of its net assets for treasury purposes. That is, to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under article 4(1) of the UCI Law or for a period of time strictly necessary in case of unfavourable market conditions.

The Sub-fund may invest directly in money market and cash equivalent instruments or short-term debt securities, which may include fixed or floating rate commercial paper, bonds, notes and bills, bank deposits, certificates of deposit, term deposits up to one year, bankers' acceptances, call and notice accounts, and undertakings of collective investment which invest in these instruments (i.e. money market funds) for treasury purposes.

#### Financial Indices

A list of the indices which qualify as financial indices (and which are compliant with applicable UCITS regulations) and in which the Sub-fund invests are detailed on the website at [www.abrdn.com](http://www.abrdn.com) which sets out further details in relation to the rule books applicable to such indices, their classification, their rebalancing frequencies and the markets which they are representing.

In addition to the risks laid down under "Risk Factors", the Sub-fund is exposed to potential liquidity risks due to the extensive use of one or more total return swaps. Furthermore, in case of default of one or more counterparties, or in case of termination of arrangements with one or more counterparties, the Investment Manager may not achieve the investment outcome if it is not able to find other counterparties willing to enter into total return swaps providing exposure to GRM Strategies.



## Co-Management of Assets

For the purpose of effective management, where the investment policies of the Sub-funds so permit, the Board of Directors may choose that the assets of certain Sub-funds be co-managed. In such cases, assets of different Sub-funds will be managed in common. The assets, which are co-managed, shall be referred to as a "pool", notwithstanding the fact that such pools are used solely for internal management purposes. The pools do not constitute separate entities and are not directly accessible to the shareholders of the Company (the "**Shareholders**"). Each of the co-managed Sub-funds shall be allocated its specific assets.

Where the assets of more than one Sub-fund are pooled, the assets attributable to each participating Sub-fund will initially be determined by reference to its initial allocation of assets to such a pool and will change in the event of additional allocations or withdrawals.

The entitlements of each participating Sub-fund to the co-managed assets apply to each and every line of investments of such pool.

Additional investments made on behalf of the co-managed Sub-funds shall be allotted to such Sub-funds in accordance with their respective entitlements, whereas assets sold shall be levied similarly on the assets attributable to each participating Sub-fund.

## Cross-investments between Sub-funds of the Company

The Sub-funds of the Company may, subject to the conditions provided for in the UCI Law, in particular Article 41, subscribe, acquire and/or hold securities to be issued or issued by one or more Sub-funds of the Company under the following conditions:

- a) no more than 10% of the assets of the target Sub-fund whose acquisition is contemplated may be invested in aggregate in shares of other target Sub-funds of the Company; and
- b) the target Sub-fund does not, in turn, invest in the Sub-fund invested in this target Sub-fund; and
- c) voting rights, if any, attaching to the relevant securities are suspended for as long as they are held by the Sub-fund concerned and without prejudice to the appropriate processing in the accounts and the periodic reports;
- d) in any event, for as long as these securities are held by the Company, their value will not be taken into consideration for the calculation of the net assets of the Company for the purposes of verifying the minimum threshold of the net assets imposed by the UCI Law; and
- e) there is not duplication of management/entry or sale charges between those at the level of the Sub-fund having invested in the target Sub-fund, and this target Sub-fund.

## Master Feeder Sub-funds of the Company

The Company may, to the widest extent permitted by the UCI Law and all applicable Luxembourg regulations:

- (i) create a Sub-fund qualifying as a feeder UCITS sub-fund or as a master UCITS sub-fund;
- (ii) convert any existing Sub-fund into a feeder UCITS sub-fund;
- (iii) change the master UCITS of any feeder UCITS sub-fund.

## Risk Factors

Below is a summary of the various types of investment risk that may be applicable to the Sub-funds:

### General Risk Factors

- Shareholders should understand that all investments involve risk and there can be no guarantee against loss resulting from an investment in any Sub-fund, nor can there be any assurance that the Sub-funds' investment objective will be attained. Neither the Investment Managers, nor any of their worldwide affiliated entities, guarantee the performance or any future return of the Company or any of its Sub-funds.
- Past performance is not a guide to future returns. Charges also affect what Shareholders will get back and the amount returned may be less than the original investment.
- The value of Shareholders' investment and any income received from it may go down as well as up.
- Tax laws may change in future.
- Statements made in this Prospectus are based on the laws and practice in force at the date of this Prospectus in both the Grand Duchy of Luxembourg and elsewhere and are subject to changes in those laws and practice.
- The charges on Sub-funds may be increased in the future.
- Sub-funds that invest in a small number of stocks or in certain overseas markets may be subject to increased risk and volatility.
- Inflation reduces the buying power of Shareholder's investment and income.

### Derivatives

The use of derivatives by Sub-funds 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 a fund being leveraged (where market exposure and thus the potential for loss by a Sub-fund may exceed the amount it has invested) and in these market conditions the effect of leverage will be to magnify losses.

### Capital Erosion Risk

Dividends of Gross Income Shares will include all income generated by the relevant Shares, with any costs taken directly from the capital of such Share. Therefore, Gross Income Shares carry the risk of capital erosion where costs are higher than capital growth.

Dividends of Gross Stable Income Shares will distribute a stable rate or monetary amount of income based on the projected level of investment income, with any costs taken directly from the capital of such Share. Therefore, Gross Stable Income Shares carry the risk of capital erosion where costs are higher than capital growth and/or where realised income is lower than projected income.

Fixed Distribution Shares will declare and distribute a fixed rate or monetary amount per annum. Where the costs taken are greater than the income generated by the Fund, these costs will be taken from the capital of such Share. Therefore, Fixed Distribution Shares carry the risk of capital erosion where the amount distributed plus costs incurred is higher than the total return generated (i.e. income and capital growth combined).

### Exchange Rates

The Reference Currency of each Sub-fund is not necessarily the investment currency of the Sub-fund concerned. Investments are made in those currencies that best benefit the performance of the Sub-funds in the view of the Investment Manager.

Changes in foreign currency exchange rates will affect the value of Shares held in the Equity, Bond and Absolute Return Sub-funds.

Shareholders investing in a Sub-fund other than in its Reference Currency should be aware that exchange rate fluctuations could cause the value of their investment to diminish or increase, relative to the Reference Currency.

### **Hedged Share Classes**

With regard to classes of Shares offered in a currency other than the Reference Currency of the relevant Sub-fund which are hedged against currency risk, investors should note that the hedging strategy will only reduce, but not eliminate, exchange-rate risk and will incur additional costs to be borne by the hedged Categories of Shares. There is no guarantee that the exposure of the currency in which the Shares are denominated can be fully hedged against the Reference Currency of the relevant Sub-fund. Investors should note that the hedging strategy is a passive investment strategy and is not intended for speculative purposes. The successful implementation of the hedging strategy may reduce the benefit of decreases in the value of their currency of investment in relation to the Reference Currency of the Fund.

In certain circumstances, there is a risk that currency hedging in one hedged Category of Shares could result in liabilities that affect the Net Asset Value of other Categories of Shares within the same Sub-fund, amongst others due to the risk of counterparty default in relation to specific hedging transactions. The Company will employ techniques to limit any such effect.

### **Warrants**

With regard to investment in warrants investors should note that the gearing effect of investment in warrants and the volatility of warrant prices make the risk attached to the investment in warrants higher than in the case with investment in equities.

### **Interest Rates**

The value of fixed income securities held by the Sub-funds generally will vary inversely with changes in interest rates and such variation may affect Share prices accordingly. While changes in interest rates may affect a Sub-fund's interest income, such changes may also positively or negatively affect the Net Asset Value of the Sub-fund's shares on a daily basis.

### **Investment in Equity Securities**

The value of a Sub-fund that invests in equity and equity related securities will be affected by changes in the stock markets, changes in the value of individual portfolio securities, as well as by economic, political, and issuer specific changes. At times, stock markets and individual securities can be volatile and prices can change substantially in short periods of time. The equity securities of smaller companies are more sensitive to these changes than those of larger companies. This risk will affect the value of such Sub-funds, which will fluctuate as the value of the underlying equity securities fluctuates.

### **Investment in Fixed Income or Other Debt Securities**

All fixed income or other debt securities have the fundamental risk that the issuer may be unable to make interest payments or repay the capital. Generally, the value of a fixed income security will fall in the event of the default or reduced credit rating of the issuer. Government securities offer the lowest credit risk, which is reflected in their lower yield. Corporate debt offers a higher yield due to its higher risk. However changes in economic and political outlook affect the value of such securities.

### **Investment in High Yielding Debt Securities**

Due to the volatile nature of sub-investment grade assets and the corresponding risk of default, investors in Sub-funds which invest in high yielding debt securities must be able to accept significant temporary losses to their capital and the possibility of fluctuations in the income return level of the Sub-fund. The Investment Manager will endeavour to mitigate the risks associated with sub-investment grade securities, by diversifying its holdings by issuer, industry and credit quality.

## **Investment in Emerging Markets**

Potential investors should note that investments in emerging markets carry risks additional to those inherent in other investments. In particular, potential investors should note that (i) investment in any emerging market carries a higher risk than investment in a developed market (e.g. investment and repatriation restrictions, currency fluctuations, government involvement in the private sector, investor disclosure requirements, possibility of limited legal recourse for the Company); (ii) emerging markets may afford a lower level of information and legal protection to investors; (iii) some countries may place controls on foreign ownership; and (iv) some countries may apply accounting standards and auditing practices which do not conform with the result that financial statements prepared in accordance with those which would have been prepared by accountants following internationally accepted accounting principles.

In addition taxation of interest and capital gains received by non-residents varies among emerging and less developed markets and, in some cases may be comparatively high. There may also be less well-defined tax laws and procedures and such laws may permit retroactive taxation so that the Fund could in the future become subject to local tax liabilities that had not been anticipated in conducting investment activities or valuing assets.

## **Asset Backed / Mortgage Backed Securities / To-be-announced risk**

Mortgage-backed and asset-backed securities (MBSs and ABSs) typically carry prepayment and extension risk and can carry above-average liquidity risk.

MBSs (a category that includes collateralised mortgage obligations, or CMOs) and ABSs represent an interest in a pool of debt, such as credit card receivables, auto loans, student loans, equipment leases, home mortgages and home equity loans.

MBSs and ABSs also tend to be of lower credit quality than many other types of debt securities. To the extent that the debts underlying an MBS or ABS go into default or become non-collectable, the securities based on those debts will lose some or all of their value.

To-be-announced (TBA) securities, which are MBSs or ABSs that are purchased sight unseen 48 hours before they are issued, can fall in value between the time the fund commits to the purchase and the time of delivery.

## **Convertible Securities and CoCos risk**

A contingent convertible security is a hybrid debt security either convertible into equity at a predetermined share price, written down or written off in value based on the specific terms of the individual security if a pre-specified trigger event occurs.

Because convertible securities are structured as bonds that typically can, or must, be repaid with a predetermined quantity of equity shares, rather than cash, they carry both equity risk and the credit and default risks typical of bonds.

Contingent convertible securities (CoCo bonds) are comparatively untested, their income payments may be cancelled or suspended, they are more vulnerable to losses than equities, they carry extension risk, and they can be highly volatile. A CoCo bond can lose some or all of its value instantaneously if a trigger event occurs (such as the issuer experiencing certain capital ratios). Because CoCo bonds are in effect perpetual loans, the principal amount may be paid off on the call date, anytime afterward, or never.

How CoCo bonds will behave in various market situations is unknown, but there is a risk that volatility or price collapses could spread across issuers and that the bonds could become illiquid.

## **Investment in Initial Public Offerings**

Subject to internal controls, some Sub-funds may invest in initial public offerings ("IPOs"). As new issues, such securities may be very volatile. Additionally, a Sub-fund may hold such shares for a very short period, which may increase a Sub-fund's expenses. Some investments in IPOs may have an immediate and significant impact on a Sub-fund's performance.

## **Non-Hedging Transactions**

All Sub-funds are authorised to use the Special Investment and Hedging Techniques and Instruments as outlined in Appendix B. The use of non-hedging transactions constitutes a higher risk than investments in transferable securities due to their greater volatility and less liquidity. Such transactions will be used in a manner that does not interfere with the investment objectives and policies of the Sub-funds.

## **Collateral Management**

Where the Management Company on behalf of the Company enters into over the counter ("**OTC**") financial derivative and/or efficient portfolio management techniques, collateral may be used to reduce counterparty risk exposure. Collateral will be treated in accordance with the Company's collateral policy as set out in Appendix B.

The exchange of collateral involves certain risks, including operational risk related to the actual exchange, transfer and booking of collateral and legal risk. Collateral received under a title transfer arrangement will be held by the Depositary in accordance with the usual terms and provisions of the Depositary Agreement.

For other types of collateral arrangement, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral. The use of such third party custodians may involve additional operational and clearing and settlement risk, as well as counterparty risk.

Collateral received will consist of either cash or transferable securities that meet the criteria set out in the Company's collateral policy. Transferable securities received as collateral are subject to market risk. The Management Company aims to manage this risk by applying appropriate haircuts, valuing collateral on a daily basis, and accepting only high quality collateral. However, some residual market risk must be expected to remain.

Non-cash collateral must be highly liquid and traded on a Regulated Market (as defined in Appendix A) or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. However, in adverse market circumstances, the market for certain types of transferable securities may be illiquid and, in extreme cases, may cease to exist. Any non-cash collateral therefore involves a certain degree of liquidity risk.

Cash collateral received may be re-used, re-invested or pledged, which may involve certain risk linked to the type of investments made.

Risks linked to the management of collateral will be identified, managed and mitigated in accordance with the Management Company's risk management process concerning the Company.

## **Transactions in Options, Futures and Swaps**

For the purpose of hedging, efficient portfolio management, duration management and risk management of the portfolio, each of the Sub-funds may seek to protect or enhance the returns from their underlying assets by using options, futures and swap contracts and by using Special Investment and Hedging Techniques and Instruments as described in Appendix B. The ability to use these techniques and instruments may be limited by market conditions and regulatory limits and there can be no assurance that the objective sought to be attained from the use of these techniques and instruments will be achieved. Participation in the options or futures markets, in swap contracts and in foreign exchange transactions involves investment risks and transaction costs to which the Sub-funds would not be subject if they did not use these techniques and instruments. If the Investment Manager's (or a Sub-Investment Manager's) predictions of movements in the direction of the securities, foreign currency and interest rate markets are inaccurate, the adverse consequences to a Sub-fund may leave the Sub-fund in a less favourable position than if such techniques and instruments were not used.

## Counterparty Risk

The Company will be exposed to credit risk on the counterparties with which it trades in relation to derivatives that are not traded on a recognised exchange. Such instruments are not afforded the same protection as may apply to those traded on organised exchanges, such as the performance of guarantee of an exchange clearing house. The Sub-fund, therefore, will bear the risk of the counterparty's default or a delay in settlement due to a credit or liquidity problem affecting the counterparty. A downgrade of a counterparty's credit rating may oblige the Sub-fund to terminate the relevant contract in order to ensure compliance with its Sub-fund's investment policy and/or the applicable regulations. The counterparty risk is however mitigated by the fact that the Sub-fund will only enter into derivative transactions with highly rated financial institutions specialised in these types of transactions as approved by the Investment Manager as derivative counterparties. Collateral may be used to reduce counterparty risk exposure in accordance with the Company's collateral policy as set out in Appendix B.

## VIE Structures

Certain Sub-funds may invest in companies with Variable Interest Entity ("VIE") structures in order to gain exposure to industries with foreign ownership restrictions. A VIE is a corporate structure which issues shares to investors. Those shares then behave in a similar way to ordinary shares issued by the company in that they represent a share of that company's profits. However, they do not represent legal ownership of the company's assets, unlike ordinary shares, because the VIE is legally separate or independent from the company. Because VIEs are created to allow foreign investors to access companies with foreign ownership restrictions (typically Chinese or other Emerging Market companies) there is a risk that the authorities in the country where the company is incorporated could take action which would have an adverse impact on the value of one or more VIEs, up to and including declaring that such structures are illegal and thus worthless.

## Risks Specific to Credit Default Swaps

The risks specific to credit default swaps ("CDS") transactions are the following:

- counterparty risk, which is the risk that the counterparty of the credit default swaps transaction will default on its obligations. As protection buyer, the counterparty risk materializes only when a credit event occurs and if the protection seller would not be able to pay the protection buyer the face value of the contract. As protection seller the counterparty risk materializes if the protection buyer is not able to pay the periodic fees under the contract. The counterparty risk is however mitigated by the fact that the Sub-fund will only enter into CDS transactions with highly rated financial institutions specialised in this type of transaction as approved by the Investment Manager as derivative counterparties;
- credit risk, which is the risk carried by the protection seller that a credit event would occur in respect to the reference entity. In case of occurrence of a credit event, the capital loss for the protection seller might be substantial (and in case of the Sub-fund rise to a total loss of the Sub-fund's assets) as the protection seller would have to pay the face value of the contract to the protection buyer against being delivered by the protection buyer the obligations mentioned in the contract having a market value near to recovery rate;
- mark-to-market risk, which is the risk that a credit default swap investor runs by unwinding its position before the maturity of the contract. This risk is affected by the liquidity of the underlying contract. The lower the liquidity, the higher the unwinding costs; and
- settlement risk, which is the risk of the protection buyer to deliver the underlying issues not held by him when entering into the CDS transaction.

## Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act provisions of the Hiring Incentives to Restore Employment Act generally impose a new reporting regime and potentially a 30% withholding tax with respect to certain US source income (including dividends and interest) and gross proceeds from the sale or other disposal of property that can produce US source interest or dividends received by the Company. The Company will seek to comply with the requirements under applicable laws and

regulations in connection with the Foreign Account Tax Compliance Act and, as a result of such compliance, the Company should not be subject to withholding tax under the Foreign Account Tax Compliance Act. However there can be no assurance that the Company will be able to satisfy the applicable requirements. If the Company fails to comply with such requirements, the Company may be subject to the withholding tax under the Foreign Account Tax Compliance Act and the Net Asset Value of the Shares will be negatively impacted, which may result in a material loss to Shareholders. Please refer to the section headed "*Taxation - US Tax Withholding and Reporting under the Foreign Account Tax Compliance Act ("FATCA")*" for further details.

### **Regulatory Risk in Non-EU Jurisdictions**

A Sub-fund may be registered in jurisdictions outside of the EU. As a result of such registrations, such Sub-fund may be subject, without any notice to the Shareholders in the Sub-fund concerned, to more restrictive regulatory regimes. In such cases such Sub-fund will abide by these more restrictive requirements. This may prevent such Sub-fund from making the fullest possible use of the investment limits.

### **Investing in Mainland China**

The risks of a Sub-fund investing directly or indirectly in the Mainland China (meaning the Peoples Republic of China ("**PRC**") excluding Hong Kong, Macau and Taiwan) securities market are set out in Appendix F.

### **ESG Investment Risk**

Applying ESG and sustainability criteria in the investment process may result in the exclusion of securities in which the Sub-fund might otherwise invest. Such securities could be part of the benchmark against which the Sub-fund is managed, or be within the universe of potential investments. This may have a positive or negative impact on performance and may mean that the Sub-fund's performance profile differs to that of funds which are managed against the same benchmark or invest in a similar universe of potential investments but without applying ESG or sustainability criteria.

Furthermore, the lack of common or harmonised definitions and labels regarding ESG and sustainability criteria may result in different approaches by managers when integrating ESG and sustainability criteria into investment decisions. This means that it may be difficult to compare funds with ostensibly similar objectives and that these funds will employ different security selection and exclusion criteria. Consequently, the performance profile of otherwise similar funds may deviate more substantially than might otherwise be expected. Additionally, in the absence of common or harmonised definitions and labels, a degree of subjectivity is required and this will mean that a fund may invest in a security that another manager or an investor would not.

### **Volatility Risk**

The volatility of a Sub-fund could change materially depending on the market conditions and the allocations within the GRM Strategies. The Sub-funds will not be managed towards a volatility target or range so investors should expect in certain circumstances material swings from day to day.

### **Commodity Risk**

The value of the securities in which the Sub-funds invest may be influenced by movements in commodity prices which can be very volatile. The price of commodities may be disproportionately affected by political, economic, weather and terrorist-related activities and by changes in energy and transportation costs.

### **Specific Risks Linked to Securities Lending Transactions**

Whilst the value of the collateral of Securities Lending Agreements will be maintained to at least equal to the value of the securities transferred, in the event of a sudden market movement there is a risk that the value of such collateral may fall below the value of the securities transferred. The Company will seek to mitigate this risk by requiring any securities lending agent to indemnify the

relevant Sub-funds against such a fall in the value of collateral (save where such collateral has been re-invested at the instructions of the Sub-fund).

Securities lending involves counterparty risk, including the risk that the loaned securities may not be returned or returned in a timely manner and/or at a loss of rights in the collateral if the borrower or the lending agent defaults or fails financially. This risk is increased when a Sub-fund's loans are concentrated with a single or limited number of borrowers. Investors must notably be aware that (A) if the borrower of securities lent by a Sub-fund fail to return these, there is a risk that the collateral received may realise less than the value of the securities lent out, whether due to inaccurate pricing, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded; that (B) in case of reinvestment of cash collateral such reinvestment may (i) create leverage with corresponding risks and risk of losses and volatility, (ii) introduce market exposures inconsistent with the objectives of the Sub-fund, or (iii) yield a sum less than the amount of collateral to be returned; and that (C) delays in the return of securities on loans may restrict the ability of a Sub-fund to meet delivery obligations under security sales.

Securities lending also entails operational risks such as the non-settlement or delay in settlement of instructions for subscriptions, conversions or redemptions of Shares, and legal risks related to the documentation used in respect of such transactions (the documentation may be difficult to enforce and may be subject to interpretation).

Securities lending also entails liquidity risks. In the event investments in which a Sub-fund has reinvested the received cash collateral become illiquid or difficult to buy or sell, it may not be possible for a Sub-fund to recover its securities and to liquidate them at the best price or to meet redemptions or other payment obligations. Securities lending triggers custody risks as a Sub-fund's assets are safe-kept by the Depositary. In that case, a Sub-fund risks the loss of assets held by the Depositary in the event of its insolvency, bankruptcy, negligence or fraudulent trading.

**The Company, the Management Company or the Investment Manager do not make any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of any ESG assessment of the underlying investments.**

## Form of Shares

All Shares are issued in un-certificated registered form, and the share register is conclusive evidence of ownership. The Company treats the registered owner of a Share as the absolute and beneficial owner thereof.

Shares are freely transferable with the exception that Shares may not be transferred to a Prohibited Person or a US Person, as defined in the section headed "*Subscription for Shares*", and subject to the qualification that Class D, S and K Shares may only be transferred to institutional investors (as such term is interpreted by the supervisory authority and any applicable laws and regulations from time to time in force in Luxembourg), and Class Z Shares may only be transferred to members of the abrdn Group and to any other institutional investors with whom separate arrangements have been made to remunerate the Investment Manager and the relevant Sub-Investment Manager (as applicable) and to pay other costs, as described under section headed "*Classes of Shares*") and may be converted at any time for Shares of another Sub-fund within the same Class and/or Category. Upon issue, Shares are entitled to participate equally in the profits and/or dividends, as the case may be, of the Sub-fund attributable to the relevant Class or Category in which the Shares have been issued, as well as in the liquidation proceeds of such Sub-fund.

Shares do not carry any preferential or pre-emptive rights and each Share, irrespective of the Class or Category to which it belongs or its Net Asset Value, is entitled to one vote at all general meetings of Shareholders. Fractions of Shares are not entitled to a vote, but are entitled to participate equally in the profits and/or dividends, as the case may be, of the relevant Sub-fund, as well as in the liquidation proceeds of such Sub-fund. Shares are issued without par value and must be fully paid for on subscription.

Currently, Categories of Shares are offered either (i) with accumulation of income or with distribution of income or (ii) with or without a currency hedge from the Class Currency to the Reference Currency



of the Sub-fund concerned or (iii) in the Reference Currency or a Class Currency, as detailed in the section headed "*Classes of Shares*".

Upon the death of a Shareholder, the Directors reserve the right to require the provision of appropriate legal documentation in order to verify the rights of all and any successors in title to Shares.

The Company draws the attention of investors to the fact that any investor will only be able to fully exercise his investor rights directly against the Company, notably the right to participate in general shareholders' meetings, if the investor is registered himself and in his own name in the shareholders' register of the Company. In case an investor invests in the Company through a financial intermediary, (i) it may not always be possible for the investor to exercise certain shareholder rights directly against the Company and (ii) investors' rights to indemnification in the event of Net Asset Value errors/non-compliance with the investment rules applicable to a Sub-fund may be impacted and only exercisable indirectly. Investors are advised to take advice on their rights.

## Issue of Shares

Shares will be issued at the Net Asset Value per Share of the relevant Class and/or Category. Fractions of Shares to three (3) decimal places will be issued, the Company being entitled to receive the adjustment.

**It should be remembered that the Net Asset Value per Share can go down as well as up.** An investor may not get back the entire amount it has invested, particularly if Shares are redeemed soon after they are issued and the Shares have been subject to charges. Changes in exchange rates may also cause the Net Asset Value per Share in the investor's base currency to go up or down. No guarantee as to future performance or of future return from the Company, can be given by the Company, any Director, the Management Company, any director of the Management Company, or any advisor thereto.

No Share of any Class and/or Category will be issued by the Company during any period in which the determination of the Net Asset Value of the Shares of that Sub-fund is suspended by the Company, as noted in Appendix C.

## Classes of Shares

The Company offers both institutional and individual investors an umbrella structure with a range of different Sub-funds, which invest in accordance with the respective investment policy described herein. The Shares in each of the Sub-funds may be divided into nine (9) Classes: Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class J Shares, Class K Shares, Class S Shares, Class T Shares and Class Z Shares which differ *inter alia* in the fee structure applying to them. Not all Sub-funds will issue all Classes of Shares. Investors should refer to [www.abrdn.com](http://www.abrdn.com) for current details of which Classes of Shares are in issue.

- (a) Class A Shares (except in the case of abrdn SICAV II – Global Risk Mitigation Fund) are open to investments for the following classes of investors – (i) retail investors investing directly with the Company; (ii) retail investors investing through financial intermediaries and where a rebate is available to these financial intermediaries; and (iii) any institutional investor\* where a rebate is available to these institutional investors. For abrdn SICAV II – Global Risk Mitigation Fund, Class A Shares are only accessible to institutional investors\* and/or accredited investors, investing through financial intermediaries and where a rebate is available to these financial intermediaries, who may be required to enter into a suitable agreement with an Investment Manager or one of its associates at the discretion of the Board of Directors.
- (b) Class B Shares are open to investments for the following classes of investors – (i) retail investors investing directly with the Company; (ii) financial intermediaries (including institutional investors\*) that are prohibited by local laws or regulations applicable to them to receive and/or retain any rebate/commission; (iii) distributors providing portfolio management and investment advice on an independent basis (as defined by MiFID II\*\*) within the EU; or (iv) distributors providing non-independent advice (as defined by MiFID II\*\*) within the EU who have agreed with their clients not to receive and retain any rebate/commission.

(c) Class D Shares are reserved for institutional investors\*.

(d) Class J Shares are only accessible to investors who are approved by the Management Company and, whose investment is covered by a suitable agreement with an Investment Manager or one of its Associates which specifically references the J Share Class and has an effective date on or after the launch of such Class, and in case of subscription or distribution of such Shares within the EU only, who are one of the following:

- i. financial intermediaries that are prohibited by the local laws or regulations applicable to them to receive and/or retain any commissions or other non-monetary benefits; or
- ii. distributors providing portfolio management services and/or investment advice services on an independent basis (as defined by MiFID) within the EU; or
- iii. investors who have entered into a separate fee agreement with their distributor regarding the provision of non-independent advice services (as defined by MiFID) within the EU, and where such distributor does not receive and retain any commission or other non-monetary benefits.

Once the total Net Asset Value of the J Share Class available in a Sub-fund ordinarily reaches, or is greater than, USD 100,000,000 or currency equivalent, or any other amount as specifically determined by the Management Company, the J Share Class in that Sub-fund will be closed to new investors for subscriptions. The Management Company may re-open the J Share Class to new investors at its discretion without notice to Shareholders.

(e) Class K Shares are only accessible to institutional investors\* who are approved by the Management Company and whose investment is covered by a suitable agreement with an Investment Manager or one of its Associates which specifically references the K Share Class and has an effective date on or after the launch of such Class.

Once the total Net Asset Value of the K Share Class available in a Sub-fund ordinarily reaches, or is greater than, USD 100,000,000 or currency equivalent, or any other amount as specifically determined by the Management Company, the K Share Classes in that Sub-fund will be closed to new investors for subscriptions. The Management Company may re-open the K Share Classes to new investors at its discretion without notice to Shareholders.

(f) Class S Shares are only accessible to institutional investors\*:

- i. who are approved by the Management Company;
- ii. whose investment is covered by a suitable agreement with an Investment Manager or one of its Associates which specifically references the S Share Class and has an effective date on or after the launch of such Class; and
- iii. who have a significant investment in the relevant Sub-fund as determined by the Management Company.

If a Shareholder's assets in the S Share Class fall significantly, the Management Company may reject additional subscriptions from the Shareholder into the relevant Share Class. The level of significance will be determined by the Management Company.

(g) Class T Shares are open to investments for the following classes of investors – (i) retail investors investing directly with the Company; (ii) financial intermediaries (including institutional investors\*) that are prohibited by local laws or regulations applicable to them to receive and/or retain any rebate/commission; (iii) distributors providing portfolio management and investment advice on an independent basis (as defined by MiFID II\*\*) within the EU; or (iv) distributors providing non-independent advice (as defined by MiFID II\*\*) within the EU who have agreed with their clients not to receive and retain any rebate/commission.

If a Shareholder's assets in the T Share Class fall significantly, the Management Company may reject additional subscriptions from the Shareholder into the relevant Share Class. The level of significance will be determined by the Management Company.

- (h) Class Z Shares are only accessible to institutional investors\* who may be required to enter into a suitable agreement with an Investment Manager or one of its associates at the discretion of the Board of Directors.

\* institutional investors as such term is interpreted by the supervisory authority and any applicable laws and regulations from time to time in force in Luxembourg.

\*\* MiFID II means the Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments.

The amounts invested in Class A Shares, Class B Shares, Class C Shares, Class D Shares, Class J Shares, Class K Shares, Class S Shares, Class T Shares and Class Z Shares of each Sub-fund are themselves invested in a common underlying portfolio of investments, although the Subscription Price and the Redemption Price (both as defined under section headed "*Issuing and Company Charges*") of the Shares in each Class will differ as a result of the different fee structures. The Directors may decide to create further Classes of Shares with different characteristics, and in such cases, this Prospectus will be updated accordingly. The Classes of Shares may be sub-divided into Categories.

Classes A, B, C, D, J, K, S, T and Z Shares are offered in the Reference Currency of the relevant Sub-fund, and any Class Currency (as detailed in "(iii) Class Currencies" below).

The Share Classes and Categories are defined as follows:

**(i) Treatment of Income**

*Accumulation Shares*

Such Shares will be denoted by adding "Acc" next to the Class (e.g. A Acc). The Board of Directors does not intend to declare any dividends in respect of these Classes of Shares. Accordingly, the investment income attributable to these Classes of Shares will be accumulated in their respective Net Asset Values.

*Income Shares*

Income Shares will be denoted by adding "Inc" next to the Class (e.g. A Inc).

*Gross Income Shares*

Dividends of Gross Income Shares will include all income generated by the relevant Shares, with any costs and/or certain taxes taken directly from the capital of such Share. These Gross Income Shares will be denoted by adding "Gross" next to the Class (e.g. A Gross Inc).

Gross Income Shares may carry a risk of capital erosion. Potential investors should carefully read the "Capital Erosion Risk" section under "General Risk Factors".

*Gross Stable Income Shares*

Dividends of Gross Stable Income Shares will apply an element of income smoothing, with the aim of paying a consistent dividend for each distribution period, based on projected income, on either a rate or monetary amount basis, with any costs and/or certain taxes taken directly from the capital of such Shares.

These Gross Stable Income Shares will be denoted by adding "Gross Stable" next to the Class (e.g. A Gross Stable Inc). The rate or monetary amount is subject to periodic review and may be subject to change (upwards or downwards) if the Management Company deems it appropriate.

Gross Stable Income Shares may carry a risk of capital erosion. Potential investors should carefully read the "Capital Erosion Risk" section under "Risk Factors".

### *Fixed Distribution Shares*

Fixed Distribution Shares will declare and distribute a fixed rate or monetary amount per annum (which will be pro-rated accordingly depending on the relevant distribution frequency as indicated in the 'Dividend Policy' section), regardless of the performance of the relevant Fund. Any costs and/or certain taxes are taken directly from the capital of such Shares. These Fixed Distribution Shares will be denoted by adding "Fixed" next to the Class (e.g. A Fixed Inc). The rate or monetary amount is subject to periodic review and may be subject to change (upwards or downwards) if the Management Company deems it appropriate.

Fixed Distribution Shares may carry a risk of capital erosion. Potential investors should carefully read the "Capital Erosion Risk" section under "Risk Factors".

#### **(ii) Class Currency and Currency Hedging**

All Classes may be offered in different Class Currencies (on either a hedged or un-hedged basis). Hedged Share Classes are offered in a currency (as determined by the Directors of the Company from time to time) other than the Base Currency of the relevant Sub-fund. Unless stated otherwise, all references to Classes of Shares include the Hedged Share Classes thereof.

Hedged Share Classes will include "Hedged" and the relevant currency in their name (e.g. A Inc Hedged EUR).

An un-hedged Category is fully exposed to any fluctuations in the foreign currency exchange rate between the Class Currency and the Reference Currency of the Sub-fund (in addition to the fluctuations in the value of the underlying assets of the Sub-fund in the Reference Currency).

Investors may select a hedged Category with the intention of mitigating the effect of fluctuations in the exchange rate between the Class Currency and the Reference Currency of the Sub-fund. Investors should note that the hedging strategy is designed to reduce, but not eliminate, exchange-rate risk and that there is no guarantee that the currency exposure can be fully hedged. Differences will arise through transaction costs, because the return on hedging instruments will not fully reflect changes in exchange rates and because the hedging process cannot always maintain actual asset exposures in line with target exposures.

The strategy may protect investors in the relevant hedged Category of Shares against a decrease in the value of the Reference Currency in relation to the Class Currency but it may also reduce the benefit to the investor of a decrease in the value of the Class Currency in relation to the Reference Currency.

All gains, losses and expenses arising from the hedging strategy are for the benefit of or are borne by the Shareholders of the relevant Category of Shares. The additional costs involved in the hedging strategy are the transaction costs relating to the instruments and contracts used to implement the hedge. In certain circumstances, there is a remote risk that currency hedging transactions in one hedged Category of Shares could result in liabilities which might affect the Net Asset Value of other Categories of Shares within the same Sub-fund, amongst others due to the fact that collateral might need to be held by the entire Sub-fund in relation to specific hedging transactions. Furthermore, the UCI Law does not provide for ring-fencing between classes of shares, although the assets and liabilities are contractually attributed to the specific Category of Shares.

The hedging strategy is a passive investment strategy and is not intended for speculative purposes. The Company may implement the foreign exchange hedge by using any of the financial derivative instruments permitted in accordance with Part B of the Prospectus. At any time the hedging position may be over- or under-hedged in relation to the Net Asset Value of the Sub-fund applicable to the relevant hedged Category of Shares as a consequence of subscriptions, redemptions and changes in the value of the assets. The Company employs tolerance limits for the hedging level which are determined by and appropriate to the characteristics of the Sub-fund's assets and ongoing market conditions. The hedging position is reviewed daily and adjusted when tolerance limits are exceeded. The use of currency hedging techniques specifically for hedged Categories of Shares will result in:

- cash flows to and from the other assets used to meet the overall objectives of the Sub-funds. These cash flows may result in assets being bought or sold or the maintenance of small

cash allocations on behalf of all shareholders. The Investment Manager employs processes to ensure that these cash flows do not prevent the Sub-funds from meeting their overall objectives.

- additional counterparty exposure. The Investment Manager employs processes to ensure that the exposure is managed within appropriate limits and that the risk is primarily borne by the Share Class to which the transactions relate.

The Investment Manager may delegate non-discretionary hedging services to one or more third parties being highly rated financial institutions specialised in these types of transactions.

## Subscription for Shares

### Genuine Diversity of Ownership

Shares are widely available to all investors who meet the broad requirements for investment in any given Share Class and are not intended to be limited to particular investors or narrowly-defined groups of investor. Shares are and will continue to be marketed and made available to reach the intended categories of investors for each Share Class and in a manner appropriate to attract those categories of investors.

### Subscription Procedure

Subscriptions for Shares in any Sub-fund (with the exception of abrdn SICAV II – Global Risk Mitigation Fund) received by the Transfer Agent on any Dealing Day (as defined in Appendix C) before the relevant Sub-fund's subscription deadline, which is 1:00 p.m. (Luxembourg time) (the "**Sub-fund Subscription Deadline**"), will be processed on that Dealing Day using the Net Asset Value per Share determined on such Dealing Day based on the latest available prices at 1:00 p.m. (Luxembourg time) (as described in Appendix C).

Any application for subscriptions in respect of abrdn SICAV II – Global Risk Mitigation Fund must be received by the Transfer Agent by the Sub-fund Subscription Deadline at least three Dealing Days prior to a Dealing Day. The Management Company may waive or agree alternative notice requirements for certain investors at its discretion. Investors should specifically note the high number of non Dealing Days for this fund, specific details of which can be found at [www.abrdn.com](http://www.abrdn.com).

The following information is for your guidance in submitting applications and remitting payment for Shares. If you are in any doubt about what to do, please contact the Transfer Agent at the following address:

International Financial Data Services (Luxembourg) S.A.

49, avenue John F. Kennedy

L-1855 Luxembourg, Grand Duchy of Luxembourg

Tel: (352) 46 40 10 820

Fax: (352) 24 52 90 56

Applications to subscribe for Shares should be made either directly to the Transfer Agent in Luxembourg or through one of the Company's paying agents to be forwarded to the Company.

Subscriptions should be made by using the Company's application form available from the Transfer Agent ("**Application Form**") or, in the case of subsequent subscriptions, at the discretion of the Company, by letter, fax or such other means as agreed, containing all the information detailed below. Failure to include all requisite information will cause delay in acceptance and allotment of Shares.

Completed applications should be sent to the Transfer Agent together with the relevant documents required to verify the identity of the investor.

Applications for subsequent subscriptions which are not made on the Application Form or "Top-up" application form **MUST** include the following:

1. The full name(s), address of the applicant(s) and email address (for those Shareholders having accepted notifications by email as form of notice), the address for correspondence (if different) and details of the agent/authorised financial intermediary (if any). Please note that initials are not acceptable as confirmation of applicants' names;
2. Full registration details of all applicants including family name, forename(s), date of birth, address, nationality, occupation and telephone number, country of tax residence and tax identification number for no more than four joint applicants;
3. The full name of the Sub-fund and the Class of Shares being applied for;
4. The currency amount to be invested or the number of Shares applied for;
5. How and, in which currency and, for what value date payment will be made;
6. Acknowledgement of receipt of this Prospectus and that the application is made on the basis of the information contained in this Prospectus and the articles of incorporation of the Company and agreement to abide by the terms and conditions therein;
7. Declaration that the Shares are not being acquired either directly or indirectly by or on behalf of any U.S. Person (as defined in this Prospectus) or by any other person restricted by the law of any relevant jurisdiction from acquiring the Shares and that the applicant will not sell, transfer or otherwise dispose of any such Shares, directly or indirectly, to or for the account of any U.S. Person or in the United States;
8. In the case of institutional investors, a signed declaration that they qualify as such;
9. If the applicant does not wish for dividends to be reinvested, that fact and bank details and currency requirements if the applicant wishes for dividend payments to be made, at the expense of the applicant, by electronic transfer and/or in a currency other than the base currency of the relevant Sub-fund;
10. The applicant must provide the Transfer Agent with all necessary information which the Transfer Agent may reasonably require to verify the identity of the applicant. Failure to do so may result in the Company refusing to accept the subscription for Shares in the Sub-fund. Applicants must indicate whether they invest on their own account or on behalf of a third party. Except for companies who are regulated professionals of the financial sector, bound in their country by rules on the prevention of money laundering and terrorism financing enforcing equivalent obligations to those applicable in Luxembourg, any applicant applying is obliged to submit to the Transfer Agent in Luxembourg all necessary information required under the applicable money-laundering regulations which the Transfer Agent may reasonably require to verify the identity of the applicant and in the case of it acting on behalf a third party, of the beneficial owner(s). Furthermore any such applicant hereby undertakes that it will notify the Transfer Agent prior to the occurrence of any change in the identity of any such beneficial owner;
11. For those applicants who are resident in an EU/EEA State or Switzerland, a declaration that they have received and read the current relevant PRIIPS KID for each Share Class in which they are investing.

Confirmation of the subscription will be sent to the Shareholder on completion of the transaction. The Company reserves the right to direct the Transfer Agent to reject any application for subscription of Shares in whole or in part, for any reason. If an application is rejected, the Transfer Agent will, at the applicant's risk, once sufficient evidence of identification has been produced, normally return the gross investment amount or the balance thereof within five Business Days of rejection by bank transfer at cost to the applicant.

The minimum initial investment and the minimum subsequent holding for each Class of Shares of each Sub-fund is as set out in the table in the 'Charges and Minimum Thresholds' section below. These minima may be waived at the discretion of the Management Company.

Payment for all Classes and/or Categories of Shares, except for Class Z Shares, must be received by the Transfer Agent in the Reference Currency or Class Currency of the relevant Sub-fund, Class

or Category (subject to the payment procedure as detailed under section headed "*Subscription for Shares*") no later than three (3) Dealing Days (as defined in Appendix C) following the applicable Dealing Day. Payment for Z Shares, must be received by the Transfer Agent in the Reference Currency or Class Currency of the relevant Sub-fund or Category (subject to the payment procedure as detailed under section headed "*Subscription for Shares*") no later than two (2) Dealing Days (as defined in Appendix C) following the applicable Dealing Day.

Any subscriptions received by the Transfer Agent after the Sub-fund Subscription Deadline on any Dealing Day (or three Dealing Days prior to a Dealing Day in respect of abrdn SICAV II – Global Risk Mitigation Fund), or on any day that is not a Dealing Day, will be processed on the next Dealing Day on the basis of the Net Asset Value per Share determined on such Dealing Day. Investors should specifically note the high number of non Dealing Days for this fund, specific details of which can be found at [www.abrdn.com](http://www.abrdn.com).

The Company may restrict or prevent the ownership of Shares in the Company by any person, firm, partnership or corporate body, if in the sole opinion of the Company such holding may be detrimental to the interests of the existing Shareholders or of the Company, if it may result in a breach of any law or regulation, whether Luxembourg or otherwise, or if as a result thereof the Company may become exposed to tax disadvantages, fines or penalties that it would not have otherwise incurred. Such persons, firms, partnerships or corporate bodies shall be determined by the Directors ("**Prohibited Persons**").

As the Company is not registered under the United States Securities Act of 1933, as amended, nor has the Company been registered under the United States Investment Company Act of 1940, as amended, its Shares may not be offered or sold, directly or indirectly, in the United States of America or its territories or possessions or areas subject to its jurisdiction, or to citizens or residents thereof (hereinafter referred to as "**US Persons**").

Accordingly, the Company may require any subscriber to provide it with any information that it may consider necessary for the purpose of deciding whether or not he is, or will be, a Prohibited Person or a US Person.

Investors subscribing for or acquiring Classes of Shares reserved for institutional investors (as such term is interpreted by the supervisory authority and any applicable laws and regulations from time to time in force in Luxembourg) should satisfy themselves, and also represent to the Company, the Management Company and the Transfer Agent, that they qualify as such institutional investor(s). In this respect, investors subscribing for or acquiring Classes of Shares reserved for institutional investors should note that, to the fullest extent permitted under applicable law, the Company, the Management Company and the Transfer Agent, reserve the right to require indemnification by the investors against any and all damages, losses, costs or other expenses they may incur as a result of acting in good faith of such a representation. For the avoidance of doubt, the above indemnification by the investors is without prejudice of any other remedies and sanctions available to the Company, the Management Company and/or the Transfer Agent, due to or arising out of such a representation, including without limitation the non-compliance with the other conditions applicable to the investors for acquiring and maintaining the relevant Class of Shares as set forth by applicable law, this Prospectus, the articles of incorporation of the Company and the relevant Application Form.

The Company retains the right to offer only one Class and/or Category for subscription in any particular jurisdiction in order to conform to local law, custom, business practice or the Company's commercial objectives.

### **Payment Procedure**

The normal currency of payment for Shares will be the Reference Currency or Class Currency of the Sub-fund, Class or Category concerned. A subscriber may, however with the agreement of the Transfer Agent, effect payment in Australian Dollars, Euro, Sterling, US Dollars, Singapore Dollars, Canadian Dollars, New Zealand Dollars, Swiss Francs, Swedish Krona, Czech Koruna, Norwegian Krone, Japanese Yen or in any other currency as agreed with the Transfer Agent from time to time. The Transfer Agent will arrange for any necessary currency transaction to convert the subscription monies from the currency of subscription (the "**Subscription Currency**") into the Reference Currency or Class Currency of the relevant Sub-fund, Class or Category, as the case may be. Any such currency transaction will be effected with the Transfer Agent, the Distributor or an appointed

sub-distributor at the subscriber's cost and risk. Currency exchange transactions may delay any issue of Shares since the Transfer Agent may choose at its option to delay executing any foreign exchange transaction until cleared funds have been received.

Subscription instructions accompany this Prospectus and may also be obtained from the Transfer Agent, the Distributor or an appointed sub-distributor.

If timely payment for Shares (as detailed under section headed "*Subscription Procedure*") is not made (or a completed Application Form is not received for an initial subscription), the relevant issue of Shares may be cancelled, and a subscriber may be required to compensate the Company and/or the Distributor or an appointed sub-distributor for any loss incurred in relation to such cancellation.

The Company may, at its complete discretion, and subject to all applicable laws and regulations, decide to accept payment for Shares in whole or in part by an in specie subscription of suitable investments provided that these comply with the investment policy and restrictions of the relevant Sub-fund. The investments forming the in kind subscription will be valued and a valuation report obtained from the Company's auditors, if legally required. The value so determined, together with the Net Asset Value calculated for the Class and/or Category concerned in the relevant Sub-fund, will determine the number of Shares to be issued to the incoming Shareholder. The transaction costs incurred in connection with the acceptance by the Company of an in kind subscription will be borne directly by the incoming Shareholder. Any applicable charges or commissions will be deducted before investment commences.

### **Rejection of Subscriptions**

The Company may reject any subscription in whole or in part, and the Board of Directors may, at any time and from time to time and in their absolute discretion without liability and without notice, discontinue the issue and sale of Shares of any Class and/or Category in any one or more Sub-funds.

### **Suspension of Net Asset Valuation**

No Shares will be issued by the Company during any period in which the determination of the Net Asset Value of the relevant Sub-fund is suspended by the Company pursuant to the powers contained in its articles of incorporation and as discussed in Appendix C.

Notice of suspension will be given to subscribers, and subscriptions made or pending during a suspension period may be withdrawn by notice in writing received by the Company or the Management Company prior to the end of the suspension period. Subscriptions not withdrawn will be processed on the first Dealing Day following the end of the suspension period, on the basis of the Net Asset Value per Share determined on such Dealing Day.

### **Money Laundering Prevention**

Pursuant to international rules and Luxembourg laws and regulations comprising, but not limited to, the law of 12 November 2004 on the fight against money laundering and financing of terrorism, as amended, the Grand Ducal Regulation dated 1 February 2010, CSSF Regulation 12-02 of 14 December 2012 and CSSF Circular 13/556 concerning the fight against money laundering and terrorist financing, and any respective amendments or replacements, obligations have been imposed on all professionals of the financial sector to prevent the use of undertakings for collective investment for money laundering and financing of terrorism purposes. As a result of such provisions, the registrar agent of a Luxembourg undertaking for collective investment must ascertain the identity of the subscriber in accordance with Luxembourg laws and regulations. The Transfer Agent may require subscribers to provide any document it deems necessary to effect such identification. In case of appointment of distributors, the Management Company must enter into a distribution agreement with the distributor delegating the material execution of the Management Company's obligations (including but not limited to the performance of AML obligations in compliance with regulations deemed equivalent to the Luxembourg laws and regulations defined above).

The Transfer Agent may require subscribers to provide any document it deems necessary to effect such identification. In case of appointment of a sub-distributor, the Distributor must enter into a distribution agreement with the sub-distributor delegating the material execution of the Distributor's



obligations (including but not limited to the performance of AML obligations in compliance with regulations deemed equivalent to the Luxembourg laws and regulations defined above).

In case of delay or failure by an applicant to provide the documents required or in case of failure by the distributor to enter into the relevant contractual distribution agreement, the application for subscription will not be accepted and in case of redemption, payment of redemption proceeds delayed. If the payment of redemption proceeds is delayed, the delayed redemption proceeds will be held in non-interest bearing accounts. Neither the Company nor the Transfer Agent have any liability for delays or failure to process deals as a result of the applicant providing no or only incomplete documentation.

Shareholders may be requested to provide additional or updated identification documents from time to time pursuant to ongoing client due diligence requirements under relevant laws and regulations.

The right is reserved by the Company to reject any application for subscription of Shares in whole or in part. If an application is rejected, the application monies or balance thereof will be returned, once sufficient evidence of identification has been produced, at the risk of the applicant and without interest as soon as reasonably practicable, at the cost of the applicant, by bank transfer.

## Issuing and Company Charges

### Issuing Charges

The Management Company may make an initial charge upon a sale of shares to an investor. This charge, which is paid by Shareholders to the Management Company, is calculated as a percentage of the price of the Shares and included in the amount payable by the investor and shall not exceed 5% of the Net Asset Value per Share. It shall be collected by the relevant agent / authorised financial intermediary when investors choose not to invest in the Sub-funds directly.

Should the Management Company exercise its discretion to levy the initial charge applicable in respect of any particular Share Class, it will only do so in accordance with applicable laws and regulations. The Management Company may exercise its discretion to waive or rebate the charge (totally or partially) to certain individuals or institutions, in accordance with applicable laws and regulations.

Any taxes, commissions and other fees incurred in the respective countries in which Company shares are sold will also be charged.

### Investment Management Fees

The Investment Managers receive fees for the provision and co-ordination of investment services to the Company (the “**Investment Management Fee**”) which shall not exceed 3% of the Net Asset Value of the Company. The fees are calculated as a percentage of the Net Asset Value of each Sub-fund as set out in the table below as a percentage.

For the purpose of the calculation, the value of each Sub-fund (and the value attributable to each Share Class) is taken as at the Net Asset Value per Share Class on the previous Dealing Day, taking into account any subscriptions and/or redemptions on that day.

These fees are accrued daily and are paid monthly in arrears to the Investment Managers. The Investment Manager pays the fees of the Sub-Investment Managers / Investment Advisors out of its fees. For certain Classes of Shares, the Investment Managers reserve the right, at their discretion, to reallocate any Investment Management Fee they receive to certain recognised financial intermediaries or institutions in compliance with applicable laws and regulations.

**At least three (3) months' prior notice, or such lesser period as permitted or provided under applicable laws and regulatory requirements, will be given to all Shareholders in respect of any increase of the maximum amount of the Investment Management Fee.**

The maximum Investment Management Fee for each Class is set out in the table below:

<b>Name Of Sub-fund</b>	<b>Class A</b>	<b>Class B</b>	<b>Class D</b>	<b>Class J</b>	<b>Class K</b>	<b>Class S</b>	<b>Class T</b>	<b>Class Z</b>
abrdn SICAV II - Global Real Estate Securities Sustainable Fund	1.50% p.a.	to be determine d*	0.75% p.a.	to be determine d*	to be determine d*	0.55% p.a.	to be determine d*	0%
abrdn SICAV II - European Smaller Companies Fund	1.80% p.a.	0.90% p.a.	0.90% p.a.	to be determine d*	to be determine d*	0.72% p.a.	to be determine d*	0%
abrdn SICAV II – Global Impact Equity Fund	1.40% p.a.	0.70% p.a.	0.70% p.a.	to be determine d*	0.35% p.a.	0.50% p.a.	to be determine d*	0%
abrdn SICAV II – Global Smaller Companies Fund	1.80% p.a.	0.90% p.a.	0.90% p.a.	to be determine d*	to be determine d*	0.75% p.a.	to be determine d*	0%
abrdn SICAV II - Global Inflation-Linked Government Bond Fund	0.80% p.a.	0.45% p.a.	0.40% p.a.	to be determine d*	0.17% p.a.	to be determine d*	to be determine d*	0%
abrdn SICAV II - Euro Corporate Bond Fund	1.00% p.a.	0.45% p.a.	0.50% p.a.	0.23% p.a.	0.18% p.a.	0.23% p.a.	0.23% p.a.	0%
abrdn SICAV II - Emerging Market Local Currency Debt Fund	1.40% p.a.	0.65% p.a.	0.65% p.a.	to be determine d*	0.45% p.a.	to be determine d*	to be determine d*	0%
abrdn SICAV II - Global High Yield Bond Fund	1.35% p.a.	to be determine d*	0.60% p.a.	to be determine d*	to be determine d*	0.45% p.a.	to be determine d*	0%
abrdn SICAV II - Global Corporate Bond Fund	1.00% p.a.	0.55% p.a.	0.50% p.a.	0.30% p.a.	to be determine d*	0.30% p.a.	to be determine d*	0%
abrdn SICAV II - Euro Corporate Sustainable Bond Fund	1.10% p.a.	0.60% p.a.	0.55% p.a.	to be determine d*	0.18% p.a.	0.23%	0.23% p.a.	0%
abrdn SICAV II - Global Income Bond Fund	1.00% p.a.	0.40% p.a.	0.40% p.a.	to be determine d*	0.35% p.a.	to be determine d*	to be determine d*	0%

Name Of Sub-fund	Class A	Class B	Class D	Class J	Class K	Class S	Class T	Class Z
abrđn SICAV II – Global Short Dated Corporate Bond Fund	to be determined*	to be determined*	to be determined*	to be determined*	to be determined*	0.25% p.a.	to be determined*	0%
abrđn SICAV II – Macro Fixed Income Fund	1.25% p.a.	0.60% p.a.	0.60% p.a.	to be determined*	to be determined*	to be determined*	to be determined*	0%
abrđn SICAV II – Global Risk Mitigation Fund	n/a	0.90% p.a.	0.90% p.a.	n/a	0.30% p.a.	0.80% p.a.	n/a	0%

\* The Investment Management Fee will be determined at the launch of the Classes of Shares. Please refer to the Charges section in the relevant PRIIPS KIDs, and in such cases, this Prospectus will be updated accordingly thereafter.

### Management Company Charge

The Company will pay an annual charge to the Management Company (the "**Management Company Charge**"), up to a maximum of 0.05%. For the purpose of the calculation, the value of each Sub-fund (and the value attributable to each Share Class) is taken as at the Net Asset Value per Share Class on the previous Dealing Day, taking into account any subscriptions and/or redemptions on that day. The Management Company Charge shall be accrued daily and payable monthly in arrears. The Management Company Charge shall be used to pay the Management Company for the services it provides as the management company of the Company (in particular the performance of its monitoring role) and shall include reimbursement for any additional regulatory capital costs incurred by the Management Company by reason of its appointment.

**At least three (3) months' prior notice, or such lesser period as permitted or provided under applicable laws and regulatory requirements, will be given to all Shareholders in respect of any increase of the maximum amount of the Management Company Charge.**

### Charges and Minimum Thresholds

Share Class		Maximum Initial Charge**	Taxe d'abonnement	Minimum Investment	Initial	Minimum Holding
Retail	A	5%	0.05%	USD 500 or currency equivalent		USD 500 or currency equivalent
Retail	B	0%	0.05%	USD 500 or currency equivalent		USD 500 or currency equivalent
Institutional	D	0%	0.01%	USD 1,000,000 or currency equivalent		USD 1,000,000 or currency equivalent
Institutional	Z	0%	0.01%	USD 1,000,000 or currency equivalent*		USD 1,000,000 or currency equivalent*
Institutional	S	0%	0.01%	USD 25,000,000 or currency equivalent *		USD 25,000,000 or currency equivalent *
Retail	T	0%	0.05%	USD 25,000,000 or currency equivalent *		USD 25,000,000 or currency equivalent *
Retail	J	0%	0.05%	USD 10,000,000 or currency equivalent *		USD 10,000,000 or currency equivalent *
Institutional	K	0%	0.01%	USD 10,000,000 or currency equivalent		USD 10,000,000 or currency equivalent

\*Share classes are subject to access and/or waiver approval at the discretion of the Management Company if the minimum amount thresholds are not met.

\*\*The Management Company may exercise its discretion to waive or rebate this charge (totally or partially) to certain investors, in accordance with applicable laws and regulations.

## Other Charges

### Switching

The Board of Directors may, at their discretion, allow the application of a charge for switching shares. This charge, payable to the Management Company, shall not exceed 0.5% of the Net Asset Value of the Shares being switched.

Currently, the Management Company does not charge a switching fee for any funds. Additional fees and charges may be payable by investors to the distributors / intermediaries through which they invest. Investors should consult their relevant distributors / intermediaries on the amount of fees that will be charged.

### **General Administration Charge**

The operating expenses incurred by the Company will generally be paid out of the assets of the relevant Sub-fund. To seek to minimise the variability of these expenses, for a number of these operating expenses, a fixed rate charge of up to a maximum of 0.10% will be charged to each Share Class (the "General Administration Charge"). The level of the effective General Administration Charge below this maximum level may vary at the Board of Directors' discretion, as agreed with the Management Company, *which will take into consideration the operating expenses of the abrdn SICAV range in setting the General Administration Charge* and different rates may apply across the Sub-funds and Share Classes. The Board of Directors may amend the maximum fixed level of the General Administration Charge applicable to each Share Class at any time at its discretion upon prior notice to the relevant Shareholders.

The General Administration Charge is fixed in the sense that the Management Company, or another abrdn Group company as elected by the Management Company, will bear the excess in actual relevant operating expenses to any such General Administration Charge charged to the Share Classes. Conversely, the Management Company, or another abrdn Group company as elected by the Management Company, will be entitled to retain any amount of the General Administration Charge charged to the Share Classes exceeding the actual relevant operating expenses incurred by the respective Share Classes.

The effective General Administration Charge is calculated in the same way as the Investment Management Fee set out above. The effective General Administration Charge is disclosed as part of the ongoing charges of a Share Class in the relevant PRIIPS KID and in the semi-annual and annual reports of the Company.

The expenses that are included within the General Administration Charge include, but are not limited to:

- a) fees and expenses of the auditors;
- b) directors' fees and expenses and costs incurred in respect of meetings. Any non-executive Director of the Company will be entitled to a fee in remuneration for their services as a Director or in their capacity as a member of any committee of the Board of Directors. In addition, all Directors may be paid reasonable travelling, hotel and other incidental expenses for attending meetings of the Board of Directors (or any committee thereof) or of Shareholders of the Company;
- c) Domiciliary Agent, Registrar and Transfer Agent fees and expenses;
- d) principal and local Paying Agent's fees and expenses;
- e) the Administrator's fees and expenses;
- f) the fees and any proper expenses of any tax, legal or other professional advisers retained by the Company or by the Management Company in relation to the Company;
- g) any costs incurred in respect of any meeting of shareholders (including meetings of shareholders in any particular Sub-fund or any particular share class within a Sub-fund);

h) insurance which the Company may purchase and/or maintain for the benefit of and against any liability incurred by any Directors of the Company in the performance of their duties;

i) miscellaneous fees – including but not limited to: the cost of publication of the Share prices, rating fees, postage, telephone, facsimile transmission and other electronic means of communication, registration costs and expenses of preparing, printing and distributing the Prospectus and associated notices, translation costs, Key Investor Information Documents or any offering document, financial reports and other documents made available to Shareholders, fees payable to permanent representatives and other agents of the Company and any other costs as required and deemed appropriate relating to the regulatory compliance of the Company;

j) fees of the CSSF and the corresponding fees of any regulatory authority in a country or territory outside Luxembourg in which shares are or may be marketed; and

k) any Value-added tax (VAT), Goods and Services Tax (GST) or similar taxes that might apply in any jurisdiction applicable to any of the costs, charges, fees and expenses listed above.

The Management Company will regularly review the effective General Administration Charge charged to each Share Class.

The Management Company may from time to time subsidise costs incurred by any Sub-fund to keep the costs of a Sub-fund or share class in line with the published estimated ongoing charges figure or for any other reason as the Management Company may in its sole discretion determine.

### **Other Fees and Expenses**

In addition to the fees and expenses covered by the General Administration Charge, the Company may pay out of assets of each Sub-fund, the following charges and expenses:

a) Depositary fees and customary transaction fees and charges charged by the Depositary and its agents (including free payments and receipts and any reasonable out-of-pocket expenses, i.e. stamp taxes, registration costs, scrip fees, special transportation costs, etc.). The depositary fee is calculated at a rate determined by the territory or country in which the Sub-fund assets are held;

b) dilution levy or adjustment, brokerage charges, asset spreads and margins on the purchase or sale of portfolio assets (including the forward and spot foreign exchange transactions used for the hedging of Hedged Share Classes), non-custody related transactions and any other disbursements which are necessarily incurred in effecting transactions. For the avoidance of doubt, no cost or expense related to investment research will be paid out the assets of a Sub-fund;

c) costs of examination, asserting and enforcement of any claims for reduction, offsetting or refund of withholding taxes or other taxes or fiscal duties;

d) Luxembourg annual subscription tax (*taxe d'abonnement*) - referred to in the "Taxation" section of this Prospectus;

e) the full amount of any current and future tax, levy, duty or similar charge which may be due on the assets and/or on the income of the Company, the Sub-funds or their assets;

f) any amount payable by the Company under any indemnity provisions contained in the instrument of incorporation or any agreement binding upon the Company;

g) all charges and expenses incurred in connection with the collection of income and collateral management services;

h) correspondent and other banking charges;

i) extraordinary expenses (i.e. expenses that would not be considered ordinary expenses) including but not limited to: litigation expenses, exceptional measures, particularly legal, business or tax expert appraisals or legal proceedings undertaken to protect Shareholders' interests, any expense linked to non-routine arrangements made by the Domiciliary Agent and the Registrar & Transfer Agent in the interests of the investors and all similar charges and expenses;

j) in the case of a Sub-fund investing in another UCITS or UCI: any double charging of fees and expenses, in particular the duplication of the fees payable to the depositary(s), transfer agent(s), investment manager(s) and other agents and also subscription and redemption charges, which are generated both at the level of the Sub-fund and of the target funds in which the Sub-fund invests;

k) interest on and other charges relating to permitted borrowings;

l) benchmark licence fees and royalty fees incurred for the use of any index names; and

m) any Value-added tax (VAT), Goods and Services Tax (GST) or similar taxes that might apply in any jurisdiction applicable to any of the costs, charges, fees and expenses listed above.

Expenses not directly attributable to a Sub-fund will be allocated between the Sub-funds. With respect to the provision of hedged Share Classes, the costs relating to the hedging operation(s), if any, will be allocated to the Share Class concerned.

The Management Company may from time to time subsidise the Other Fees and Expenses incurred by any Sub-fund to keep the costs of a Sub-fund or share class in line with the published estimated ongoing charges figure or for any other reason as the Management Company may in its sole discretion determine.

The formation expenses of the Company and each of the Sub-funds (including new Sub-funds) have been borne by the abrdn Group.

## Redemption of Shares

Holdings of Shares of any Class and/or Category may be redeemed in whole or in part (subject to the minimum holding requirement as mentioned under section headed "*Limits on Redemption*") on any Dealing Day at the redemption price (the "**Redemption Price**") on the basis of the Net Asset Value per Share determined on such Dealing Day.

Investors may redeem either a specific number of Shares or Shares of a specified value on any Dealing Day. Any redemption requests received by the Transfer Agent before 1:00 p.m. hours (Luxembourg time) on a Dealing Day will be redeemed at the Net Asset Value per Share of the relevant Sub-fund calculated on that Dealing Day, subject to any applicable charges. Any redemption requests received at or after 1:00 p.m. hours (Luxembourg time) will be redeemed on the next Dealing Day for that Sub-fund.

Any application for redemptions in respect of abrdn SICAV II – Global Risk Mitigation Fund must be received by the Transfer Agent before 1:00 p.m. (Luxembourg time) at least three Dealing Days prior to a Dealing Day. The Management Company may waive or agree alternative notice requirements for certain investors at its discretion. Investors should specifically note the high number of non Dealing Days for this fund, specific details of which can be found at [www.abrdn.com](http://www.abrdn.com).

If a redemption request would result in a Shareholder's investment in any one Sub-fund or Class being less than the required minimum holding, the Company reserves the right to redeem the full shareholding in that Sub-fund (or Class) and pay the proceeds to the Shareholder. Shares are cancelled when redeemed.

The price at which Shares are redeemed may be higher or lower than the price at which Shares were purchased, depending on the value of the underlying assets.

Redemption requests may only be withdrawn during a period for which redemption rights have been suspended or deferred by the Company.

Redemption requests can be made by letter, fax or such other means as agreed. Redemption requests must state the full name(s) and address of the Shareholders, the name of the Sub-fund, the Class, the number or value of Shares in each Sub-fund to be redeemed and full settlement instructions. Such requests must be signed by all Shareholders. The Transfer Agent reserves the right to require the Shareholder's signature on a redemption request to be verified in a manner acceptable to the Transfer Agent. Confirmation of the redemption will be sent to the Shareholder on completion of the transaction.

The Transfer Agent may from time to time make arrangements to allow Shares to be redeemed electronically or through other communication media. Certain institutional Investors may communicate electronically as agreed with the Transfer Agent. For further details and conditions Shareholders should contact the Transfer Agent.

Shares are not available to be redeemed or converted until second Business Day after the relevant settlement period or the actual settlement date of the subscription or conversion whichever is later.

Payment for all Classes of Shares redeemed in any Sub-fund, except in relation to Class Z Shares, will be effected no later than three (3) Dealing Days after the relevant Dealing Day and payment for Class Z Shares redeemed in any Sub-fund will be effected no later than two (2) Dealing Days after the relevant Dealing Day, unless legal constraints, such as foreign exchange controls or restrictions on capital movements, or other circumstances beyond the control of the Depositary, make it impossible or impracticable to transfer the redemption amount to the country in which the application for redemption was submitted. If necessary, the Transfer Agent will arrange the currency transaction required for conversion of the redemption monies from the Reference Currency or Class Currency of the relevant Sub-fund, Class or Category, as the case may be, into the relevant redemption currency. Payments to Shareholders are normally made to the bank account in the name of the Shareholders in Australian Dollars, Euro, Sterling, US Dollars, Singapore Dollars, Canadian Dollars, New Zealand Dollars, Swiss Francs, Swedish Krona, Czech Koruna, Norwegian Krone, Japanese Yen or in any other currency as agreed with the Transfer Agent from time to time or, if no indication was given, in the currency of denomination of the relevant Share Class of the Sub-fund(s) concerned. Such currency transaction will be effected with the Depositary, the Distributor or an appointed sub-distributor at the relevant Shareholder's cost.

In the event of an excessively large volume of applications for redemption, the Company may decide to delay execution of such applications until the corresponding assets of the Company have been sold without unnecessary delay.

The Company may, at its complete discretion but with the consent of the Shareholder, decide to satisfy payment of the redemption price to any Shareholder in specie by allocating to such Shareholder investments from the pool of assets set up in connection with such Classes of Shares equal in value as of the Dealing Day on which the redemption price is calculated, to the value of Shares to be redeemed. The nature and type of assets to be transferred in such case shall be determined on a fair and reasonable basis and without prejudicing the interests of the other Shareholders of the relevant Class of Shares, and the valuation used shall be confirmed by a special report of the auditor, if required by law or regulation. The cost of such transfer shall be borne by the transferee.

### **Limits on Redemption**

The Company is not bound to comply with a request for redemption of Shares if after redemption the Shareholder would be left with a balance of Shares having a value of less than the current minimum holding in any Sub-fund as detailed in section headed "*Subscription for Shares*", in which case the Company may decide that this request be treated as a request for redemption for the full balance of the Shareholder's holding of Shares in such Sub-fund.

Applications for redemption on any one Dealing Day, which either singly or when aggregated with other such applications so received, represent more than 10% of the net assets of any one Sub-fund, may be subject to additional procedures set forth in the section headed "*Procedures for Redemptions and Conversions Representing 10% or more of any Sub-fund*".

### **Temporary Suspension of Redemption**

The right of any Shareholder to require the redemption of its Shares of the Company will be suspended during any period in which the determination of the Net Asset Value per Share of the relevant Class and/or Category is suspended by the Company pursuant to the powers as discussed in the section headed "*Temporary Suspension of Determination of Net Asset Value per Share*" in Appendix C. Notice of the suspension period will be given to any Shareholder tendering Shares for redemption. Withdrawal of an application for redemption will only be effective if written notification is received by the Transfer Agent before termination of the period of suspension, failing which the

Shares in question will be redeemed on the first Dealing Day following the end of the suspension period on the basis of the Net Asset Value per Share determined on such Dealing Day.

### **Compulsory Redemption**

If the Company discovers at any time that Shares are owned by a Prohibited Person, either alone or in conjunction with any other person, whether directly or indirectly, the Board of Directors may at their discretion and without liability, compulsorily redeem the Shares at the Redemption Price as described above after giving notice of at least ten (10) days, and upon redemption, the Prohibited Person will cease to be the owner of those Shares. The Company may require any Shareholder to provide it with any information that it may consider necessary for the purpose of determining whether or not such owner of Shares is or will be a Prohibited Person.

### **Conversion of Shares into Shares of a different Sub-fund**

Except in relation to abrdn SICAV II – Global Risk Mitigation Fund, within a given Class and/or Category, Shareholders may convert all or part of their Shares of one Sub-fund into Shares of one or more Sub-funds or Classes within the existing Sub-fund by application in writing or by fax to the Transfer Agent, the Distributor or an appointed sub-distributor, stating which Shares are to be converted into which Sub-funds.

Shareholders of abrdn SICAV II – Global Risk Mitigation Fund, within a given Class and/or Category, may convert all or part of their Shares into Shares of one or more Classes within abrdn SICAV II – Global Risk Mitigation Fund by application in writing or by fax to the Transfer Agent, the Distributor or an appointed sub-distributor, stating which Shares are to be converted.

Exchanging or switching constitutes a redemption of Shares in one Sub-fund and the issuance of new in another Sub-fund in their place, based upon the formula described in this section and subject to any charges applicable to redemption and subscription of Shares.

The application for conversion must include either the monetary amount the Shareholder wishes to convert or the number of Shares the Shareholder wishes to convert. In addition, the application for conversion must include the Shareholder's personal details together with his personal account number.

The application for conversion must be duly signed by the registered Shareholder, save in the case of joint registered Shareholders where an acceptable power of attorney has been provided to the Company.

Failure to provide any of this information may result in delay of the application for conversion.

Shareholders should note that if an application for conversion relates to a partial conversion of an existing holding of Shares and the remaining balance within the existing holding is below the minimum requirement as detailed in the section headed "*Limits on Redemption*", the Company is not bound to comply with such application for conversion.

Applications for conversion between any Sub-funds received by the Transfer Agent, the Distributor or an appointed sub-distributor on any Dealing Day before the relevant Sub-fund conversion deadline, which is 1:00 p.m. (Luxembourg time) (the "**Sub-fund Conversion Deadline**"), will be processed on that Dealing Day using the Net Asset Value per Share determined on such Dealing Day based on the latest available prices at 1:00 p.m. (Luxembourg time) (as described in Appendix C).

Any application for conversion involving abrdn SICAV II – Global Risk Mitigation Fund must be received by the Transfer Agent before the Sub-fund Conversion Deadline at least three Dealing Days prior to a Dealing Day. The Management Company may waive or agree alternative notice requirements for certain investors at its discretion. Investors should specifically note the high number of non Dealing Days for this fund, specific details of which can be found at [www.abrdn.com](http://www.abrdn.com).

Any applications for conversion received by the Transfer Agent, the Distributor or an appointed sub-distributor after the Sub-fund Conversion Deadline on any Dealing Day (or three Dealing Days prior to a Dealing Day in respect of abrdn SICAV II – Global Risk Mitigation Fund), or on any day that is



not a Dealing Day, will be processed on the next Dealing Day on the basis of the Net Asset Value per Share determined on such Dealing Day.

Applications for conversion on any one Dealing Day, which either singly or when aggregated with other such applications so received, represent more than 10% of the net assets of any one Sub-fund, may be subject to additional procedures set forth in the section headed "*Procedures for Redemptions and Conversions Representing 10% or more of any Sub-fund*".

The rate at which all or part of the Shares in an Original Sub-fund are converted into Shares in a New Sub-fund is determined in accordance with the following formula:

$$A = \frac{((B \times C) - D) \times E}{F}$$

where:

- A is the number of Shares to be allocated in the New Sub-fund;
- B is the number of Shares of the Original Sub-fund to be converted;
- C is the Net Asset Value per Share of the relevant Class and/or Category of the Original Sub-fund determined on the relevant Dealing Day;
- D is the charge (if any) payable;
- E is the actual rate of foreign exchange on the day concerned in respect of the Reference Currency of the Original Sub-fund or Class Currency, as the case may be, and the Reference Currency of the New Sub-fund or Class Currency, as the case may be, and is equal to 1 in relation to conversions between Sub-funds, Classes or Categories, as the case may be, denominated in the same Reference Currency or Class Currency, as the case may be; and
- F is the Net Asset Value per Share of the relevant Class and/or Category of the New Sub-fund determined on the relevant Dealing Day.

Following such conversion of Shares, the Company will inform the Shareholder in question of the number of Shares of the New Sub-fund obtained by conversion and the price thereof. Fractions of Shares in the New Sub-fund to three (3) decimal places will be issued, the Company being entitled to receive the adjustment.

#### **Procedures for Redemptions and Conversions Representing 10% or more of any Sub-fund**

If any application for redemption or conversion is received in respect of any one Dealing Day, which either singly or when aggregated with other such applications so received, represents more than 10% of the net assets of any one Sub-fund, the Company reserves the right, in its sole and absolute discretion and without liability (and in the reasonable opinion of the Board of Directors that to do so is in the best interests of the remaining Shareholders), to scale down pro rata each application with respect to such Dealing Day so that not more than 10% of the net assets of the relevant Sub-fund be redeemed or converted on such Dealing Day.

To the extent that any application for redemption or conversion is not given full effect on such Dealing Day by virtue of the exercise by the Company of its power to pro-rate applications, such application shall be treated with respect to the unsatisfied balance thereof as if a further request had been made by the Shareholder in question in respect of the next Dealing Day and, if necessary, subsequent Dealing Days, until such application shall have been satisfied in full.

With respect to any application received in respect of such Dealing Day, to the extent that subsequent applications shall be received in respect of following Dealing Days, such later applications shall be postponed in priority to the satisfaction of applications relating to such first Dealing Day, but subject thereto shall be dealt with as set out above.

## Late Trading and Market Timing

### Late Trading

The Management Company determines the price of the Company's Shares on a forward basis. This means that it is not possible to know in advance the Net Asset Value per Share at which shares will be bought or sold (exclusive of any sales charges). Subscription applications have to be received and will be accepted only in accordance with the provisions of the section headed "*Subscription for Shares*".

### Market Timing

In general, "Market Timing" refers to the investment behaviour of a person or group of persons buying or selling shares on the basis of predetermined market indicators. Market Timing may also be characterised by the buying and selling of shares that seem to follow a short term timing pattern or by frequent or large transactions in shares. The Management Company does not allow investments which are associated with Market Timing activities, as these may adversely affect the interests of all Shareholders and will take active measures to prevent such practices where it has reasonable grounds to suspect these strategies are being or may be attempted. These measures may include the on-going monitoring of trading activity, the refusal of specific trading instructions and exclusion from Sub-funds.

## Taxation

The information set forth below is based on law and administrative practice in Luxembourg as at the date of this Prospectus and may be subject to modification thereof.

### The Company

At the date of this Prospectus, under present Luxembourg law and administrative practice, neither a Luxembourg SICAV nor any of its sub-funds is liable for any Luxembourg corporate income tax, municipal business tax and net wealth tax. A Luxembourg SICAV subject to the UCI Law (or each sub-fund in case of SICAV with multiple sub-funds) is however liable in Luxembourg to a subscription tax of in principle 0.05% per annum computed on its net assets, such tax being payable quarterly on the basis of the value of the aggregate assets of such SICAV (or sub-fund) at the end of the relevant calendar quarter.

However, provided the conditions in Article 174 of the UCI Law are fulfilled, this rate may be reduced to 0.01% (i) for individual compartments of UCIs with multiple compartments as well as for individual classes of securities issued within a UCI or within a compartment of a UCI with multiple compartments, provided that the securities of such compartments or classes are reserved to one or more institutional investors (as such term is interpreted by the supervisory authority and any applicable laws and regulations from time to time in force in Luxembourg) or (ii) for UCIs and individual compartments of UCIs with multiple compartments that are authorised as money market funds in accordance with Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds, without prejudice to Article 175, letter b) of the UCI Law.

The value of assets represented by units and shares held in other undertakings for collective investments is however exempt from subscription tax provided such units or shares have already been subject to this tax.

Moreover, Article 175 of the UCI Law provides for an exemption of the subscription tax. For instance, the Company would benefit from the annual tax exemption if (i) its securities are listed or dealt with on at least one stock exchange or other Regulated Market operating regularly and recognized and open to the public, and (ii) provided that its exclusive object is to replicate the performance of one or more indices. If several classes of securities exist within the Company or its Sub-funds, the exemption only applies to classes satisfying condition of (i).

A fixed registration duty of EUR 75 will be due on amendments of the Company's articles of incorporation.

No other stamp duty or other tax is payable in Luxembourg on the issue of shares by a Luxembourg SICAV.

The annual subscription tax (*taxe d'abonnement*) is calculated and payable at the end of each quarter as set out in the section "Charges and Minimum Thresholds".

Investment income from dividends and interest received by the Company may be subject to withholding taxes at varying rates. Such withholding taxes are not usually recoverable.

The Sub-funds may also be subject to certain other foreign taxes on the purchase, sale, transfer or any other financial transaction involving investments including (but not limited to) taxes on gains, stamp taxes or other transfer taxes including financial transaction taxes.

Certain EU member states have implemented financial transaction tax regimes. A number of EU member states have proposed introducing wider financial transaction tax in the future.

## **Shareholders**

At the date of this Prospectus, Shareholders are not subject to any taxation on capital gains, taxation on income, transfer tax or withholding tax in Luxembourg on the holding, sale, purchase or repurchase of shares in the Company (exceptions may apply mainly to Shareholders who are domiciled, resident, have a permanent establishment, a permanent representative or a fixed base of business in Luxembourg).

## **Common Reporting Standard**

*Any capital term in this section should have the meaning as provided by the CRS Law.*

Following the development by the Organisation for Economic Co-operation and Development ("OECD") of a common reporting standard ("CRS") to achieve a comprehensive and multilateral automatic exchange of information (AEOI) in the future on a global basis, Council Directive 2014/107/EU amending the Council Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (the "Euro-CRS Directive") was adopted on 9 December 2014 in order to implement the CRS among the member States of the European Union.

The Euro-CRS Directive was implemented into Luxembourg law by the law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation ("**CRS Law**").

The CRS Law requires Luxembourg financial institutions to identify financial asset holders and establish if they are fiscally resident in countries with which Luxembourg has a tax information sharing agreement. Luxembourg financial institutions will then report financial account information of the assets' holders to the Luxembourg tax authorities, which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis.

In addition, Luxembourg tax authorities signed the OECD's multilateral competent authority agreement ("Multilateral Agreement") to automatically exchange information under the CRS. The Multilateral Agreement aims to implement the CRS among non-EU member states; it requires agreements on a country-by-country basis.

abrdn SICAV II and/or the Registrar and Transfer Agent require shareholders to provide information in relation to the identity and tax residence of financial account holders (including certain entities and their controlling persons), account details, reporting entity, account balance/value and income/sale or redemption proceeds to the local tax authorities of the country of tax residency of the foreign investors to the extent that they are tax resident of another EU member State or of a country for which the Multilateral Agreement is in full force and applicable. The personal data obtained will be used for the purpose of the CRS Law or such other purposes indicated by abrdn SICAV II in the data protection section of the Prospectus in compliance with Luxembourg data protection law. Information regarding an investor and his/her/its account will be reported to the Luxembourg tax authorities (Administration des Contributions Directes), which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis, if such an account is deemed a CRS reportable account under the CRS Law.

Following a change in Luxembourg regulations (i.e. the Luxembourg law of 16 May 2023 amending the CRS Law), financial institutions are required to notify CRS reportable investors before they and their investment data is being reported to the Luxembourg tax authorities. CRS reportable investors would typically be notified around 30 days before the annual reporting deadline of 30 June. The notification will be sent for information. There is no need for the CRS reportable investor to act unless the information being held is inaccurate or incomplete. If the information held is inaccurate or incorrect, CRS reportable investors can exercise their rights under the data protection legislation.

## **General**

Investors and prospective investors should note that levels and bases of taxation may change and they should ascertain from their professional advisers the potential consequences to them of acquiring, holding, redeeming, transferring, selling or switching any of the Company's Shares or receiving dividends therefrom under the relevant laws of each jurisdiction to which they are subject, including the tax consequences and any foreign exchange control requirements. These consequences will vary with the law and practice of a Shareholder's country of citizenship, residence, domicile or incorporation and personal circumstances. For Share Classes where dividends are distributed from capital, this may be taxable as income, depending on the local tax legislation, and investors should seek their own professional tax advice on this basis.

The foregoing statements on taxation are given on the basis of the Company's understanding of present legislation and practice in force at the date of this document and is subject to change. The summary does not purport to be a comprehensive description of all tax laws and tax considerations that may be relevant to a decision to invest in, own, hold, or dispose of Shares and is not intended as tax advice to any particular investor or potential investor.

## **German Investment Tax Act**

The following information is a summary of anticipated tax treatment in the Federal Republic of Germany ("Germany"). This information is based on the law enacted in Germany on the date of the Prospectus, is subject to changes therein and is not exhaustive. This summary applies only to those who are resident in Germany for tax purposes.

If you are in any doubt about your position, or if you may be subject to tax in a jurisdiction other than Germany, you should consult your professional adviser.

More than 50% of the total asset value of the following Sub-funds will be continuously invested in Qualifying Equity Instruments (as defined in section 2 paragraph 8 of the German Investment Tax Act and set out in Appendix A of this Prospectus):

- abrdn SICAV II - European Smaller Companies Fund,
- abrdn SICAV II – Global Impact Equity Fund, and
- abrdn SICAV II – Global Smaller Companies Fund.

As of 1 January 2018, under the provisions for the so-called partial tax exemption (*Teilfreistellung*),

- 30% of the income of a German tax-resident private investor (i.e. holding the interest in the fund as private assets for tax purposes (*steuerliches Privatvermögen*)) that results from an investment in a fund qualifying as a so-called equity fund (*Aktienfonds*) as defined in section 2 paragraph 6 of the German Investment Tax Act (*Investmentsteuergesetz*) as applicable as of 1 January 2018 ("German Investment Tax Act") is exempt from German income tax (and from solidarity surcharge and, if applicable, church tax); and
- 15% of the income of such a German tax-resident private investor that results from an investment in a fund qualifying as a so-called mixed fund (*Mischfonds*) as defined in section 2 paragraph 7 of the German Investment Tax Act is exempt from German income tax (and from solidarity surcharge and, if applicable, church tax).

A fund qualifies as an equity fund (or mixed fund) if

- it is stipulated in its investment guidelines that it will continuously invest more than 50% (or 25%) of its total asset value in certain Qualifying Equity Instruments (as defined in section 2 paragraph 8 of the German Investment Tax Act and set out in Appendix A of this Prospectus) or an investor individually proves vis-à-vis the competent tax office that the respective limit was met throughout the respective calendar year for which the partial tax-exemption is claimed; and
- such requirement is continuously met in such calendar year.

Similar rules (though with different rates of partial tax exemption) apply to income generated by German individual business investors (i.e. holding the interest in the fund as business assets for tax purposes (*steuerliches Betriebsvermögen*)) and German tax-resident corporations from their investment in an equity fund or mixed fund, subject to certain exemptions, and a corresponding portion of any expenses they incur in relation to such an investment is not tax-deductible.

Certain of the Sub-funds (see the list above) will invest continuously more than 50% or 25% of its total asset value in Qualifying Equity Instruments (as defined in section 2 paragraph 8 of the German Investment Tax Act and set out in Appendix A of this Prospectus).

However, it will depend on a number of factors – some of which are beyond the control of the fund manager – whether or not such minimum percentage will continuously be met – and, hence, whether the rules on the partial exemption will apply to German tax-resident investors – in any calendar year, in particular on the definition of qualifying participations and the interpretation of other legal provisions by the German tax authorities and German tax courts, how the instruments in which the respective Sub-fund invests are classified (by the respective issuer and/or data providers) and on the value (market price) of the instruments held by the respective Sub-fund. **Therefore, no guarantee can be given that the Sub-funds noted above will qualify under the rules for the partial exemption.**

### United Kingdom Taxation

The following information is a summary of anticipated tax treatment in the United Kingdom ("UK"). This information is based on the law enacted in the UK on the date of the Prospectus, is subject to changes therein and is not exhaustive. The summary applies only to persons who hold their shares beneficially as an investment and who are resident in the UK for UK tax purposes.

If you are in any doubt about your position, or if you may be subject to tax in a jurisdiction other than the UK, you should consult your professional adviser.

### The Company

It is intended that the Company's affairs will be conducted in such a manner that it will not become resident in the UK. On the basis that the company is not resident in the UK for tax purposes it should not be subject to UK corporation tax on its income and capital gains.

### United Kingdom Investors

#### (a) Gains (Offshore Funds Rules)

The Company will fall within the offshore fund rules contained in Part 8 of the Taxation (International and Other Provisions) Act 2010 ("TIOPA") and the Offshore Funds (Tax) Regulations 2009. Under this legislation, any gain arising on the sale, disposal or redemption of a share in an offshore fund, or on conversion from one Sub-fund to another, held by persons who are resident or ordinarily resident in the UK for tax purposes, will be taxed at the time of such sale, disposal, redemption or conversion as an offshore income gain subject to income tax for individual Shareholders or corporation tax for corporate Shareholders and will not be taxed under normal UK taxation of chargeable gains principles. This does not apply, however, for any Sub-fund Share class which has been accepted by HM Revenue and Customs ("HMRC") as a "reporting fund" (or previously a Sub-fund Share class with distributor status) through the period during which the shares have been held.

In order to qualify for "reporting fund" status, a Sub-fund Share class must meet certain annual reporting obligations including in particular the requirement to report 100% of its income. UK investors will be charged to tax on the higher of their share of the "reported income" of the Sub-fund Share class and any cash distributions received from that Sub-fund Share class.

A number of the Sub-fund Share classes of the Company have been certified as reporting funds. The reportable income for each period will be made available on abrdn's website at <https://www.abrdn.com/en-gb/individual/log-in/abrdn-uk-funds-oeic-unit-trust/uk-reporting-guidelines> for each reporting period.

Where a Sub-fund Share class has obtained reporting fund status, Shareholders who are resident or ordinarily resident in the UK will be liable to capital gains tax for individual Shareholders or corporation tax on capital gains for corporate Shareholders in respect of any gain realised on disposal or redemption of the Shares or on conversion from one Sub-fund to another. Any such gain may however be reduced by any available exemption or relief.

For UK resident, or ordinarily resident individuals capital gains will be subject to tax at a rate of 10% where total capital gains, together with other taxable income, arising in a fiscal year do not exceed the basic rate band. Where capital gains, together with other taxable income, exceed the basic rate band they will be taxed at a rate of 20%. Individuals may still, depending on their circumstances, benefit from other reliefs and allowances (including the "Annual Exempt Amount" which exempts the first portion of gains for most individual UK residents).

Holders of Shares who are bodies corporate resident in the UK for taxation purposes will benefit from an indexation allowance which, in general terms, increases the capital gains tax base cost of an asset in accordance with the rise in the retail prices index.

## **(b) Income**

Individual Shareholders resident in the UK for tax purposes will be liable to UK income tax in respect of dividend or other income distributions of the Company. Dividend or other income distributions received by corporate Shareholders resident in the UK for tax purposes are exempt from the charge to tax.

In respect of individuals dividend income in excess of the taxpayers annual Dividend Allowance will be taxed at rates of 8.75% where this falls within the basic rate income tax band; 33.75% in the higher rate band; and 39.35% in the additional rate band.

For this purpose, dividends are treated as the top slice of the individual Shareholder's income.

Where a Sub-fund is predominantly invested in interest bearing assets then distributions are treated as interest to corporate and individual investors and liable to UK income tax or corporation tax on the interest receipts as applicable. The income tax charge for UK resident individual Shareholders will be at 20% for basic rate tax payers, at 40% for higher rate tax payers or at 45% for additional rate tax payers subject to the personal savings allowance detailed below.

From 6 April 2016, the introduction of a personal savings allowance exempts the first £1,000 of interest, including amounts taxable as interest, received or deemed to be received by United Kingdom resident individuals, from tax in the hands of basic rate taxpayers. The exempt amount will be reduced to £500 for higher rate taxpayers and additional rate taxpayers will not receive an allowance.

Where a Sub-fund Share class has obtained reporting fund status, Shareholders will be subject to tax on the higher of their share of the "reported income" of the Sub-fund Share class and any cash distributions received from that Sub-fund Share class.

## **The Corporate Debt Regime**

Chapter 3 of Part 6 of the Corporation Tax Act 2009 ("CTA 2009") provides that, if at any time in an accounting period a corporate Shareholder within the charge to UK corporation tax holds an interest in an offshore fund within the meaning of the relevant provision of TIOPA, and there is a time in that period when that fund fails to satisfy the "non-qualifying investments test", the interest held by such

a corporate Shareholder will be treated for the accounting period as if it were rights under a creditor relationship for the purposes of the rules relating to the taxation of corporate debt contained in Part 5 of CTA 2009 ("the Corporate Debt Regime"). A Sub-fund will fail the "non-qualifying investments" test where at any time during an accounting period the Sub-fund's investments constitute more than 60% (by market value) of qualifying investments. Qualifying investments are broadly those which yield a return directly or indirectly in the form of interest.

Certain of the Company's Sub-funds, in particular the Bond Sub-funds, will therefore be treated for corporation tax purposes as within the Corporate Debt Regime with the result that all returns on the Shares in respect of each UK corporate investor's accounting period (including gains, profits and deficits) will be taxed or relieved as an income receipt or expense on a "mark to market" basis of accounting or on a "fair value" basis of accounting. Accordingly, a corporate Shareholder in the Company may, depending on its own circumstances, incur a charge to corporation tax on an unrealised increase in the value of its holding of Shares (and, likewise, obtain relief against corporation tax for an unrealised reduction in the value of its holding of Shares).

### **Anti-Avoidance Provisions**

The attention of individuals ordinarily resident in the UK for UK tax purposes is drawn to the provisions of Chapter 2 of Part 13 of the UK Income Tax Act 2007 ("ITA"). Those provisions are aimed at preventing the avoidance of income tax by individuals through transactions resulting in the transfer of assets or income to persons (including companies) resident or domiciled abroad and may render them liable to taxation in respect of undistributed income and profits of the Company on an annual basis.

The attention of persons resident or ordinarily resident in the UK (and who, if they are individuals are domiciled in the UK) is drawn to the provisions of Section 13 of the Taxation of Chargeable Gains Act 1992. These provisions could result in certain adverse consequences for any person who, alone or together with associated persons, holds more than 10% of the Shares in the Company if, at the same time, the Company is controlled in such a manner as to render it a company that would, were it to have been resident in the UK, be a close company for UK taxation purposes. In particular, these provisions could, if applied, result in a person being treated, for the purposes of the UK taxation of chargeable gains, as if any part of any gain accruing to the Company (such as on disposal of its investments that constitutes a chargeable gain for those purposes) had accrued to that person directly (that part being equal to the proportion of the assets of the Company to which that person would be entitled on the winding up of the Company at the time when the chargeable gain accrued to the Company).

The attention of corporate shareholders resident in the UK is drawn to the provisions of Section 492 of the Corporation Tax Act 2009. These provisions seek to counter any arrangements under the bond fund rules, entered into for the purposes of tax avoidance. The provisions provide for the means by which adjustments should be made to counteract any tax advantage through the holder's tax return.

Advice on the application of these, and other anti-avoidance provisions (e.g. controlled foreign companies) should be sought by shareholders. All shareholders should independently confirm with their professional advisers whether there would be any consequences to them of acquiring, holding, redeeming, transferring, selling or converting Shares under the applicable laws of the jurisdictions to which they are subject, including any tax consequences. These consequences, including the availability of and the value of tax relief to Shareholders, will vary with the law and practice of the Shareholder's country of citizenship, residence, domicile or incorporation and with their personal circumstances. Prospective investors should be aware that any legislation in force at the date of investment is subject to change.

### **Stamp Duty and Stamp Duty Reserve Tax ("SDRT")**

The following comments are intended as a guide to the general stamp duty and SDRT position and do not relate to persons such as market makers, brokers, dealers or intermediaries or where the Shares are issued to a depositary, or clearing system, or nominees or agents. No UK stamp duty or SDRT will be payable on the issue of the Shares. No UK stamp duty will be payable on the transfer of the Shares, provided that all instruments effecting or evidencing the transfer are not executed in the UK and no matters or actions relating to the transfer are performed in the UK. Provided that the

Shares are not registered in any register kept in the UK by or on behalf of the Company and that the Shares are not paired with shares issued by a company incorporated in the UK, any agreement to transfer the Shares will not be subject to UK SDRT.

Shareholders should note that other aspects of UK taxation legislation may also be relevant to their investment in the Company.

### **Irish Taxation**

The following information is based on the law enacted in the Republic of Ireland on the date of the Prospectus, is subject to changes therein and is not exhaustive. This summary deals only with Shares held as capital assets by Irish resident Shareholders and does not address special classes of Shareholders such as dealers in securities or persons that may be exempt from tax such as Irish pension funds and charities. Unless otherwise stated, the summary set out below assumes that a Shareholder will disclose information regarding income and gains derived from the Company in a correct and timely manner in their income or corporation tax return (as appropriate). This summary is not exhaustive and Shareholders are advised to consult their own tax advisors with respect to the taxation consequences of the ownership or disposition of Shares.

### **The Company**

It is the intention of the Directors to conduct the affairs of the Company so that it does not become tax resident in Ireland for taxation purposes. Accordingly, provided the Company does not exercise a trade within Ireland or carry on a trade in Ireland through a branch or agency, the Company will not be subject to Irish corporation tax on its income and gains other than on certain income and gains.

### **Irish Investors**

#### **(a) Reporting of Acquisition**

An Irish resident or ordinarily resident person acquiring Shares in the Company is required to disclose details of the acquisition of a material interest in an offshore fund in their annual tax return. Where an intermediary in the course of carrying on a business in Ireland acquires Shares in the Company it must report details of the acquisition to the Irish Revenue Commissioners as set out at Section 896(2) Taxes Consolidation Act ("TCA") 1997.

#### **(b) Income and Capital Gains**

Subject to their personal circumstances, Shareholders resident or ordinarily resident in Ireland for taxation purposes will be liable to Irish income tax or corporation tax in respect of any income distributions of the Company (whether distributed or reinvested as new Shares).

There are specific provisions in Irish tax legislation in relation to the treatment of an investor holding a material interest (i.e. an interest which the investor could reasonably be expected to realise within seven years of acquisition) in an 'offshore fund' located in a qualifying jurisdiction, for the purposes of Chapter 4 Sections 747B to 747E of TCA 1997. A qualifying jurisdiction includes a Member State of the EU, a member state of the European Economic Area or a member of the OECD with which Ireland has a double tax treaty. Therefore, since the Company is regulated as a UCITS and is tax resident in Luxembourg only, it should be considered an "offshore fund" under these provisions. The rates and analysis set out below are on the basis that the Company is an "offshore fund" under Irish tax legislation.

#### ***Corporate Shareholders***

An Irish resident corporate Shareholder will generally be liable to corporation tax at 25% on income distributions received from the Company. However, a corporate Shareholder will be liable to corporation tax at 12.5% where the income distribution forms part of the trading profits of the Shareholder.

An Irish resident corporate Shareholder which disposes of Shares in the Company will generally be liable for corporation tax at a rate of 25% on the amount of any gain arising. However, a corporate



Shareholder will be liable to corporation tax at 12.5% where the gain arising forms part of the trading profits of the Shareholder. It should be noted that no indexation allowance is available.

#### *Individual Shareholders*

Where an Irish resident or ordinarily resident person who is not a company holds Shares in the Company and receives an income distribution from the Company, they will be liable to income tax at the rate of 41% on the amount of such distribution.

Where an Irish resident or ordinarily resident person who is not a company disposes of a Share a liability to Irish tax at a rate of 41% will arise on the amount of the gain. The gain on disposal of an interest in an "offshore fund" is the same as it would be computed for capital gains tax purposes but without regard to indexation relief. In addition, it should be noted that the death of a Shareholder would constitute a deemed disposal of Shares, where the Shareholder will be deemed to have disposed of and reacquired the interest immediately before death for its market value on that date.

The amount of income tax paid by an individual on a gain from a disposal of an interest in an offshore fund is treated as being that amount of capital gains tax for the purposes of section 104 of the Capital Acquisitions Tax Act 2003 ("CATCA 2003"). Under section 104 of the CATCA 2003, the capital gains tax paid is allowed as a credit against the net gift or inheritance tax, where the event is considered a disposal for both capital gains tax and capital acquisition tax purposes.

Where a loss arises on the disposal of a material interest in an offshore fund, no capital gains tax or other loss relief is available. Further, trading losses or other Case IV losses cannot be used to shelter any income chargeable on the disposal, or deemed disposal of an interest in an offshore fund.

#### **8th year deemed disposal events**

There is a deemed disposal for the purposes of Irish tax of Shares held by an Irish resident investor on a rolling 8 year basis where the Shares are acquired on or after 1 January 2001. If a Shareholder holds Shares for a period of 8 years from acquisition, the Shareholder will be deemed to have disposed of (and immediately reacquired) those Shares at their market value on the eighth anniversary of their acquisition, and at the end of any subsequent 8 year periods. This deemed disposal takes place at market value less the cost of the shares at acquisition, so that Irish resident or ordinarily resident shareholders will be subject to tax at the rate of 41% on the increase in value of their Shares at 8 year intervals commencing on 8th anniversary of the date of acquisition of the Shares. The shareholder will be obliged to self-assess for any Irish tax due in respect of any gain arising on the deemed disposal.

The tax payable on the deemed disposal will be equivalent to that of a disposal of a "material interest" in an offshore fund (i.e. the appropriate gain is subject to tax at 41% in the case of individuals and 25% in the case of corporations where the disposal is not in the course of a trade).

To the extent that tax is payable by the shareholder on such a deemed disposal, such tax will be taken into account to ensure that any tax payable on a subsequent encashment, redemption, cancellation or transfer of the relevant shares does not exceed the tax that would have been payable had the deemed disposal not taken place.

#### **Anti-Avoidance Provision**

An anti-avoidance provision was introduced in Finance Act 2007 imposing higher rates of tax on Irish resident investors in "personal portfolio investment undertakings" (PPIU). A PPIU is a fund in which the investor, or a person acting on behalf of the investor or connected with the investor, has a right under the terms of the fund or any other agreement, to influence the selection of the assets of the fund.

If a fund is treated as a PPIU in relation to a specific Irish resident investor, the Irish resident investor may suffer tax at the rate of 60% on amounts received from the fund, or on a disposal of Shares held (including on the occurrence of an 8 year deemed disposal). If the appropriate receipts or disposals proceeds are not correctly disclosed by a shareholder who is not a company in his annual tax return, the Irish resident investor can suffer tax at the rate of 80%.

Specific exemptions from the PPIU provision apply where the property invested has been clearly identified in the offshore fund's marketing and promotional literature and the investment is widely marketed to the public. Further restrictions may be required in the case of investments in land or unquoted shares deriving their value from land.

Chapter 1 of Part 33 of TCA 1997 may render Shareholders who are individuals resident or ordinarily resident in Ireland for tax purposes liable to income tax in respect of undistributed income or profits of the Company. These provisions are aimed at preventing the avoidance of income tax by individuals through a transaction resulting in the transfer of assets by virtue of which income becomes payable to persons (including companies) resident or domiciled outside Ireland and may render the Irish resident (or ordinarily resident) individual liable to income or corporation tax in respect of undistributed income or profits of the Company on an annual basis.

Chapter 4 (Section 590) of Part 19 of the TCA 1997 could be material to any person who holds 5% or more of the Shares in the Company if, at the same time, the Company is controlled in such a manner as to render it a company that would, were it to have been resident in Ireland, be a "close" company for Irish taxation purposes where the persons are resident or ordinarily resident in Ireland (and who, if they are individuals, are domiciled in Ireland). These provisions could, if applied, result in a person being treated, for the purposes of the Irish taxation of chargeable gains, as if part of any gain accruing to the Company (such as on a disposal of its investments that constitute a chargeable gain for those purposes) had accrued to that person directly; that part being equal to the proportion of the assets of the Company to which that person would be entitled to on the winding up of the Company at the time when the chargeable gain accrued to the Company.

### **Withholding Obligation on Paying Agents**

If any dividend is paid through the Irish facilities agent it is obliged to deduct tax from such dividend at the standard rate of income tax and account for this to the Revenue Commissioners. The recipient of the dividend would be entitled to claim a credit for the sum deducted by the facilities agent against his tax liability for the relevant year.

### **Stamp Duty**

Transfers for cash of Shares in the Company will not be subject to Irish stamp duty provided the transfer of shares is not satisfied by an in specie transfer of Irish situated property.

### **Gift and Inheritance Tax**

A gift or inheritance of Shares in the Company received from a person who is resident or ordinarily resident in Ireland or received by such a person will be within the charge to Irish capital acquisitions tax. Capital acquisitions tax is charged at a rate of 33% above a tax free threshold which is determined by the amount of the benefit and of previous benefits within the charge to capital acquisitions tax, and the relationship between the disponent and the successor or donee.

### **Transfers Between Funds**

The Directors have been advised that in the Republic of Ireland the exchange of Shares of one Sub-fund of the Company for Shares of another Sub-fund of the Company should not in itself constitute a disposal of such Shares and will not give rise to a charge to tax. There are special rules relating to situations where additional consideration is paid in respect of the exchange of Shares, or if the Shareholder receives consideration other than the replacement of Shares. Special rules may also apply where the Company operates equalisation arrangements.

### **Canadian Taxation**

Canadian investors are invited to review "Appendix D – Additional Information for Canadian investors" which, together with this Prospectus, form the offering documents for the Company to market Shares in Canada.

## **US Tax Withholding and Reporting under the Foreign Account Tax Compliance Act ("FATCA")**

The Foreign Account Tax Compliance provisions of the Hiring Incentives to Restore Employment Act ("FATCA") generally impose a U.S. federal reporting and withholding tax regime with respect to certain U.S. source income (including, among other types of income, dividends and interest) and gross proceeds from the sale or other disposal of property. The rules are designed to require certain U.S. persons' direct and indirect ownership of certain non-U.S. accounts and non-U.S. entities to be reported to the U.S. Internal Revenue Service. The 30% withholding tax regime could apply if there is a failure to provide certain required information.

On 28 March 2014, the Grand-Duchy of Luxembourg entered into a Model 1 Intergovernmental Agreement ("IGA") with the United States of America and a memorandum of understanding in respect thereof. abrdn SICAV II would hence have to comply with such Luxembourg IGA, as implemented into Luxembourg law by the law of 24 July 2015 relating to FATCA (the "FATCA Law") in order to comply with the provisions of FATCA rather than directly complying with the US Treasury Regulations implementing FATCA. Under the FATCA Law and the Luxembourg IGA, abrdn SICAV II may be required to collect information aiming to identify its direct and indirect Shareholders that are Specified US Persons for FATCA purposes ("reportable accounts"). Any such information on reportable accounts provided to abrdn SICAV II will be shared with the Luxembourg tax authorities which will exchange that information on an automatic basis with the Government of the United States of America pursuant to Article 28 of the convention between the Government of the United States of America and the Government of the Grand-Duchy of Luxembourg for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes in Income and Capital, entered into in Luxembourg on 3 April 1996. abrdn SICAV II intends to comply with the provisions of the FATCA Law and the Luxembourg IGA to be deemed compliant with FATCA and will thus not be subject to the 30% withholding tax with respect to its share of any such payments attributable to actual and deemed U.S. investments of abrdn SICAV II. abrdn SICAV II will continually assess the extent of the requirements that FATCA and notably the FATCA Law places upon it.

To ensure abrdn SICAV II's compliance with FATCA, the FATCA Law and the Luxembourg IGA in accordance with the foregoing, abrdn SICAV II or the Management Company, in its capacity as the abrdn SICAV II's management company or the Administrator, may:

- a) request information or documentation, including self-certification forms, a Global Intermediary Identification Number, if applicable, or any other valid evidence of a shareholder's FATCA registration with the IRS or a corresponding exemption, in order to ascertain such shareholder's FATCA status;
- b) report information concerning a shareholder and his account holding in abrdn SICAV II to the Luxembourg tax authorities if such account is deemed a US reportable account under the FATCA Law and the Luxembourg IGA;
- c) deduct applicable US withholding taxes from certain payments made to a Shareholder by or on behalf of abrdn SICAV II in accordance with FATCA and the FATCA Law and the Luxembourg IGA;
- d) report information to the Luxembourg tax authorities (*Administration des Contributions Directes*) concerning accounts held by recalcitrant account holders; and
- e) divulge any such personal information to any immediate payer of certain U.S. source income as may be required for withholding and reporting to occur with respect to the payment of such income.

Any withholding obligation would be carried out in accordance with applicable laws and regulations and the Management Company will act in good faith and on reasonable grounds in relation thereto. Although abrdn SICAV II will attempt to satisfy any obligations imposed on it to avoid the imposition of FATCA withholding tax, no assurance can be given that abrdn SICAV II will be able to satisfy these obligations. If abrdn SICAV II becomes subject to a withholding tax as a result of the FATCA regime, the value of the Shares held by the Shareholders may suffer material losses.

## Taxation of Chinese Equity and Bonds

The Ministry of Finance, the State Administration of Taxation ("SAT") and China Securities Regulatory Commission ("CSRC") jointly issued notices in relation to the taxation rules on Shanghai – Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect under Caishui 2014 No.81 ("Notice No.81") on 31 October 2014 and Caishui 2016 No. 127 ("Notice No. 127") on 5 December 2016, respectively. Under Notice No.81 and Notice No. 127, CIT, individual income tax and business tax will be temporarily exempted on gains derived by Hong Kong and overseas investors (including the Funds) on the trading of China A-Shares through Stock Connect. However, Hong Kong and overseas investors are required to pay tax on dividends and/or bonus shares at the rate of 10% which will be withheld and paid to the relevant authority by the listed companies. Where an investor is a tax resident of another country that has signed a tax treaty with China and in which the stipulated income tax rate on stock dividends is less than 10%, the investor may apply to the competent tax authority of the relevant listed company to enjoy the preferential treatment under the tax treaty, insofar as such a preferential treatment is granted to a Sub-fund.

In the event that actual tax is collected by the SAT to make payments reflecting tax liabilities for which no provision has been made, investors should note that the Net Asset Value of the Sub-funds may be adversely affected, as the Sub-funds will ultimately have to bear the full amount of tax liabilities. In this case, the additional tax liabilities of the Funds will only impact Shares in issue of the Sub-funds at the relevant time, and the then existing Shareholders and subsequent Shareholders of such Sub-funds will be disadvantaged as such Shareholders will bear, through the Sub-funds, a disproportionately higher amount of tax liabilities as compared to that borne at the time of investment in the Funds. On the other hand, if the actual applicable tax rate levied by SAT is lower than that provided for by the Company so that there is an excess in the tax provision amount, Shareholders who have redeemed their Shares before SAT's ruling, decision or guidance in this respect will be disadvantaged as they would have borne the loss from the overprovision. In this case, the then existing and new Shareholders may benefit if the difference between the tax provision and the actual taxation liability under that lower tax rate can be returned to the account of the Sub-funds as assets thereof. Notwithstanding the above change in tax provisioning approach, persons who have already redeemed their Shares in the Sub-funds before the return of any overprovision to the account of the Sub-funds will not be entitled to or have any right to claim any part of such overprovision.

Shareholders may be advantaged or disadvantaged depending upon the final tax liabilities, the level of provision and when they subscribed and/or redeemed their Shares in the Sub-funds. Shareholders should seek their own tax advice on their tax position with regard to their investment in the Sub-funds.

## Data Protection and Confidentiality

The below describes how your personal data will be processed be collected and used by abrdn SICAV II and the Management Company as joint controllers and Investment Managers Sub-Investment managers or any other company within the abrdn Group, as processors collectively referred to here as "we", "our" and "us". We are committed to safeguarding any personal information shared with us. We take privacy seriously and as an investor in our funds you can be assured that we will only ever collect and use your personal information where it is necessary, fair and lawful to do so, in line with the privacy and data protection laws applicable to our business operations.

Information collected and used Information about you that is collected and used includes:

- Information about who you are in order to verify your identity and comply with Anti-Money Laundering Regulations e.g. your name, date of birth, national identifier/tax numbers, passport details, contact details, occupation, credit information and source of wealth
- Where you are investing on behalf of a company, or representing a company, information about you, the company, and your relationship
- Information connected to the product or service you have with us e.g. bank account details, email address, investment history

- Information about your contact with us e.g. meetings, phone calls, emails / letters
- Information that is automatically collected via cookies when you visit one of our websites or access our online tools, e.g. username, your activity on our website. Some information will only be collected where you have turned on the relevant cookies in our preference centre
- Information if you visit one of our offices e.g. visual images collected via closed circuit television (CCTV)
- Information classified as special category 'sensitive' personal information e.g. relating to your status as a PEP (politically exposed person) or concerning criminal convictions. This information will only be collected and used where it's required to provide the product or service you have with us, or to comply with our legal obligations, and where we have also obtained your explicit consent to process this information

### **Where we collect information**

- We will collect your personal information directly from you, and from a variety of sources, including:
- An application form for a product or service with us
- Phone conversations with us
- Emails or letters you send to us
- Meetings with us
- Registering for one of our events
- Participating in research surveys to help us understand you better and improve our products and services
- Our online services such as websites, and through our social media (if you engage with our marketing campaigns)
- External third parties who support us in verifying your identity and relationships with institutional and/or professional investors

We may also collect personal information about you from places such as business directories and other commercially or publicly available sources e.g. to check or improve the information we hold (like your address) or to obtain updated contact information if we are unable to contact you directly.

### **Why we collect and use your information**

We take your privacy seriously and we will only ever collect and use information which is personal to you where it is necessary, fair and lawful to do so. We will collect and use your information only if we are able to satisfy one of the lawful processing conditions set out in the data protection laws.

This will be the case where:

- It's necessary to perform the subscription agreement, or in order to take steps at your request prior to entering into the subscription agreement, including the performance of all services related to your investments as outlined in this Prospectus or the subscription agreement.
- It's necessary for us to meet our legal or regulatory obligations under the applicable fund and company laws e.g. to maintain the register of shareholders and recording orders; to do appropriate money laundering, screening and counter terrorist financing checks (AML-CTF); for the detection and prevention of crime and tax law; for conducting tax reporting (including without being limitative according to CRS / FATCA requirements as applicable); for conducting beneficial ownership declarations.
- In the case of sensitive personal information, where we are doing so for reasons of substantial public interest, such as where we process your sensitive personal data for the purposes of the prevention of money laundering and terrorist financing.
- You have given us your permission consent to use your information e.g., for certain types of direct marketing (subject to an opt-out right at any time).
- It's in our legitimate interests to process your information to better understand you and your needs so we can:

- Send you postal communications from time to time to make you aware of other investment opportunities, products and services proposed by or on behalf of abrdn SICAV I, and its third parties
- Deliver appropriate information and guidance so you are aware of the options that may help you get the best outcome from your investments
- Conduct research and collate management information to understand how investors have interacted with us, which products and services they have already purchased or invested in, and to help us send more relevant communications based on our analysis of investors' preferences and needs.
- Compensate you as appropriate due to service, process or regulatory failures
- Show you targeted ads for our products and services through social media channels
- Conducting legal proceedings
- Conducting negotiations of a sale, restructure or re-organisation of all or part of the fund

Where the processing is in our legitimate interests, we will always conduct an assessment to ensure that this use of your personal information is not excessive or unnecessary or otherwise more intrusive than it needs to be. If you do not wish us to collect and use your personal information in these ways, it may mean that we will be unable to provide you with some of our products or services.

### **Who we share your information with and why**

We will be required to share your information with selected 3rd parties and other subsidiaries of Aberdeen Group plc for the reasons outlined in 'Why we collect and use your information'.

We will share your information with:

- Our Management Company, the Investment Managers, sub-Investment Managers, or any other subsidiaries of Aberdeen Group plc who support us in the provision of the services agreed with you, or the individual/company you represent
- Third parties / processors we have chosen to support us in the delivery of the products and services we offer to you and other customers, for example Transfer Agents, Depositories and Administration companies. The details of these parties are set out earlier in this prospectus
- Various technology companies, software suppliers, or companies who can help us in our contact with you, for examples an internet service provider
- Credit and identity check agencies for ID verification and credit reference checks
- Our regulators
- Law enforcement and other appointed agencies who support us (or where they request the information) in the prevention and detection of crime; and
- Tax authorities (such as Administration des contributions directes in Luxembourg and the Inland Revenue Service in the US) for the purposes of tax relief (where relevant), tax reporting, or the prevention and detection of tax fraud and beneficial ownership registers
- Social media companies such as Facebook or LinkedIn, so that they can display messages to you and others about our products and services, or to make sure you are not sent information which is not relevant to you personally (for example, if you already have the abrdn product we want to advertise).
- Third parties in the negotiations of a sale, restructure or re-organisation of all or part of the fund e.g fund mergers or change in transfer agent.
- Third parties, where relevant, for the purposes of responding to complaints, including the payment of any compensation.

Please note that where we share your personal data with our selected third parties, they may require to retain some data in line with their own regulatory obligations.

## **Where your information is processed**

The majority of your information is processed in the UK or European Economic Area (EEA). However, some of your information may be processed by us, or the third parties we work with, in locations outside of the UK or the EEA. For a full list of these countries please refer to our website.

Where your information is being processed outside of the UK or the EEA, we take additional steps to ensure that your information is protected to at least an equivalent level as would be applied by UK or EEA Data Protection Laws e.g. we will put in place legal agreements with third parties and abrdn affiliates with ongoing oversight to ensure they meet these obligations.

You can obtain further information about our data transfers and safeguards implemented by contacting us as indicated below.

## **How we protect your information**

We take information and system security very seriously and we strive to comply with our obligations at all times. Any personal information which is collected, recorded or used in any way, whether on paper, online or any other media, will have appropriate safeguards applied in line with our data protection obligations.

Your information is protected by controls designed to minimise loss or damage through accident, negligence or deliberate actions. Our security controls are aligned to industry standards and good practice; providing a control environment that effectively manages risks to the confidentiality, integrity and availability of your information whether it is being processed by us or a third party acting on our behalf.

Our colleagues also protect sensitive or confidential information when storing or transmitting information electronically and must undertake annual training on this.

We also use internal and external audit and specialist third party consultants to conduct regular, independent assurance and benchmarking exercises across our business to ascertain the effectiveness of our security control environment and our security strategy.

## **How long we keep your information**

To provide you with the service or product agreed, and to fulfil our legal and regulatory obligations, we will keep your personal information and copies of records we create while you are a prospective investor.

Even when you no longer have a relationship with us, we are required to keep information for different legal and regulatory reasons. The length of time will vary and we regularly review our retention periods to make sure they comply with all laws and regulations. We can for instance retain your personal information for a subsequent period of ten (10) years where necessary to comply with applicable laws and regulations, and/or to establish, exercise or defend actual or potential legal claims.

We, including our service providers, may record communications where the law requires us to do so. We, including our service providers, may monitor communications, where required to do so, to comply with regulatory rules and practices and, where permitted to do so, to protect our respective businesses and the security of our respective systems including (i) for record keeping as proof of a transaction or related communication in the event of a disagreement, (ii) for processing and verification of instructions, (iii) for investigation and fraud prevention purposes and, (iv) to enforce or defend our interests or rights in compliance with any legal obligation to which we are subject. Such recordings may be produced in court or other legal proceedings and permitted as evidence with the same value as a written document.

## **Your individual rights and how to exercise them**

You have a number of rights under data protection laws which may be exercised in certain circumstances. These include:

- Right to request access to your personal information
- Right to request that inaccurate or incomplete information be corrected
- Right to request deletion of your Personal data, where you have provided your consent to the processing, or where it has been carried out in our legitimate interests
- Right to request a restriction on, or objection of, the processing of your personal data where it is being carried out with your consent, or on the basis of our legitimate interests.

To exercise these rights, please email [DPOffice@abrdn.com](mailto:DPOffice@abrdn.com). Or write to: abrdn Investments Luxembourg S.A., FAO DP Office, 35a, avenue John F. Kennedy, L-1855 Luxembourg. If you have any concerns with how we have processed your personal data you have a right to lodge a complaint with the relevant data protection supervisory authority, in particular in the Member State of your habitual residence (i.e. in Luxembourg, the Commission Nationale pour la Protection des Données – [www.cnpd.lu](http://www.cnpd.lu)).

## **Confidentiality**

The Depositary and Administrator, and the Registrar and Transfer Agent acting in their respective capacities as described in this Prospectus are bound by professional secrecy rules and are required to keep any information relating to Shareholders confidential. The Management Company, the Registrar and Transfer Agent, and the Depositary and Administrator outsource certain activities to intra-group or third party service providers located in various jurisdictions. Such outsourcing could imply the transfer of information related to investors. Information on the current outsourcing parties appointed by them or on their behalf, including the jurisdiction in which they are located, are set out at [www.abrdn.com](http://www.abrdn.com) under "Fund Centre " in relation to the Registrar and Transfer Agent and at <https://www.citigroup.com/global/about-us/global-presence/luxembourg> in relation to the Depositary and Administrator.

## **EU's Sustainable Finance Disclosure Regulation - Investment Philosophy and Process**

### **Sustainability Risk Integration**

abrdn, through its Management Company and Investment Managers, integrate sustainability risks and opportunities into its research, analysis and investment decision-making processes for the Sub-funds. abrdn believes that the consideration of sustainability risks and opportunities can have a material impact on long-term returns for investors.

All Sub-funds are managed using an investment process integrating environmental, social and governance ("ESG") factors but unless specifically noted do not promote environmental or social characteristics or have specific sustainable investment objectives. For Sub-funds that do not have sustainability-related characteristics or that do not pursue sustainable investment objectives, this means that whilst sustainability risk factors and risks are considered, they may or may not impact portfolio construction.

abrdn's sustainability risk integration requires, in addition to its inclusion in the investment decision making process, appropriate monitoring of sustainability considerations in risk management and portfolio monitoring. Where the Management Company believes it can influence or gain insight, the Management Company actively engages with the companies and assets in which it invests. The Management Company believes this will create long-term value, including in relation to ESG practice. Where the Management Company has rights, the Management Company also votes at annual general meetings of target companies to drive change. abrdn also engages with policymakers on sustainability risk and stewardship matters.



Combining the integration of sustainability risks and opportunities with broader monitoring and engagement activities may affect the value of investments and therefore returns.

Further information on abrdn's approach on sustainable investing and sustainability risk integration are available on the website at [www.abrdn.com](http://www.abrdn.com) under "Sustainable Investing".

### **Sustainability-related disclosure in line with EU SFDR**

The European Union Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("**SFDR**") is designed to enable investors to better understand sustainability-related investment strategies, notably sustainability risk integration, promotion of environmental or social characteristics and pursuit of a sustainable investment objective.

As part of this enhanced transparency, investment funds are subject to disclosure requirements depending on the degree of consideration given to sustainability and binding investment criteria. The disclosure requirements are defined in the following SFDR Articles and further specified by SFDR Delegated Regulation (*Commission Delegated Regulation (EU) 2022/1288*).

- **Article 6** – Sub-funds which integrate sustainability risks into their investment process but do not give binding commitments, do not promote environmental and/or social characteristics and do not have sustainable investments as their objective.
- **Article 8** – Sub-funds that promote social and/or environmental characteristics, invest in companies that follow good governance, give binding commitments but do not have a sustainable investment objective.
- **Article 9** – Sub-funds that have sustainable investment or carbon reduction as their objective and give binding commitments.

The SFDR Article to which each Sub-fund is subject is set out in its investment objective and policy.

Information regarding the environmental or social characteristics and the sustainable investment objective of Article 8 and 9 Sub-funds respectively are set out in their investment objective and policy and detailed in the SFDR Annex (as defined below), appended to this Prospectus.

The "SFDR Annex" is the pre-contractual disclosure document required for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852; or Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph of Regulation (EU) 2020/852, as applicable and annexed to this prospectus.

### **Principle adverse impact ("PAI") consideration**

Under SFDR all Sub-funds have to indicate whether they consider PAIs on sustainability factors and if so, how this is applied.

PAI indicators are metrics that measure the negative effects on environmental and social matters. The Management Company considers PAIs within the investment process for all Article 8 and 9 Sub-funds but not for Article 6 Sub-funds. The Management Company assesses PAIs by using, amongst others, the PAI indicators referred to in the SFDR Delegated Regulation; however, dependent on data availability, quality and relevance to the investments not all SFDR PAI indicators may be considered.

The Management Company's approach to PAI consideration for each Sub-fund is specified in the SFDR Annex, appended to this Prospectus. Where Sub-funds consider PAIs, information on that consideration will be made available in annual reports. Article 6 Funds do not commit in any binding way to consider PAIs in the investment process, because the Funds do not commit to achieving a sustainable outcome nor to reducing negative impacts on ESG matters. However, Article 6 Funds do consider and integrate sustainability risks into their investment process (as set out above). Principle adverse impact indicators, as provided by Commission Delegated Regulation (EU) 2022/1288, may be considered as part of this risk assessment.

## Sustainable Investments

The SFDR provides a general definition of "Sustainable Investment". This definition applies to Article 9 Sub-funds, which have a sustainable investment objective and therefore must set a minimum proportion of Sustainable Investments, and Article 8 Sub-funds, which elect to set a minimum proportion of Sustainable Investments but do not have a specific sustainable objective. The minimum proportion of Sustainable Investments of each Sub-fund, where applicable, is outlined in the Investment Objective and Policy and in the SFDR Annex.

In line with the SFDR definition, abrdn has developed an approach on how to satisfy the three criteria for Sustainable Investments in the relevant Sub-funds as set out below. The three criteria are:

1. **Economic Contribution** - The economic activity makes a positive contribution to an environmental or social objective, this includes consideration of Environmental or Socially aligned revenues, capex, opex or sustainable operations.
2. **No Significant Harm** - The investment does not cause Significant Harm ("**Do No Significant Harm**" / "**DNSH**") to any of the sustainable investment objectives.
3. **Good Governance** - The investee company follows good governance practices.

If the investment passes all of the above three tests, it can then be deemed as a Sustainable Investment. Additional information on Article 8 and 9 Sub-funds' approaches to making Sustainable Investments is detailed in the SFDR Annex, appended to this Prospectus.

## Calculating the overall proportion of Sustainable Investments

The second and third criteria above are assessed on a pass/ fail basis. Failing either test means that the investment is not deemed to be Sustainable and has a Sustainable Investment figure of 0. Investments that pass these tests will be assessed for their Economic Contribution, which will be the investment's attributable (unweighted) Sustainable Investment figure.

The majority of Economic Contributions are assessed at the activity level and reflect revenues, capex or opex. A whole investment approach may be taken on a case-by-case basis following our internal oversight process. Assessment may be based solely on quantitative data, or abrdn may supplement with qualitative insight to derive the overall reportable positive contribution to an environmental and/or social objective. The qualitative insight uses the Management Company's insight and engagement outcomes to provide additional detail to calculate an overall percentage of economic contribution for each holding in a Fund.

This contribution is weighted and counted towards the Sub-fund's total aggregated proportion of Sustainable Investments. Where a Sub-fund also invests in Taxonomy-aligned economic activities (as set out below), these are included in the Sub-fund's aggregated Sustainable Investment proportion as they will meet the three criteria set out above, in addition to being disclosed separately.

## EU Taxonomy (Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment)

The EU Taxonomy regulation provides a methodology to identify whether economic activities can be considered environmentally sustainable ("**Taxonomy-aligned**") or not. Where a Sub-fund invests in Taxonomy-aligned economic activities, these are included in the Sub-fund's aggregated Sustainable Investment proportion as they will meet the three criteria set out above, in addition to being disclosed separately.

The investments underlying an Article 6 Sub-fund do not take into account the EU criteria for environmentally sustainable economic activities.

Where Article 8 and 9 Sub-funds have set a minimum proportion of investments in Taxonomy-aligned economic activities, the SFDR Annex sets out the environmental objective(s) of the Sub-fund, including whether the activities qualify as transitional or enabling activities under the EU Taxonomy. Unless specifically stated within a Sub-fund's investment objective and policy, the Sub-

funds do not currently set a minimum percentage of Taxonomy-alignment. This will be reviewed as the quality and availability of data evolves. Information on Sub-funds' Taxonomy-alignment can also be found in the SFDR Annex, appended to this Prospectus.

The "do no significant harm" principle applies only to those investments underlying the Sub-funds that take into account the EU criteria for environmentally sustainable economic activities.

The investments underlying the remaining portion of the Sub-funds do not take into account the EU criteria for environmentally sustainable economic activities.

## Benchmark Regulation

The Regulation (EU) 2016/1011 of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "**EU Benchmark Regulation**") requires the Management Company to produce and maintain a robust contingency plan setting out the actions that it would take in the event that a benchmark (as defined by the EU Benchmark Regulation) which is used materially changes or ceases to be provided. The Management Company shall comply with this obligation. Further information on the plan is available on request.

The Company is required under the EU Benchmark Regulation to use only benchmarks which are provided by an administrator which is included in the register of administrators and benchmarks maintained by ESMA pursuant to the Benchmark Regulation (the "**Register**"). The Company shall comply with this obligation. Benchmarks are used for the purposes of fund portfolio construction, risk and monitoring and performance measurement.

Benchmark administrators located in the EU whose application for registration on the ESMA Register is pending may not yet appear on the Register.

Benchmark administrators located in a third country must comply with the third country regime provided for in the Benchmark Regulation. Benchmark administrators located in a third country whose indices are used by the Company benefit from the transitional arrangements afforded under the Benchmark Regulation and accordingly may not appear on the Register.

The following benchmark administrators whose indices are used by the Company are, as at the date of this Prospectus, inscribed in the Register:

Benchmark Administrator	Location
MSCI Limited	United Kingdom
FTSE International Limited	United Kingdom
Bloomberg Index Services Limited	United Kingdom
ICE Data Indices LLC	United States of America
IHS Markit Benchmark Administration Limited	United Kingdom
J.P. Morgan Securities PLC	United Kingdom
ICE Benchmark Administration Limited	United Kingdom
European Money Markets Institute	Belgium
BNP Paribas	France

## Luxembourg Register of beneficial owners

The Luxembourg law of 13 January 2019 creating a Register of Beneficial Owners (the "**Law of 13 January 2019**") entered into force on the 1<sup>st</sup> of March 2019 (with a 6 month grandfathering period).

The Law of 13 January 2019 requires all companies registered on the Luxembourg Company Register, including the Company, to obtain and hold information on their beneficial owners ("**Beneficial Owners**") at their registered office. The Company must register Beneficial Owner-related information with the Luxembourg Register of beneficial owners, which is established under the authority of the Luxembourg Ministry of Justice. The Company will have to be compliant with the Law of 13 January 2019 by the end of August 2019.

The Law of 13 January 2019 broadly defines a Beneficial Owner, in the case of corporate entities such as the Company, as any natural person(s) who ultimately owns or controls the Company through direct or indirect ownership of a sufficient percentage of the shares or voting rights or ownership interest in the Company, including through bearer shareholders, or through control via other means, other than a company listed on a Regulated Market that is subject to disclosure requirements consistent with European Union law or subject to equivalent international standards which ensure adequate transparency of ownership information.

A shareholding of 25% plus one share or an ownership interest of more than 25% in the Company held by a natural person shall be an indication of direct ownership. A shareholding of 25% plus one share or an ownership interest of more than 25% in the Company held by a corporate entity, which is under the control of a natural person(s), or by multiple corporate entities, which are under the control of the same natural person(s), shall be an indication of indirect ownership.

In case the aforementioned Beneficial Owner criteria are fulfilled by an investor with regard to the Company, this investor is obliged by law to inform the Company in due course and to provide the required supporting documentation and information which is necessary for the Company to fulfil its obligation under the Law of 13 January 2019. Failure by the Company and the relevant Beneficial Owners to comply with their respective obligations deriving from the Law of 13 January 2019 will be subject to criminal fines. Should an investor be unable to verify whether they qualify as a Beneficial Owner, the investor may approach the Company for clarification.

## General Information

### The Company

The Company has been incorporated on 16 November 2000 under Luxembourg law as a "*société d'investissement à capital variable*" (SICAV). The minimum capital of the Company is EUR 1,250,000.-.

The Company's articles of incorporation have also been deposited with the Luxembourg Trade and Companies Register and have been published in the Mémorial, Recueil des Sociétés et Associations on 19 December 2000. The Company has been registered under number B-78.797 with the Luxembourg Trade and Companies Register.

The Company appointed Standard Life Investments (Mutual Funds) Limited, incorporated in Scotland under the Companies Acts (registered number SC123322), to act as its management company with effect as of 1 July 2013. The Company has appointed abrdn Investments Luxembourg S.A. in replacement of Standard Life Investments (Mutual Funds) Limited, to act as its management company with effect as of 1 October 2018.

The Management Company is a management company governed by the UCI Law, and is authorised to perform in particular the functions of collective portfolio management within the meaning of the UCI Law, including without limitation the creation, administration, management and marketing of UCITS. The Management Company will perform its functions, duties and responsibilities in accordance with the provisions of the management company agreement and in compliance with the Prospectus, articles of incorporation, the UCI Law (as further detailed in, but not limited to, article 122 of the UCI Law), the UCITS Directive, and any applicable CSSF regulations.

References to any actions of the Management Company and/or of the board of directors of the Management Company must be read as references to abrdn Investments Luxembourg S.A.

The Company's articles of incorporation may be amended from time to time by a meeting of Shareholders, subject to the quorum and majority requirements provided by Luxembourg law. Any

amendment thereto shall be published in the *Recueil électronique des Sociétés et Associations* (the "RESA"), in a Luxembourg daily newspaper and, if necessary, in the official publications specified for the respective countries in which Company Shares are sold. Such amendments become legally binding on all Shareholders, following their approval by the general meeting of Shareholders.

Any amendments affecting the rights of the holders of Shares of any Class vis-à-vis those of any other Class shall be subject further to the said quorum and majority requirements in respect of each relevant Class.

The Company is one single entity; however, the right of investors and creditors regarding a Sub-fund or raised by the constitution, operation or liquidation of a Sub-fund are limited to the assets of this Sub-fund, and the assets of a Sub-fund will be answerable exclusively for the rights of the Shareholders relating to this Sub-fund and for those of the creditors whose claim arose in relation to the constitution, operation or liquidation of this Sub-fund. In relation to the respective relationships between the Company's Shareholders, each Sub-fund is treated as a separate entity. The assets, commitments, charges and expenses that cannot be allocated to one specific Sub-fund will be charged to the different Sub-funds on a basis judged by the Board of Directors to be fairest to Shareholders. With due regard to materiality, this will generally be either pro rata to the net assets of the Sub-funds or on a per Sub-fund basis or some combination of the two methods, as appropriate due to the amounts considered.

## **Management and Administration**

### **The Directors**

The Directors are responsible for the information contained in this Prospectus. They have taken all reasonable care to ensure that at the date of this Prospectus the information contained herein is accurate and complete in all material respects. The Directors accept responsibility accordingly.

There are no existing or proposed service contracts between any of the Directors and the Company, although the Directors are entitled to receive remuneration in accordance with usual market practice. This is paid out by the Company.

### **The Management Company**

Pursuant to a Management Company Agreement, abrdn Investments Luxembourg S.A. has been appointed to act as management company of the Company. The Management Company will be responsible on a day-to-day basis under the supervision of the Board of Directors, for providing administration, marketing, investment management and advisory services in respect of all the Sub-funds with the possibility to delegate part or all of such functions to third parties.

The Management Company has delegated the administration functions to the Administrator and the registrar and transfer agency functions to the Transfer Agent, but the Management Company will assume directly the functions of the Domiciliary Agent and the marketing and distribution function. The Management Company has delegated the investment management services to the Investment Manager.

The Management Company was incorporated in the form of a *société anonyme* under the laws of the Grand Duchy of Luxembourg on 5 October 2006 for an unlimited duration. The Management Company is approved as a UCITS management company regulated by the UCI Law and as alternative investment fund manager within the meaning of article 1(46) of the law of 12 July 2013 on alternative investment fund managers. The share capital of the Management Company is held by abrdn Hong Kong Limited, abrdn Investments Limited and abrdn Holdings Limited. The Management Company has a subscribed and paid-up capital of EUR 10,000,000 (as at the date of this Prospectus).

As of the date of this Prospectus, the Management Company has already been appointed to act as a management company and as alternative investment fund manager for other Luxembourg based investment funds. A list of the relevant funds may be obtained from the Management Company upon request.

The Management Company shall ensure compliance of the Company with the investment restrictions and oversee the implementation of the Company's strategies and investment policy.

The Management Company will be responsible for ensuring that adequate risk measurement processes are in place to ensure a sufficient control environment.

The Management Company will monitor, on a continued basis, the activities of third parties to which it has delegated functions and will receive periodic reports from the Investment Manager and from the other service providers to enable it to perform its monitoring and supervision duties.

Additional information is made available by the Management Company at its registered office, upon request, in accordance with the provisions of Luxembourg laws and regulations. This additional information includes the procedures relating to complaints handling, the strategy followed by the Management Company for the exercise of voting rights of the Company, the policy for placing orders to deal on behalf of the Company with other entities, the best execution policy as well as the arrangements relating to the fee, commission or non-monetary benefit in relation to the investment management and administration of the Company.

### **Remuneration Policy**

Pursuant to Article 111bis of the UCI Law, the Management Company has approved and adopted a UCITS V Remuneration Policy Statement in conjunction with the remuneration policy of the abrdn Group which is UCITS and AIFMD compliant (together the "**Remuneration Policy**"). The Management Company believes the UCITS V Remuneration Policy Statement is consistent with, and promotes sound and effective risk management; does not encourage risk-taking which is inconsistent with the risk profiles of the Sub-funds or the articles of incorporation, and does not impair compliance of the Management Company's duty to act in the best interests of each of the Sub-funds and its shareholders. The Management Company believes that rewarding staff for their contribution is key to recruiting and retaining a talented workforce.

The Remuneration Policy has been designed to:

- align the interests of staff with the sustained long term interests of the Management Company, the funds, the business, shareholders, and other stakeholders;
- focus on performance-related pay, at both a corporate and an individual level, tempered by an emphasis on ensuring that performance is not achieved by taking risks which fall outside abrdn Group's, and its funds, risk appetite;
- promote sound risk management and discourage risk taking that exceeds abrdn Group's level of tolerated risk, having regard to the investment profiles of funds;
- incorporate measures to avoid conflicts of interest; and
- offer fixed remuneration and award incentives which are reasonable and competitive within the asset management sector.

The Aberdeen Group plc board of directors has established a Remuneration Committee that operates on a group-wide basis. The Remuneration Committee is responsible for:

- Approving the Remuneration Policy,
- Approving the remuneration packages of Senior executives,
- Determining the size of any annual variable pay pool,
- Approving the design of Incentive plans, and
- Considering the recruitment and redundancy of certain employees.

Details of the up-to-date Remuneration Policy, including, but not limited to, a description of how remuneration and benefits are calculated, and the identity of the persons responsible for awarding remuneration and benefits including the composition of the remuneration committee, is available at

<https://www.abrdn.com/corporate/about-us/our-leadership-team/remuneration-disclosure> under "Fund Literature". A paper copy is made available free of charge upon request at the Management Company's registered office.

### *Queries and Complaints*

Any person who would like to receive further information regarding the Company or who wishes to make a complaint about the operation of the Company should contact the Management Company.

### **The Domiciliary Agent**

The Management Company also carries out the Domiciliary Agent functions, namely to provide registered office services, to maintain abrdn SICAV II's legal and regulatory documentation up to date and coordinate meetings in Luxembourg in accordance with the requirements of the Luxembourg laws.

### **Registrar and Transfer Agent**

The Management Company has appointed International Financial Data Services (Luxembourg) S.A. as Transfer Agent which carries out the Registrar and Transfer Agent functions, namely to provide dealing, registration and transfer agency services in Luxembourg in accordance with the requirements of the laws governing Luxembourg collective investment schemes.

International Financial Data Services (Luxembourg) S.A. also exercises and coordinates the client communication function.

### **The Distributors**

In accordance with the terms of the Management Company Agreement, the Management Company organises and oversees the marketing and distribution of Shares. The Management Company may appoint authorised distribution agents and other sub-distributors (who may be Associates) and who may receive all or part of any charges payable to the Management Company, subject to applicable laws and regulations.

### **The Investment Management Entities**

The Management Company has delegated the investment management function for each Sub-fund to one or more of the Investment Management Entities listed in the section "Investment Management Entities" (the "**Investment Manager**"). The Investment Managers are responsible for day-to-day management of the Sub-funds' portfolios in accordance with the stated investment objectives and policies.

The Investment Managers may, from time to time, sub-delegate part or all of the investment management function to any of the Investment Management Entities, (the "**Sub-Investment Manager**").

The Investment Management Entities may also seek advice from any other Investment Management Entity, (the "**Investment Advisor**").

The fees payable to the Investment Management Entities are set out in the section "Investment Management Fees", however the Investment Manager will remunerate any Sub-Investment Manager or Investment Advisor appointed out of its fees.

The relevant entities appointed for each Sub-fund and their relevant role (i.e. Investment Manager, Sub-Investment Manager or Investment Advisor) are set out at [www.abrdn.com](https://www.abrdn.com) under Fund Centre.

### **The Depositary**

Pursuant to a depositary agreement dated 30 January 2023 (as amended) (the "**Depositary Agreement**"), the Company has appointed Citibank Europe plc, Luxembourg Branch, as depositary (the "**Depositary**") of the assets of the Company which are held either directly by the Depositary or through a correspondent bank or other agents as appointed from time to time.

The Depositary has been appointed to provide safekeeping services in respect of the Company's assets and to ensure an effective and proper monitoring of the Company's cash flows.

As regards its safekeeping duties, the Depositary shall hold in custody all financial instruments that may be registered in a financial instruments account opened in the Depositary's books (in which case the account shall be segregated so that all financial instruments registered in such account can be clearly identified as belonging to the Company at all times) and all financial instruments that can be physically delivered to the Depositary. Regarding other assets, the Depositary shall verify the ownership by the Company of such assets and shall maintain an up-to-date record of that ownership. For this ownership verification, the Depositary shall base on information or documents provided by the Company and, where available, on external evidence. The Depositary shall provide the Company, on a regular basis, with a comprehensive inventory of all of the assets of the Company.

As regards its cash monitoring duties, the Depositary shall be responsible for the proper monitoring of the Company's cash flows, and, in particular, for ensuring that that all payments made by, or on behalf of, investors upon the subscription of shares of the Company have been received, and that all cash of the Company has been booked in cash accounts that (i) are opened in the name of the Company, or in the name of the Depositary acting on behalf of the Company, (ii) are opened with entity referred to in points (a), (b) and (c) of Article 18(1) of Commission Directive 2006/73/EC (European central bank, European credit institution or third country credit institutions), and (iii) comply with the MiFID segregation and client money principles set out in Article 16 of Directive 2006/73/EC. Where the cash accounts are opened in the name of the Depositary acting on behalf of the Company, no cash of the relevant entity referred to in point (ii) above and none of the own cash of the Depositary shall be booked on such accounts.

In addition to its safekeeping and cash monitoring functions, the Depositary in particular ensures that:

- the sale, issue, repurchase, conversion and cancellation of the Shares effected by or on behalf of the Company are carried out in accordance with Luxembourg law and the articles of incorporation of the Company;
- the value of the Shares of the Company is calculated in accordance with Luxembourg law and the articles of incorporation of the Company;
- the instructions of the Company are carried out, unless they conflict with Luxembourg law or the articles of incorporation of the Company;
- in transactions involving the assets of the Company, the consideration is remitted to it within the usual time limits; and
- the income of the Company is applied in accordance with its articles of incorporation and Luxembourg law.

Under the Depositary Agreement, all securities, cash and other assets of the Company are entrusted to the Depositary.

The Depositary can reuse the Company's assets if provided so in the Depositary Agreement and within the limits provided for by Luxembourg laws and regulations and the Depositary Agreement. In particular, the assets held in custody by the Depositary will be allowed to be reused provided that (i) the reuse of the assets is executed for the account of the Company, (ii) the Depositary is carrying out the instructions of the Company, (iii) the reuse of assets is for the benefit of the Company and in the interest of the shareholders, and (iv) the transaction is covered by high-quality and liquid collateral received by the Company under a title transfer arrangement. In this case, the market value of the collateral shall, at all times, amount to at least the market value of the reused assets plus a premium.

In carrying out its functions, the Depositary shall act at all times honestly, fairly, professionally, independently and solely in the interest of the Company and its Shareholders. In particular, the Depositary shall not carry out any activities with regard to the Company that may create conflicts of interest between the Company, the Shareholders and the Depositary, unless the Depositary has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks and properly identified, managed, monitored and disclosed such potential conflicts to the Shareholders of the Company.



Potential conflicts of interest may nevertheless arise from time to time from the provision by the Depositary and/or its affiliates of other services to the Company or the Management Company or other funds.

For example, the Depositary and/or its affiliates may act as the depositary or administrator of other funds. It is therefore possible that the Depositary (or any of its affiliates) may in the course of its business have conflicts or potential conflicts of interest with those of the Company and/or other funds for which the Depositary acts.

Where a conflict or potential conflict of interest arises, the Depositary will ensure that such conflict is managed and monitored in order to prevent adverse effects on the interests of the Company and its Shareholders.

Updated information on the Depositary's custody duties and conflicts of interest that may arise may be obtained, free of charge and upon request, at the Depositary's registered office.

In accordance with the provisions of the Depositary Agreement and the provisions of the UCI Law, the Depositary may, subject to certain conditions and in order to effectively conduct its duties, delegate part or all its safekeeping functions over the Company's assets to one or more third-party delegates appointed by the Depositary from time to time.

When selecting and appointing a third-party delegate, the Depositary shall exercise all due skill, care and diligence as required by the UCI Law to ensure that it entrusts the Company's assets only to a third-party delegate that has adequate structures and expertise for the task delegated and that may provide an adequate standard of protection as required by the UCI Law, including in particular an effective prudential regulation and supervision of the third party delegate in case of delegation of custody tasks. The Depositary's liability as described below shall not be affected by any such delegation.

Notwithstanding the above, where (i) the law of a third country requires that certain financial instruments of the Company be held in custody by a local entity and no local entities in that third country are subject to effective prudential regulation and supervision and (ii) the Company has instructed the Depositary to delegate the safekeeping of such financial instruments to such a local entity, the Depositary may nevertheless delegate its custody functions to such a local entity but only to the extent required by the law of the relevant third country and for as long as there are no other local entities in that third country satisfying the delegation requirements imposed by the UCI Law.

For the avoidance of doubt, a third-party delegate may, in turn, sub-delegate those safekeeping functions that have been delegated to it by the Depositary subject to the same requirements.

For the time being, the Depositary has appointed several entities as third-party delegates in relation to the safekeeping of certain assets of the Company, as further described in the relevant sub-custodian agreement entered into between the Depositary and the relevant third-party delegates. Please refer to the Company's website [www.abrdn.com](http://www.abrdn.com) for the list of third-party delegates of the Depositary to which the safekeeping duties over the Company's assets have been delegated by the Depositary.

The Depositary is liable to the Company and its Shareholders for the loss of a financial instrument held in custody by the Depositary or a third-party delegate pursuant the provisions of the UCI Law, being in particular required to return a financial instrument of identical type or the corresponding amount to the Company without undue delay. The Depositary is also liable to the Company and its Shareholders for all other losses suffered by them as a result of the Depositary's negligent or intentional failure to properly fulfil its duties in accordance with the UCI Law. However, where the event which led to the loss of a financial instrument is not the result of the Depositary's own act or omission (or that of its third-party delegate), the Depositary is discharged of its liability for the loss of a financial instrument where the Depositary can prove that, in accordance with the conditions as set out in the provisions of the UCI Law, the Depositary could not have reasonably prevented the occurrence of the event which led to the loss despite adopting all precautions and reasonable efforts.

The Company and the Depositary may terminate the Depositary Agreement at any time in writing by giving ninety (90) days' notice. However, the Company may dismiss the Depositary or the depositary may voluntarily withdraw only if a new company is appointed within two months to take over the functions and responsibilities of the Depositary. After its dismissal or voluntary withdrawal, the Depositary must continue to carry out its functions and responsibilities until such time as the entire assets of the Company have been transferred to the new depositary.

### **The Administrator**

Pursuant to the administration agreement dated 30 January 2023 and entered into between the Company, the Management Company and Citibank Europe plc, Luxembourg Branch (the "**Administration Agreement**"), Citibank Europe plc, Luxembourg Branch was appointed as administrator of the Company (the "**Administrator**") The Administrator is responsible for, inter alia, the daily determination of the Net Asset Value per Share of each Class and/or Category of Shares of each Sub-fund in accordance with Appendix C.

The Administration Agreement may be terminated by either party upon ninety (90) days' prior written notice, according to the terms and conditions as set out in such agreement, or upon 30 days' written notice where a party has materially breached the terms of said agreement.

### **Paying Agent**

Pursuant to a Paying Agent Agreement, State Street Bank International GmbH acting through its Luxembourg Branch has been appointed by the Company as Paying Agent. The appointment of the Paying Agent is terminable by the Company upon 90 days' written notice.

### **The Canadian Sub-Distributor**

The Shares of the Company will not be publicly offered in Canada. Any offering of Shares in Canada will be made only by way of private placement: (i) pursuant to a Canadian offering memorandum containing certain prescribed disclosure, (ii) on a basis which is exempt from the requirement that the Company prepare and file a prospectus with the relevant Canadian securities regulatory authorities pursuant to applicable requirements in the relevant Canadian jurisdictions, and (iii) to persons or entities that are "permitted clients" (as such term is defined in National Instrument 31-103 Registration Requirements, Exemptions and On-going Registrant Obligations). The Management Company, which acts as the manager of the Company and as its private placement agent in Canada, is not registered in any capacity in any jurisdiction in Canada and as such it may rely on one or more exemptions from various registration requirements in certain Canadian jurisdictions. If a Canadian-resident Investor, or an Investor that has become a Canadian-resident after purchasing Shares, is required to be a "permitted client" and does not qualify, or no longer qualifies, as a "permitted client", the Investor will not be able to purchase any additional Shares and may be required to redeem its outstanding Shares.

## **Dissolution and Liquidation of the Company**

The Company may at any time be dissolved by a resolution taken by the general meeting of Shareholders subject to the quorum and majority requirements as defined in the articles of incorporation of the Company.

Whenever the capital falls below two thirds of the minimum capital as provided by the UCI Law, the Directors must submit the question of the dissolution of the Company to the general meeting of Shareholders. The general meeting, for which no quorum shall be required, shall decide on simple majority of the votes of the Shares present and represented at the meeting.

The question of the dissolution of the Company shall also be referred to the general meeting of Shareholders whenever the capital falls below one quarter of the minimum capital. In such event, the general meeting shall be held without quorum requirements, and the dissolution may be decided by the Shareholders holding one quarter of the votes present and represented at that meeting.

The meeting must be convened so that it is held within a period of forty (40) days from when it is ascertained that the net assets of the Company have fallen below two thirds or one quarter of the legal minimum as the case may be.

The issue of new Shares by the Company shall cease on the date of publication of the notice of the general meeting of Shareholders, to which the dissolution and liquidation of the Company shall be proposed.

One or more liquidators shall be appointed by the general meeting of Shareholders to realise the assets of the Company, subject to the supervision of the relevant supervisory authority, in the best interests of the Shareholders. The proceeds of the liquidation of each Sub-fund, net of all liquidation expenses, shall be distributed by the liquidators among the holders of Shares in each Class in accordance with their respective rights.

Assets which are not distributed to their owners will be deposited with the *Caisse des Dépôts et Consignations* in Luxembourg until the statutory limitation period has lapsed.

### **Termination of a Sub-fund**

The Directors may decide at any moment to terminate any Sub-fund. In the case of termination of a Sub-fund, the Directors may offer to the Shareholders of such Sub-fund the conversion of their Shares into Shares of another Sub-fund, under terms fixed by the Directors, or the redemption of their Shares for cash at the Net Asset Value per Share determined on the Dealing Day as described under section headed "*Redemption of Shares*".

In the event that for any reason the value of the assets in any Sub-fund has decreased to, or has not reached, an amount determined by the Directors from time to time to be the minimum level for such Sub-fund to be operated in an economically efficient manner, or if a change in the social, economic or political situation relating to the Sub-fund or Class concerned would have material adverse consequences on the investments of that Sub-fund, or if the interests of the shareholders would justify it, the Directors may decide at any moment to liquidate the Sub-fund or Class concerned by compulsorily redeeming all the Shares of the relevant Classes issued in such Sub-fund at the Net Asset Value per Share (taking into account actual realisation prices of investments and realisation expenses), determined on the Dealing Day on which such decision shall take effect. The Company shall serve a notice to the Shareholders of the relevant Classes of Shares in writing at least three (3) months' prior to the effective date for such compulsory redemption, or such lesser period as permitted or provided under applicable laws and regulatory requirements, which will indicate the reasons for, and the procedure of, the redemption operations.

Any request for subscription shall be suspended as from the moment of the announcement of the termination of the relevant Sub-fund.

In addition, the general meeting of Shareholders of Shares issued in a Sub-fund may, upon proposal from the Directors, resolve on the liquidation and redeem all the Shares issued in such Sub-fund and refund to the Shareholders the Net Asset Value per Share of their Shares (taking into account actual realisation prices of investments and realisation expenses) determined on the Dealing Day on which such decision shall take effect. There shall be no quorum requirements for such general meeting of Shareholders that shall decide by resolution taken by simple majority of those present and represented.

Assets which may not be distributed to their owners upon the implementation of the redemption will be deposited with the *Caisse des Dépôts et Consignations* on behalf of the persons entitled thereto.

All redeemed Shares shall be cancelled by the Company.

### **Amalgamation, Division or Transfer of Sub-funds**

The Directors have the right from time to time to amalgamate or divide any Sub-fund or to transfer one or more Sub-funds to another UCITS governed by Part I of the UCI Law and the UCITS Directive. In the case of the amalgamation or division of Sub-funds, the existing Shareholders of the respective Sub-funds have the right to require, within one (1) month of notification of such event, the redemption by the Company of their Shares free of charge.

Any request for subscription shall be suspended as from the moment of the announcement of the merger or the transfer of the relevant Sub-fund.

## General Meetings

The annual general meeting of Shareholders shall be held at the registered office of the Company or such other place in Luxembourg as may be specified in the notice of the meeting, at a date and time decided by the Board of Directors being no later than six months after the end of the Company's previous financial year. The annual general meeting may be held abroad (other than the UK) if, in the absolute and final judgement of the Board of Directors, exceptional circumstances so require.

Shareholders of any Sub-fund or Class of Shares may hold, at any time, general meetings to decide on any matters that relate exclusively to such Sub-fund or to such Class.

Notices of all general meetings are sent by mail to all registered Shareholders at their registered address at least eight (8) days prior to each such meeting. Such notice will indicate the time and place of such meeting and the conditions of admission thereto, will contain the agenda and will refer to the requirements of Luxembourg law with regard to the necessary quorum and majorities at such meeting. To the extent required by Luxembourg law, further notices will be published in the RESA, in one Luxembourg newspaper and in such other newspapers as the Board of Directors may decide. If so permitted by law, the convening notice may be sent to shareholders by any other means of communication having been individually accepted by such shareholder.

## Annual and Semi-Annual Reports

Audited Annual Reports and un-audited Semi-annual Reports will be made available for public inspection at each of the registered offices of the Company, the Management Company, the Administrator, the Distributor and any sub-distributor respectively, and the latest Annual Report shall be available at least fifteen (15) days before the annual general meeting. A copy of the Audited Annual Reports and un-audited Semi-annual Reports may be obtained free of charge upon request at the registered office of the Company.

The Company's financial year ends on 31 December of each year.

The consolidated currency of the Company is US Dollars.

## Documents Available for Inspection

Copies of the following documents may be delivered without cost to interested investors at their request and may be inspected free of charge during usual business hours on any week day (Saturday and public holidays excepted) at the registered office of the Company, 35a avenue John F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg:

- a) the Prospectus;
- b) the PRIIPS KIDs;
- c) the articles of incorporation of the Company;
- d) the contract concluded between the Depositary and the Company;
- e) the contract concluded between the Administrator, the Management Company and the Company;
- f) the contract concluded between the Registrar and Transfer Agent, the Management Company and the Company;
- g) the contract concluded between the Investment Manager and the Management Company;
- h) the contracts concluded between the Investment Manager and the Sub-Investment Managers;
- i) the complaint handling, proxy voting, best execution and conflicts of interest policies; and
- j) up-to-date information regarding section "*The Depositary*" (its duties, the delegation of its functions and the conflicts of interest that may arise).

## **Dividend Policy**

Whether accumulation or distribution Categories have been issued in relation to a particular Class of a specific Sub-fund is indicated in the section headed "*Classes of Shares*".

Each year the annual general meeting of Shareholders will decide, based on a proposal from the Board of Directors, on the use of the Company's income in respect of the previous financial year ending 31 December for each distribution Category of every Sub-fund (if any). In the case of the abrdn SICAV II - Global High Yield Bond Fund, the abrdn SICAV II - Global Corporate Bond Fund and the abrdn SICAV II – Global Short Dated Corporate Bond Fund, distributions (if any) will be paid quarterly to Shareholders. In the case of abrdn SICAV II - Global Income Bond Fund, distributions (if any) will be paid monthly to Shareholders.

Along with the above mentioned distributions, the Board of Directors may decide to pay interim dividends in the form and under the conditions as provided by Luxembourg law.

Part or all of the income and realised and un-realised capital gains may be distributed provided that after the distribution the net assets of the Company equal or are above the minimum legal net assets which are currently set at one million two hundred and fifty thousand euro (EUR 1,250,000-).

Distributions (if any) will be made in cash within two (2) calendar months of the ex dividend date.

The payment of distributions from distributing Classes of Shares may also be reinvested, at the request of the Shareholder, to purchase additional Shares in the relevant Sub-fund.

Dividends will be declared in the Reference Currency of each Sub-fund but, if requested by a Shareholder, the Transfer Agent will arrange for the conversion of the payments in the Reference Currency of the Sub-fund into a currency chosen by the relevant Shareholder. The exchange rates used to calculate payments will be determined by the Transfer Agent by reference to normal banking rates. Such currency transaction will be effected with the Depositary at the relevant Shareholder's cost. In the absence of written instructions, dividends will be paid in the Reference Currency of the Sub-fund.

Dividends remaining unclaimed for five (5) years after their declaration will be forfeited and revert to the relevant Category.

The part of the year's net income corresponding to accumulation Categories will be capitalised in the relevant Sub-fund for the benefit of the accumulation Category.

## **Applicable Law**

The Luxembourg District Court is the exclusive forum for all legal disputes between the Shareholders and the Company. Luxembourg law governs all aspects of the relationship between the Shareholders and the Company. However, in matters concerning the claims of investors from other jurisdictions, the Company can elect to make itself subject to those jurisdictions.

The English version of this Prospectus is the authoritative version and shall prevail in the event of any inconsistency with any translation hereof.

Statements made in this Prospectus are based on the laws and practice in force at the date of this Prospectus in the Grand Duchy of Luxembourg, and are subject to changes in those laws and practice.

## Appendix A – Investment Powers and Restrictions

In order to achieve the Company's investment objectives and policies, the Directors have determined that the following investment powers and restrictions shall apply to all investments by the Company:

### Investment Instruments

1) The Company, in each Sub-fund, may only invest in:

- (a) transferable securities and money market instruments admitted to or dealt in on a Regulated Market, within the meaning of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments ("**Regulated Market**");
- (b) transferable securities and money market instruments dealt in on another Regulated Market in a Member State of the European Union ("**EU member state**") which operates regularly and is recognised and open to the public;
- (c) transferable securities and money market instruments admitted to official listing on a stock exchange in a non-EU member state or dealt in on another Regulated Market in a non-EU member state which operates regularly and is recognised and open to the public located within any other country of Europe, Asia, Oceania, the American continents or Africa;
- (d) recently issued transferable securities and money market instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing on a stock exchange or to another Regulated Market referred to under paragraphs (a) to (c) above and that such admission is secured within one year of issue;
- (e) shares or units of UCITS authorised according to the UCITS Directive and/or other UCI within the meaning of Article 1(2)(a) and (b) of the UCITS Directive, should they be situated in a EU member state or not, provided that:
  - i. such other UCI are authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in Community law, and that cooperation between authorities is sufficiently ensured;
  - ii. the level of guaranteed protection for unit-holders in such other UCI is equivalent to that provided for unit-holders in a UCITS, and in particular that the rules on asset segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of the UCITS Directive;
  - iii. the business of the other UCI is reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period;
  - iv. no more than 10% of the UCITS or the other UCI assets, whose acquisition is contemplated, can be, according to its fund rules or instruments of incorporation, invested in aggregate in units of other UCITS or other UCIs;
  - v. the Sub-funds may not invest in units of other UCITS or other UCIs for more than 10% of the assets of each Sub-fund, except if otherwise disclosed in the Prospectus in relation to a given Sub-fund;
  - vi. in case a Sub-fund may invest more than 10% in UCITS or other UCIs, such Sub-fund may invest no more than 20% of its assets in a single UCITS or other UCI. For the purposes of applying this investment limit, each Sub-fund of a UCI with multiple sub-funds, within the meaning of Article 181 of the UCI Law, shall be considered as a separate entity, provided that the principle of segregation of commitments of the different Sub-funds is ensured in relation to third parties;
  - vii. the abrdn SICAV II – Global Short Dated Corporate Bond Fund, the abrdn SICAV II – Global Smaller Companies Fund and the abrdn SICAV II – Global Impact Equity

Fund may not invest in units of other UCITS or other UCIs for more than 10% of its assets in aggregate;

- viii. investments made in shares or units of UCIs other than UCITS may not exceed, in aggregate, 30% of the assets of the relevant Sub-fund.
  - (f) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than twelve (12) months, provided that the credit institution has its registered office in a EU member state or, if the registered office of the credit institution is situated in a third country, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in Community law;
  - (g) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a Regulated Market referred to in paragraphs (a), (b) and (c); and/or OTC derivatives, provided that:
    - i. the underlying asset consists of instruments covered by paragraphs (a) to (h), financial indices, interest rates, foreign exchange rates or currencies, in which the Company may invest according to the investment objectives of its Sub-funds;
    - ii. the counter-parties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF; and
    - iii. the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair market value at the Company's initiative;
  - (h) money market instruments other than those dealt in on a Regulated Market and referred to in paragraphs (a) to (c) above, if the issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that they are:
    - i. issued or guaranteed by a central, regional or local authority, a central bank of a EU member state, the European Central Bank, the European Union or the European Investment Bank, a non-EU member state or, in the case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more EU member states belong; or
    - ii. issued by an undertaking any securities of which are dealt in on Regulated Markets referred to in paragraphs (a), (b) or (c); or
    - iii. issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by Community law or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by Community law; or
    - iv. issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount at least to ten million euros (EUR 10,000,000.-) and which presents and publishes its annual accounts in accordance with the Directive 2013/34/EU, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.
- 2) However, the Company:
- (a) may invest up to 10% of the net assets of a Sub-fund in transferable securities and money market instruments other than those referred to in section 1) above;
  - (b) may acquire movable and immovable property which is essential for the direct pursuit of its business;

- (c) may not acquire either precious metals or certificates representing them; and
- (d) may hold ancillary liquid assets.

### **Risk Diversification**

- 3) In accordance with the principle of risk diversification, each Sub-fund will invest no more than 10% of its net assets in transferable securities or money market instruments issued by the same body. Each Sub-fund may not invest more than 20% of its assets in deposits made with the same body.
- 4) The risk exposure to a counterparty of each Sub-fund in OTC or exchange-traded derivative transactions whether entered into in order to achieve the Sub-fund's investment objective or for efficient portfolio management (as defined in Appendix B), net of collateral received by the Sub-fund in compliance with the conditions laid down in the sub-section headed "*Collateral Policy*" of Appendix B below, may in aggregate not exceed 10% of its assets when the counterparty is a credit institution referred to in section 1)(f) above, or 5% of its assets in any other case.
- 5) Moreover, the total value of the transferable securities and money market instruments held by the Sub-fund in the issuing bodies in each of which it invests more than 5% of its assets must not exceed 40% of the value of its assets. This limitation does not apply to deposits and OTC derivative made with financial institutions subject to prudential supervision.
- 6) Notwithstanding the limits laid down in sections 3) and 4) above, the Sub-fund may not combine, where this would lead to investment of more than 20% of its assets in a single body, any of the following:
  - (a) investments in transferable securities or money market instruments issued by that body;
  - (b) deposits made with that body; and/or
  - (c) exposures arising from OTC or exchange-traded derivatives transactions, whether entered into in order to achieve the Sub-fund's investment objective or for efficient portfolio management (as defined in Appendix B), net of collateral received by the Sub-fund in compliance with the conditions laid down in the sub-section headed "*Collateral Policy*" of Appendix B below, undertaken with that body.
- 7) The following exceptions can be made:
  - (a) The aforementioned limit of 10% can be raised to a maximum of 25% for covered bond as defined under article 3, point 1 of Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU (hereafter "**Directive (EU 2019/2162)**"), and for certain debt securities if they are issued before 8 July 2022 by a credit institution whose registered office is situated in an EU member state and which is subject, by virtue of law, to particular public supervision for the purpose of protecting the holders of such debt securities. In particular, the amounts resulting from the issue of such debt securities issued before 8 July 2022 must be invested, pursuant to the law in assets which sufficiently cover, during the whole period of validity of such debt securities, the liabilities arising therefrom and which are assigned to the preferential repayment of capital and accrued interest in the case of default by the issuer. If the Sub-fund invests more than 5% of its net assets in such debt securities as referred to above and issued by the same issuer, the total value of such investments may not exceed 80% of the value of the Sub-fund's net assets.
  - (b) The aforementioned limit of 10% can be raised to a maximum of 35% for transferable securities or money market instruments issued or guaranteed by an EU member state, by its local authorities, by an eligible state (being any EU member state, any member state of the Organisation for Economic Co-operation and Development ("**OECD**"), and any other state which the Board of Directors deem appropriate with regard to the investment objectives of each Sub-fund. Eligible states in this category include countries



in Africa, the Americas, Asia, Australasia and Europe), or by public international bodies of which one or more EU member states are members.

- (c) The transferable securities referred to in exceptions (a) and (b) are not included in the calculation of the limit of 40% laid down in section 5) above.
  - (d) The limits stated under sections 3) to 6) and 7)(a) and (b) above, may not be combined and, accordingly, investments in transferable securities or money market instruments issued by the same body or in deposits or derivatives instruments made with this body in accordance with sections 3) to 6) and 7)(a) and (b) above, may not, in any event, exceed a total of 35% of the Sub-fund's net assets.
  - (e) Companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with Directive 2013/34/EU or in accordance with recognised international accounting rules are regarded as a single body for the purpose of calculating the limits contained in sections 3) to 7).
  - (f) Each Sub-fund may invest in aggregate up to 20% of its assets in transferable securities and money market instruments with the same group.
- 8) **The Company may further invest up to 100% of the net assets of any Sub-fund, in accordance with the principle of risk spreading, in transferable securities and money market instruments issued or guaranteed by a EU member state, its local authorities, an OECD member country, a G-20 member country, or public international bodies of which one or more EU member state are members, provided that in such event the Sub-fund must hold securities from at least six different issues, but securities from any one issue may not account for more than 30% of the total amount.**
- (a) When the Sub-fund has acquired shares or units of UCITS and/or other UCIs, the assets of the respective UCITS or other UCI do not have to be combined in the view of the limits laid down in sections 3) to 7).
  - (b) When the Sub-fund invests in the shares or units of other UCITS and/or other UCIs that are managed, directly or by delegation, by the same management company or by any other company to which the management company is linked by common management or control or by a substantial direct or indirect holding, that management company or other company may not charge any subscription or redemption fees on account of the UCITS' investment in the units of other UCITS and/or other UCI.
  - (c) When a Sub-fund invests a substantial proportion of its assets in other UCITS and/or UCIs, the maximum level of the management fees that may be charged both to the Sub-fund itself and to the other UCITS and/or UCIs in which it invests will be 3.0% per annum.
- Each Sub-fund has 6 months from its date of authorization to achieve compliance with sections 3) to 9).
- 9) The Company will not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.
- 10) The Company may not acquire more than:
- 10% of non-voting shares of the same issuer;
  - 10% of the debt securities issued by the same issuer;
  - 25% of the units of the same UCITS and/or other UCI; or
  - 10% of the money market instruments of the same issuer.

The limits laid down in the second, third and fourth indents may be disregarded at the time of acquisition if at that time the gross amount of debt securities or money market instruments, or the net amount of the securities in issue, cannot be calculated.

- 11) The limits of sections 10) and 11) above are waived as to:
- (a) transferable securities and money market instruments issued or guaranteed by an EU member state or its local authorities;
  - (b) transferable securities and money market instruments issued or guaranteed by an OECD member state;
  - (c) transferable securities and money market instruments issued by public international bodies of which one or more EU member states are members;
  - (d) shares held in the capital of a company incorporated in a non-EU member state and investing its assets mainly in securities of issuers having their registered office in that State, if under the legislation of that State such a holding represents the only way in which the Sub-fund can invest in the securities of the issuers of that State. This derogation only applies if the company has an investment policy complying with sections 3) to 7) as well as sections 9) to 11) above. If the limits stated in sections 3) to 7) and 9) above are exceeded, the provisions laid down in 8) and 16) shall apply *mutatis mutandis*;
  - (e) shares held by the Sub-funds in the capital of one or more subsidiary companies carrying on only the business of management, advice or marketing in the country/state where the subsidiary is located, in regard to the repurchase of units at Shareholders' request exclusively on its or their behalf.
- 12) Any Sub-fund may not borrow more than 10% of its total net assets, and then only from financial institutions and on a temporary basis. Each Sub-fund may, however, acquire foreign currency by means of a back to back loan. Each Sub-fund will not purchase securities while borrowings are outstanding in relation to it, except to fulfil prior commitments and/or exercise subscription rights. However, each Sub-fund can borrow up to 10% of its net assets to make possible the acquisition of immovable property essential for the direct pursuit of its business. In this case, these borrowings and those referred to above (temporary borrowings) may not in any case in total exceed 15% of the Sub-funds' net assets.
- 13) The Company may not grant credits or act as guarantor for third parties. This limitation does not prevent the Company from (i) purchasing securities that are not fully paid up, nor to lend securities as further described thereunder, and (ii) performing permitted securities lending activities, that shall not be deemed to constitute the making of a loan. This limitation does not apply to margin payments on option deals and other similar transactions made in conformity with established market practices.
- 14) Each Sub-fund will not purchase any securities on margin (except that the Sub-fund may obtain such short-term credit as may be necessary for the clearance of purchases and sales of securities) or make short sales of securities or maintain a short position. Deposits on other accounts in connection with option, forward or financial futures contracts, are, however, permitted within the limits provided for here below.
- 15) The Board of Directors of the Company is authorised to introduce further investment restrictions at any time in the interests of the Shareholders provided these are necessary to ensure compliance with the laws and regulations of those countries in which the Company's shares are offered and sold. In this event this sales prospectus will be updated.
- 16) If any of the above limitations are exceeded for reasons beyond the control of the Company and/or each Sub-fund or as a result of the exercise of subscription rights attaching to transferable securities or money market instruments, the Company and/or each Sub-fund must adopt, as a priority objective, sales transactions for the remedying of that situation, taking due account of the interests of its Shareholders.

### **Risk Warning**

- 17) The Company must not neglect that in relation to the investment in other open-ended and closed-ended UCI which are not linked to the Company in the manner described under section 9)(e) above, the Company must bear the usual commissions relating to the units of these UCI.

## RISK MANAGEMENT PROCESS

The Company and the Management Company will employ a risk-management process which enables them to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of each Sub-fund.

The risk measurement and monitoring of the Sub-funds will be carried out either using a value at risk ("**VaR**") or a commitment approach. Sub-funds which will not use financial derivative instruments or limit their use to hedging strategies or make use of financial derivative instruments for investment purposes but only to a limited extent for cash management will be monitored using the commitment approach. The Sub-funds that are under VaR approach to determine the global exposure, will use a 99% confidence level and an analysis time horizon of one month (20 days).

Where it is possible to determine an appropriate risk benchmark for a Sub-fund as indicated in the table below, the relevant Sub-fund will apply a Relative VaR risk management approach which will measure the risk profile of each Sub-fund against a reference portfolio or risk benchmark (the "**Risk Benchmark**"). If for any reason it is not possible or appropriate to determine a Risk Benchmark for any Sub-fund, then the Management Company will consider adopting an Absolute VaR risk management approach on all of a Sub-fund's portfolio positions. The table below lists the Risk Benchmarks assigned to each Sub-fund, if applicable, as at the date of this Prospectus. The referenced Risk Benchmark may be subject to change, which shall be updated in this Prospectus at the next available opportunity. Information on the Risk Benchmark applicable to a Sub-fund will be available upon request from the Management Company. Where a Sub-fund's Risk Benchmark is based on a combination of indices, the proportion of each index will be indicated as a percentage of the Risk Benchmark.

The column entitled "Maximum" refers to the regulatory risk limits applied to Sub-funds in accordance with their global exposure approach. Under the Relative VaR approach, the global exposure of a Sub-fund is determined calculating the VaR of the Sub-fund's current portfolio versus the VaR of the reference portfolio: the VaR of the Sub-fund must be lower than twice the VaR of the reference portfolio (i.e.200%). In a case of a Sub-fund for which an Absolute VaR approach is used, the maximum Absolute VaR that a Sub-fund can have is 20% of its Net Asset Value. Under the commitment approach, a Sub-fund's total exposure to financial derivative instruments is limited to 100% of the Sub-fund's Net Asset Value.

Where the commitment approach is used for calculation of global exposure, the calculation is in principle based on the conversion of each financial derivative instrument position into the market value of an equivalent position in the underlying asset of that derivative, in accordance with the methods set out under applicable regulation.

The expected level of leverage per Sub-fund for which a VaR risk management approach is used is also set out below, which has been calculated using the "Sum of Notionals" of the derivatives used in accordance with the CESR's guidelines on "Risk Measurement and the Calculation of Global Exposure and Counterparty Risk for UCITS" (CESR/10-788). The "Sum of Notionals" calculation shows the total sum of the principal values of all derivatives used by the Sub-fund, including those specific to hedged share classes, and not taking into account any netting of derivative positions or delta adjustment for the effective market exposure of options.

Shareholders should note that the expected level of leverage is an estimate of the average leverage over the medium term (3 years or more). There is the possibility of significantly higher leverage levels in certain circumstances, e.g. where a Sub-fund's Investment Manager may make more extensive use of financial derivative instruments for investment purposes (within the limits of each Sub-fund's investment objective).

Further, an expected level of leverage does not necessarily represent an increase of risk in the Sub-fund. This is because the "Sum of Notionals" calculation does not accurately reflect the market risk of a derivative and, in addition, aggregates the absolute sum of all long and short financial derivative instrument positions irrespective of the intended use of a derivative e.g. being either hedging or investment purposes. By way of illustration, an instrument with less interest rate duration (e.g. a 2 year interest rate swap) will require significantly more leverage before the market risk would be greater than the risk from an instrument with greater duration (e.g. a 30 year interest rate swap).

Further details on the average leverage levels, as calculated using the "Sum of Notionals" exposures, will also be disclosed in the Sub-fund's annual financial statements for the relevant accounting period.

Name of Sub-fund	Risk Management Approach	Maximum	Benchmark for Relative VaR	Expected Level of Leverage based on "Sum of Notionals" approach
<b><u>Equity Sub-funds</u></b>				
abrdn SICAV II - Global Real Estate Securities Sustainable Fund (*)	Commitment	100%	N/A	N/A
abrdn SICAV II - European Smaller Companies Fund	Commitment	100%	N/A	N/A
abrdn SICAV II – Global Impact Equity Fund	Commitment	100%	N/A	N/A
abrdn SICAV II – Global Smaller Companies Fund	Commitment	100%	N/A	N/A
<b><u>Bond Sub-funds</u></b>				
abrdn SICAV II - Global Inflation-Linked Government Bond Fund	Relative VaR	200%	Bloomberg World Government Inflation Linked Index (Hedged to USD)	190%
abrdn SICAV II - Euro Corporate Bond Fund	Relative VaR	200%	iBoxx Euro Corporates Index (EUR)	10%
abrdn SICAV II - Emerging Market Local Currency Debt Fund	Relative VaR	200%	JP Morgan GBI-EM Global Diversified Index (USD)	40%
abrdn SICAV II - Global High Yield Bond Fund	Relative VaR	200%	Bloomberg Global High Yield Corporate 2% Issuer Capped Index (Hedged to USD)	130%
abrdn SICAV II - Global Corporate Bond Fund	Relative VaR	200%	Bloomberg Global Aggregate Corporate Bond Index (Hedged to USD)	160%
abrdn SICAV II - Euro Corporate Sustainable Bond Fund	Relative VaR	200%	iBoxx Euro Corporates Index (EUR)	10%
abrdn SICAV II - Global Income Bond Fund	Absolute VaR	20%	N/A	250%
abrdn SICAV II – Global Short Dated Corporate Bond Fund	Relative VaR	200%	Bloomberg Global Aggregate Corporate ex Subordinated (1-5 Year) Index (Hedged to USD)	160%
abrdn SICAV II - Macro Fixed Income Fund	Absolute VaR	20%	N/A	530%
<b><u>Absolute Return Sub-funds</u></b>				
-	-	-	-	-
<b><u>Multi-Asset Sub-funds</u></b>				
abrdn SICAV II – Global Risk Mitigation Fund	Absolute VaR	20%	N/A	1,100%

Upon request of a Shareholder, the Management Company will provide supplementary information relating to the quantitative limits that apply in the risk management of each Sub-fund, to the methods

(\*) This Sub-fund is not authorized by the Securities and Futures Commission under the Code on Real Estate Investment Trusts, but it is authorized under the Code on Unit Trusts and Mutual Funds. Such authorization does not imply official recommendation.

chosen to this end and to the recent evolution of the risks and yields of the main categories of instruments.

### **Hong Kong – Net Derivative Exposure ("NDE")**

Where a Sub-fund is authorised by the Securities and Futures Commission ("**SFC**") in Hong Kong, it will be required to disclose its maximum expected net derivative exposure ("**NDE**") as calculated in accordance with the requirements under the SFC's Code on Unit Trusts and Mutual Funds and the requirements and guidance issued by the SFC from time to time.

Shareholders should note the fact that such methodology is different to the risk management approaches described herein and that as a consequence, in some instances, this could result in a Sub-fund currently authorised by the SFC having a more restrictive use of financial derivative instruments than what it is allowed to based on the limits outlined above. However, the maximum expected NDE is not expected to impact the achievement of the investment objectives of the Sub-funds currently authorised by the SFC.

### **Equity Fund**

The section of this Prospectus headed "*Taxation - German Investment Tax Act*" contains a list with Sub-funds which will continuously invest more than 50% of their respective total asset value in Qualifying Equity Instruments (as defined below).

"**Qualifying Equity Instruments**" are:

- a) shares in a corporation (e.g. public limited company) that does not qualify as an Investment Fund (as defined below) that are admitted to trading on a stock exchange or that are listed on an organised market<sup>2</sup>,
- b) shares in a corporation that does not qualify as an Investment Fund (as defined below) or as a Real Estate Company (as defined below) and
  - i) is domiciled in a member state of the European Union or in another contracting state of the Agreement on the European Economic Area and which is subject to corporate income tax in such state, without being exempt from such corporate income tax, or
  - ii) is domiciled in another state and is subject to corporate income tax in such state levied at a rate of at least 15%, without being exempt from such corporate income tax,
- c) interests in Equity Funds (as defined below) at a rate of 51% of the value of such interests, and
- d) interests in Mixed Funds (as defined below) at a rate of 25% of the value of such interests.

An "**Investment Fund**" means any of the following entities:

- undertaking for collective investments in securities (UCITS) falling under the Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities;
- any alternative investment fund (AIF) falling under the Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 Text with EEA relevance without being exempt from its scope;
- undertakings for collective investments which limit the number of investors to one, but meet all other criteria to qualify as an AIF; and

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<sup>2</sup> Examples of stock exchanges and organised markets include, but are not limited to, the Irish Stock Exchange, the Helsinki Stock Exchange, Euronext Paris and the Stockholm Stock Exchange.

- companies which must not be operationally active and are not subject to, or exempt from, taxation;

unless it qualifies as

- a REIT as defined in section 1 paragraph 1 or section 19 paragraph 5 of the German REIT-Act;
- an investment company as defined in section 1a paragraph 1 of the German Act on Investment Companies;
- a capital investment company that, in the public interest using own funds or with government support, invests in participations; or
- a partnership, (except when it is a UCITS).

A "**Real Estate Company**" is any corporation or partnership which, according to its articles of incorporation or limited partnership agreement, may only acquire real property and real estate-type rights and fixtures and fittings that are required for their management.

An "**Equity Fund**" is any Investment Fund that continuously invests more than 50% of its total asset value in the Qualifying Equity Instruments according to its investment policy.

A "**Mixed Fund**" is any Investment Fund that continuously invests at least 25% of its value in the Qualifying Equity Instruments according to its investment policy.

## **Appendix B – Special Investment, Hedging Techniques and Instruments and Efficient Portfolio Management**

### **General Provisions**

For the purpose of efficient portfolio management or investment purposes and/or to protect its assets and commitments, the Management Company may arrange for the Sub-funds to make use of techniques and instruments relating to transferable securities and money market instruments. These transactions will be subject to the conditions and restrictions set out above in Appendix A headed "Investment Powers and Restrictions".

The Management Company on behalf of the Company defines efficient portfolio management as transactions which must have one of the following three aims:

- 1) the reduction of risk;
- 2) the reduction of cost; or
- 3) the generation of additional capital or income for the authorised fund with an acceptably low level of risk.

The Management Company will ensure that the Sub-funds' global exposure relating to derivative instruments does not exceed the total net value of its portfolio. The risk exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

In no case whatsoever must the recourse to transactions involving derivatives or other financial techniques and instruments cause the Management Company to depart from the investment objectives as set out in the Prospectus.

Counterparties to OTC derivatives are institutions subject to prudential supervision and belonging to categories approved by the CSSF. All counterparties are approved by the Investment Manager prior to trading, with a variety of factors being considered in the approval process such as minimum credit ratings and the counterparty's procedures and capabilities.

### **Use of Derivatives in Sub-funds**

#### **Equity Sub-funds**

This section applies to the Equity Sub-funds which may use derivatives for efficient portfolio management. These instruments may include:

- Stock futures; and/or
- Index futures; and/or
- Equity linked swaps; and/or
- Currency forwards; and/or
- Currency swaps and options; and/or
- Forward exchange contracts and swaps; and/or
- Index options; and/or
- Stock options; and/or
- Participatory Notes; and/or

- Property total return swaps (applies to Global Real Estate Securities Sustainable Fund only); and/or
- Other eligible instruments as per the UCI Law.

#### Bond Sub-funds

This section applies to the Bond Sub-funds which may use derivatives for efficient portfolio management and, where appropriate, in order to achieve their respective investment objectives. These instruments may include:

- Currency forwards; and/or
- Currency swaps and options; and/or
- Forward exchange contracts and swaps; and/or
- Fixed income future; and/or
- Total return swaps; and/or
- Variance swaps; and/or
- Interest rate options; and/or
- Swaptions; and/or
- Options on future; and/or
- Index futures; and/or
- Interest rate swaps; and/or
- Credit default swaps; and/or
- Inflation linked swaps; and/or
- Interest rate futures; and/or
- Other eligible instruments as per the UCI Law.

#### Absolute Return Sub-funds

This section applies to the Absolute Return Sub-funds which may use derivatives for efficient portfolio management and, where appropriate, in order to achieve their respective investment objectives. These instruments may include:

- Equity futures; and/or
- Equity options; and/or
- Fixed income futures and/or
- Currency swaps and options; and/or
- Currency forwards; and/or
- Forward exchange contracts and swaps; and/or
- Variance swaps; and/or



- Interest rate options; and/or
- Swaptions; and/or
- Index futures; and/or
- Interest rate swaps; and/or
- Credit default swaps; and/or
- Inflation linked swaps; and/or
- Interest rate futures; and/or
- Options on futures; and/or
- Dividend futures and swaps; and/or
- Total return swaps; and/or
- Asset swaps; and/or
- Other eligible instruments as per the UCI Law.

#### Multi-Asset Sub-funds

This section applies to the Multi-Asset Sub-funds which may use derivatives for efficient portfolio management and, where appropriate, in order to achieve their respective investment objectives. These instruments may include:

- Equity futures; and/or
- Equity options; and/or
- Fixed income futures and/or
- Currency swaps and options; and/or
- Currency forwards; and/or
- Forward exchange contracts and swaps; and/or
- Variance swaps; and/or
- Interest rate options; and/or
- Swaptions; and/or
- Index futures; and/or
- Interest rate swaps; and/or
- Credit default swaps; and/or
- Inflation linked swaps; and/or
- Interest rate futures; and/or
- Options on futures; and/or

- Dividend futures and swaps; and/or
- Total return swaps; and/or
- Asset swaps; and/or
- Commodity forwards; and/or
- Excess return swaps; and/or
- Other eligible instruments as per the UCI Law.

## **Derivatives and Techniques**

### Options on Securities

The Investment Manager, as authorised by the Management Company on behalf of the Company may deal in options on securities provided the following limitations are observed:

- 1) Purchases and sales of options on securities shall be limited so that, upon exercise thereof, none of the other limit percentages would be infringed.
- 2) No option on securities will be purchased or sold unless it is quoted on an exchange or dealt in on a Regulated Market. Total value of all options (in terms of premiums paid) held by a Sub-fund will not exceed 30% of its Net Asset Value.

It is not the Company's policy to write put or call options on securities in the equity Sub-funds.

### Stock Index Options

In order to hedge against the risk of fluctuations in the value of a securities portfolio, the Investment Manager, as authorised by the Management Company on behalf of the Company may sell call options on stock indices or acquire put options on stock indices provided:

- 1) The commitments deriving therefrom do not exceed the value of the relevant assets to be hedged; and
- 2) The total amount of such transactions does not exceed the level necessary to cover the risks relating to the fluctuation of the value of the assets concerned.

For the purpose of efficient portfolio management, the Company may acquire call options on stock indices mainly in order to facilitate changes in the allocation of a Sub-fund's assets between markets or in anticipation of or in a significant market sector advance, provided the value of the underlying securities included in the relevant stock index options is covered by cash, short-term debt securities and instruments owned by such Sub-fund or securities to be disposed of by such Sub-fund at predetermined prices.

Provided however that:

- 1) All such options must either be listed on an exchange or dealt in on a Regulated Market; and
- 2) Total value of all options (in terms of premiums paid) held by a Sub-fund will not exceed 30% of its Net Asset Value.

### Currency Hedging

The Company may for the purposes of hedging currency risks have outstanding commitments in respect of forward currency contracts, currency futures or currency swap agreements or currency options (sales of call options or purchases of put options) provided that:

- 1) The total amount of such transactions does not exceed the level necessary to cover the risks relating to the fluctuation of the value of the assets of the Sub-fund concerned denominated in a particular currency or any other currency which will be deemed to have a sufficient correlation

with that particular currency. The hedging of currency risk may involve the use of cross-currency contracts to alter the currency exposure of the Sub-fund in case it is more advantageous to the Sub-fund; and

- 2) The commitments deriving therefrom do not exceed the value of the relevant assets to be hedged and the duration of these transactions do not exceed the period for which the respective assets are held.

The Investment Manager may also use forward currency contracts to hedge back to the Reference Currency of the relevant Sub-fund those investments which are made temporarily in other currencies, if for market reasons the Investment Manager has decided to discontinue temporary investments denominated in such currency. Similarly, the Investment Manager may hedge through forward contracts or currency options the currency exposure of contemplated investments to be made in investment currencies, provided that these contracts are covered by assets denominated in the Reference Currency of the relevant Sub-fund.

Currency futures and currency options must either be quoted on an exchange or dealt in on a Regulated Market. The Investment Manager may, however, enter into currency forward contracts or swap arrangements with highly rated financial institutions specialised in this type of transaction.

#### Authorised Derivative Counterparties

The Investment Manager maintains a list of authorised over-the-counter derivative counterparties. Derivative transactions can only be undertaken with approved derivative counterparties which have their registered office in a developed country (including but not limited to OECD countries) and these undergo ongoing internal credit assessment to ensure an acceptable level of credit worthiness. Internal credit assessments incorporate detailed credit analysis and utilise external information, such as credit rating agency ratings. Before an institution can serve as a counterparty for any type of instrument or technique, the Investment Manager must assess and approve it, including its credit quality (using both ratings and internal analysis), its compliance with regulatory requirements and its fitness for the particular instrument or technique in question.

#### Interest Rate Transactions

In order to hedge against interest rate fluctuations, the Investment Manager may sell interest rate futures or write call options or purchase put options on interest rates or enter into interest rate swaps provided:

- 1) The commitments deriving therefrom do not exceed the value of the relevant assets to be hedged; and
- 2) The total amount of such transactions does not exceed the level necessary to cover the risks relating to the fluctuation of the value of the assets concerned.

Such contracts or options must be denominated in the currencies in which the assets of such Sub-fund are denominated, or in currencies which are likely to fluctuate in a similar manner and must be either listed on an exchange or dealt in on a Regulated Market.

For the purpose of efficient portfolio management, the Investment Manager may also enter into interest rate futures purchase contracts or acquire call and put options on interest rate futures, mainly in order to facilitate changes in the allocation of the assets of a Sub-fund between shorter or longer term markets, in anticipation of or in a significant market sector advance, or to give a longer term exposure to short term investments, provided always that sufficient cash, short dated debt securities or instruments or securities to be disposed of at a predetermined value exist to match the underlying exposure of both such futures positions and the value of the underlying securities included in call options on interest rate futures acquired for the same purpose and for the same Sub-fund.

Provided however that:

- 1) All such futures and options on interest rate futures must be either listed on an exchange or dealt in on a Regulated Market, whereas OTC interest rate swap transactions may be entered

into with highly rated financial institutions specialised in this type of transaction as approved by the Investment Manager as derivative counterparties as described in this Appendix; and

- 2) Total value of all options (in terms of premiums paid) held by a Sub-fund will not exceed 30% of its Net Asset Value.

#### Dealing in Financial and Index Futures

In order to hedge against the risk of fluctuations in the value of the portfolio securities of a Sub-fund, the Company may have outstanding commitments in respect of financial and index futures sales contracts not exceeding the value of the corresponding assets to be hedged.

For the purpose of efficient portfolio management, the Investment Manager may also enter into financial and index futures purchase contracts, mainly in order to facilitate changes in the allocation of a Sub-fund's assets between markets or in anticipation of or in a significant market sector advance provided that:

- 1) Sufficient cash, short term debt securities or instruments owned by the Sub-fund concerned or securities to be disposed of by such Sub-fund at a predetermined value exist to match the underlying exposure of both such futures positions and the value of the underlying securities included in call stock index options acquired for the same purpose; and
- 2) All such index futures must be listed on an exchange or dealt in on a Regulated Market.

#### Transactions made for a Purpose other than Hedging

The Investment Manager may, for a purpose other than hedging, purchase and sell futures contracts, options on any kind of financial instruments and equity swaps provided that:

- 1) The aggregate commitments in connection with the purchase and sale of futures contracts, options on any kind of financial instruments and equity swaps together with the amount of commitments relating to the writing of call and put options on transferable securities does not exceed at any time the value of the net assets of the relevant Sub-fund;
- 2) Total value of all options (in terms of premiums paid) held by a Sub-fund will not exceed 30% of its Net Asset Value.

The Investment Manager will only enter into equity swap transactions with highly rated financial institutions specialised in this type of transaction which it has approved as derivative counterparties.

#### Transactions in OTC Options and Swaps

By derogation to the restrictions set out above, but always within the other limits set forth therein, the Investment Manager may purchase or sell OTC options if such transactions are more advantageous to a Sub-fund or if quoted options having the required features are not available, provided such transactions are made with highly rated financial institutions specialised in this type of transaction which it has approved as derivative counterparties.

#### Credit Default Swaps

The Investment Manager may use credit default swaps. A credit default swap is a bilateral financial contract in which one counterpart (the protection buyer) pays a periodic fee in return for a contingent payment by the protection seller following a credit event of a reference entity. The protection buyer must either sell to the protection seller particular obligations issued by the reference entity at their par value (or some other designated reference or strike price) when a credit event occurs or receive a cash settlement based on the difference between the market price of such reference obligation and par. A credit event is commonly defined as one of the following; failure to pay, obligation acceleration, obligation default, repudiation/moratorium or restructuring. The International Swaps and Derivatives Association ("**ISDA**") has produced standardised documentation for these transactions under the umbrella of its ISDA Master Agreement.

The Investment Manager may use credit default swaps in order to hedge the specific credit risk of some of the issuers in its portfolios by buying protection.

In addition, the Investment Manager may, provided it is in the exclusive interest of the Company's Shareholders, buy protection under credit default swaps without holding the underlying assets provided that the aggregate premiums paid together with the present value of the aggregate premiums still payable in connection with credit default swaps previously purchased and the aggregate premiums paid relating to the purchase of options on transferable securities or on financial instruments for a purpose other than hedging, may not, at any time, exceed 30% of the net assets of the relevant Sub-fund.

Provided it is in the exclusive interest of the Company's Shareholders, the Investment Manager may also sell protection under credit default swaps in order to acquire a specific credit exposure. In addition, the aggregate commitments in connection with such credit default swaps sold together with the amount of the commitments relating to the purchase and sale of futures and option contracts on any kind of financial instruments and the commitments relating to the sale of call and put options on transferable securities may not, at any time, exceed the value of the net assets of the relevant Sub-fund.

The Investment Manager will only enter into credit default swap transactions with highly rated financial institutions specialised in this type of transaction which it has approved as derivative counterparties as described in this Appendix; and only in accordance with the standard terms laid down by the ISDA. In addition, the use of credit default swaps must comply with the investment objectives and policies and risk profile of the relevant Sub-fund.

The aggregate commitments of all credit default swaps will not exceed 50% of the net assets of any Sub-fund, unless otherwise provided for in the investment policy of a specific Sub-fund.

The total commitments arising from the use of credit default swaps together with the total commitments arising from the use of other derivative instruments may not, at any time, exceed the value of the net assets of the relevant Sub-fund.

As a general rule, the Investment Manager will ensure that, at any time, it has the necessary assets in order to pay redemption proceeds resulting from redemption requests and also meet its obligations resulting from credit default swaps and other techniques and instruments.

### **Transparency of securities financing transactions and of reuse (SFTR)**

The Company will not enter into the securities financing transactions pertaining to repurchase and reverse repurchase agreements and/or buy-sell/sell-buy back transactions, as defined in the Regulation (EU) 2015/2365 on transparency of securities financing transactions and of reuse (the "**SFTR Regulation**"). If a Sub-fund was to use such securities financing transactions in the future, the Prospectus will be modified accordingly.

In accordance with the SFTR Regulation, this Prospectus contains a general description of the use of total return swaps by the Company.

A total return swap is an agreement in which one party makes payments based on the total return of an underlying asset, which includes both the income it generates and any capital gains or losses, in exchange for payments based on an interest rate, either fixed or variable, from the other party.

The Company's Sub-funds may only enter into total return swaps in respect of eligible assets under the UCI Law which fall within their investment policies (i.e. assets such as bonds, equities, cash and money market instruments). The Sub-funds may only enter into total return swap transactions through a highly rated financial institution of any legal form with a minimum credit rating of investment grade quality specialised in this type of transaction.

As part of these total return swaps transactions, the Company's Sub-funds will receive cash and bonds collateral of minimum credit quality as assessed by the Company and as detailed in the sub-sections headed "*Collateral Policy*" and "*Haircut Policy*" below.

In case there are revenues arising from the total return swaps, they shall be returned to the Company following the deduction of any direct and indirect operational costs and fees arising. Information on costs and fees incurred by each relevant Sub-fund in this respect, as well as the identity of the entities to which such costs and fees are paid and any affiliation they may have with the Management Company, if applicable, will be available in the Company's semi-annual and annual reports.

All the assets of the Company's Sub-funds may be subject to the following securities financing transactions and total return swaps under the following proportions, with assets under management defined as the Net Asset Value of the Sub-fund.

Only the following Sub-funds may use total return swaps. If another Sub-fund uses total return swaps, the following table will be updated.

Name of Sub-fund	Total Return Swaps	
	Maximum proportion of assets under management	Expected proportion of assets under management
<b><u>Bond Sub-funds</u></b>		
abrdn SICAV II - Global Income Bond Fund	750%	0-750%
abrdn SICAV II - Macro Fixed Income Fund	1000%	0-1000%
<b><u>Absolute Return Sub-funds</u></b>		
<b><u>Multi-Asset Sub-funds</u></b>		
abrdn SICAV II – Global Risk Mitigation Fund	105%	95-105%

The assets subject to securities financing transactions, total return swaps and collateral received are safe-kept with the Depositary or third party depositary, as appropriate.

No counterparty assumes any discretion over the composition or management of any Sub-fund's investment portfolio or over the underlying of the total return swaps.

The Investment Manager also undertakes additional due diligence for total return swaps to ensure that the reference asset, index or portfolio is compliant with the additional UCITS and benchmark regulations in respect of such assets.

### **Lending of Portfolio Securities**

To the maximum extent allowed by, and within the limits set forth in, the Law and any present or future related Luxembourg laws or implementing regulations, circulars and CSSF's positions, in particular the provisions of (i) article 11 of the Grand-Ducal regulation of 8 February 2008 relating to certain definitions of the law of 20 December 2002 on undertakings for collective investments<sup>3</sup>; (ii) CSSF Circular 08/356 relating to the rules applicable to undertakings for collective investments when they use certain techniques and instruments relating to transferable securities and money market instruments ("CSSF Circular 08/356" (as these regulations may be amended or replaced from time to time)); and (iii) CSSF Circular 14/592 relating to ESMA Guidelines on ETFs and other UCITS, each Sub-fund of the Company may for the purpose of generating additional capital or income or for reducing costs or risks engage in securities lending transactions.

In order to generate additional revenue, inter alia, for Sub-funds, the Company intends to participate in securities lending transactions subject to complying with the provisions set forth in the CSSF Circular 08/356 and CSSF Circular 14/592 as the same may be amended or replaced. Under no circumstances shall these operations cause a Sub-fund to diverge from its investment objective as

<sup>3</sup> The Law of 20 December 2002 on undertakings for collective investments has been repealed and replaced by the Law.

laid down in the Prospectus or result in additional risk higher than its profile as described in the Prospectus. The following types of assets can be subject to securities lending: equity and bonds held in the portfolio of the relevant Sub-fund in accordance of its investment policy when the Company is acting as lender.

The following types of securities are permissible for securities lending transactions:

- (i) Government Bonds;
- (ii) Mortgage Backed Securities;
- (iii) Corporate Bonds;
- (iv) Agency Bonds;
- (v) Supranational Bonds;
- (vi) Global Equities;
- (vii) Exchange Traded Funds;
- (viii) American Depositary Receipts;
- (ix) Global Depositary Receipts.

In relation to such lending transactions, the Company must in principle receive for the Sub-fund concerned security of a value which at the time of the conclusion of the lending agreement must be at least equal to the value of the global valuation of the securities lent.

The Company may not enter into securities lending transactions unless such lending is fully and continuously secured by the cash placed as collateral and/or shares admitted to or dealt in on a Regulated Market or on a stock exchange of a member state of the OECD, provided that these shares are included in a main index and/or securities issued or guaranteed by an OECD member state or by local authorities of an OECD member state or by supranational institutions or organisations with EU, regional or worldwide scope, or by a guarantee of a highly rated financial institution, and blocked in favour of the Company until the termination of the lending contract.

Securities lending is a widely used industry practise which involves investment portfolios engaging in short term loans of either equities or bonds against an underlying security. These loans are agreed for a fee which enhances the yield of the Sub-fund. Revenues generated from securities lending transactions are used by the Sub-fund to help reduce costs and improve performance. Each Sub-fund engages in securities lending transactions on continuous or on a temporary basis, depending on factors as further described hereafter. Lending transactions may not be entered into in respect of more than 50% of the Net Assets of each Sub-fund. Although the level of security lending transactions on average is expected to be low (i.e. around 10%) in practice as at the date of this Prospectus, it can range from 0 to 50% for each relevant Sub-fund. Each Sub-fund under the Company has the ability, at its discretion, to engage in securities lending transactions. The amount and the extent of lending activity of each Sub-fund will vary on the basis of demand and the number of lending opportunities that present themselves and are considered material enough for the Sub-fund to engage in.

Lending transactions may not extend beyond a period of 7 days, except for lending transactions where the securities may be reclaimed at any time by the Company.

The Company has appointed Securities Finance Trust Company as securities lending agent or may appoint any other entity from time to time (the "**Securities Lending Agent**"). The Securities Lending Agent(s) is/are entitled to receive a fee out of the property of the relevant Fund (plus VAT thereon) for its/their services in relation to securities lending. The relevant Sub-fund will pay 10% of the gross revenues generated from securities lending activities as costs / fees to the Securities Lending Agent, the Investment Manager will receive 5% of the gross revenues generated from securities lending activities to cover its own administrative and operational costs and the Sub-fund will retain 85% of the gross revenues generated from securities lending activities. Costs / fees of running the

programme are paid from the Securities Lending Agent's portion of the gross income (10%). This includes direct and indirect costs / fees generated by the securities lending activities. Details of such amounts, including any additional operational cost, will be disclosed in the interim and annual financial reports of the Company. The proportion of the income that will accrue to a particular Sub-fund from all securities lending transactions cannot be changed without the Board's consent.

All securities lending transactions will be entered into on arms-length commercial terms. The written consent of the Board is required for any such transactions that are entered into with the Investment Managers or Sub-Investment Managers or its Connected Persons.

The Securities Lending Agent is not a related party to the Investment Manager or Sub-Investments Managers.

The counterparties to the transactions described above must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by Community law and specialised in this type of transaction. While there are no predetermined legal status or geographical criteria applied in the selection of the counterparties, these elements are typically taken into account in the selection process. The counterparties to such transactions will typically be organisations based in an OECD member state. The Company will seek to appoint counterparties from a list of approved counterparties who have undergone a credit risk analysis by the Investment Manager taking into account CSSF rules on counterparty selection, and whose short-term and long term ratings so rated by Standard & Poor's or Moody's Investor Services or Fitch Ratings must not be lower than BBB+. A counterparty may be a related party to the Investment Manager. In accordance with its collateral policy, the Company will ensure that its counterparty delivers and each day maintains collateral of at least the market value of the securities lent/sold, as described below. Such collateral must be in the form of:

(i) liquid assets (i.e., cash and short term bank certificates, money market instruments as defined in Council Directive 2007/16/EC of 19 March 2007) and their equivalent (including letters of credit and a guarantee at first-demand given by a first class credit institution not affiliated to the counterparty);

(ii) bonds issued or guaranteed by a member state of the OECD or their local authorities or by supranational institutions and undertakings with EU, regional or world-wide scope. Government bonds must have a minimum issuer rating of AA- S&P or Aa3 Moody's (with respect to a government issuer that is rated by both Moody's and S&P, the lower of those two ratings applies). The maturity of these bonds may vary and is not subject to limitations;

(iii) shares or units issued by money market UCIs calculating a net asset value on a daily basis and assigned a rating of AAA or its equivalent;

(iv) shares or units issued by UCITS investing mainly in bonds/shares satisfying the conditions under (v) and (vi) hereafter;

(v) bonds issued or guaranteed by first class issuers offering an adequate liquidity; or

(vi) shares admitted to or dealt in on a Regulated Market or on a stock exchange of a member state of the OECD, provided that these shares are included in a main index.

Collateral will be valued on a daily basis, using available market prices and taking into account appropriate discounts determined for each asset class based on the haircut policy. The collateral will be marked to market daily and may be subject to daily variation margin requirements. Haircuts can be internally reviewed and modified as per a risk based approach.

The Company will require a minimum over-collateralisation of 102% of the value of the underlying securities. The haircut for all eligible collateral will vary between 0 and 2% so that the minimum over-collateralisation of the value of the underlying securities will never fall below 100%.

As the case may be, cash collateral received by each Sub-fund in relation to any of these transactions may be reinvested in a manner consistent with the investment objectives of such Sub-fund in (a) shares or units issued by short-term money market undertakings for collective investment calculating a daily net asset value and being assigned a rating of AAA or its equivalent, (b) short-term bank deposits, and (c) short-term bonds issued or guaranteed by an EU member state,



Switzerland, Canada, Japan or the United States or by their local authorities or by supranational institutions and undertakings with EU, regional or world-wide scope, according to the provisions described under section XII. Article 43. J) of ESMA Guidelines on ETFs and other UCITS issues released by the CSSF under CSSF Circular 14/592. Such reinvestment will be taken into account for the calculation of each concerned Sub-fund's global exposure, in particular if it creates a leverage effect. In case of reinvestment of cash collateral such reinvestment may (i) create leverage with corresponding risks and risk of losses and volatility, (ii) introduce market exposures inconsistent with the objectives of the Sub-fund concerned, or (iii) yield a sum less than the amount of collateral to be returned.

The securities of a Sub-fund that have been lent may be held by a third party custodian who is subject to prudential supervision. Where there is a title transfer, collateral received will be held by the Depositary (or sub-custodian on the behalf of the Depositary) on behalf of the relevant Sub-fund in accordance with the Depositary's safekeeping duties under the Depositary Agreement. For other types of collateral arrangement, the collateral can be held by a third party custodian which is subject to prudential supervision and which should be unrelated to the provider of the collateral.

### **Collateral Policy**

When the Company enters into OTC or exchange-traded financial derivative transactions, whether entered into in order to achieve the Sub-fund's investment objective or for efficient portfolio management, collateral may be used to reduce counterparty risk exposure subject to the following conditions:

- In accordance with section II b) of CSSF Circular 08/356 only the following types of collateral may be used to reduce counterparty risk exposure:
- liquid assets, including cash and short term bank certificates and money market instruments as defined in Directive 2007/16/EC; a letter of credit or a guarantee at first-demand given by a first class credit institution not affiliated to the counterparty are considered as equivalent to liquid assets;
- bonds issued or guaranteed by a Member State of the OECD or by their local public authorities or by supranational institutions and undertakings with EU, regional or world-wide scope;
- shares or units issued by money market funds calculating a daily Net Asset Value and being assigned a rating of AAA or its equivalent;
- shares or units issued by UCITS investing mainly in bonds/shares mentioned in the following two bullet points;
- bonds issued or guaranteed by first class issuers offering an adequate liquidity;
- shares admitted to or dealt in on a Regulated Market of a Member State of the European Union or on a stock exchange of a Member State of the OECD, on the condition that these shares are included in a main index.
- Any collateral received other than cash must be highly liquid and traded on a Regulated Market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received must also comply with the provisions of Article 48 of the UCI Law.
- Collateral received will be valued on at least a daily basis and subject to daily transfers (above minimum thresholds) to ensure that the Company is sufficiently collateralised. Assets that exhibit high price volatility will not be accepted as collateral unless suitably conservative haircuts are in place. Appropriate haircuts will be determined by the Investment Manager for each asset class based on its haircut policy. The haircut policy established in accordance with the CSSF Circular 14/592 regarding guidelines of the European Securities and Markets Authority (ESMA) on ETFs and other UCITS issues, takes into account a variety of factors, depending on the nature of the collateral received, such as the issuer's credit standing, the maturity, currency and price volatility of the assets.

- Collateral received must be of minimum credit quality as assessed by the Management Company.
- The collateral received by the Company must be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.
- Collateral must be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if a Sub-fund receives from a counterparty of OTC derivative and/or efficient portfolio management transactions a basket of collateral with a maximum exposure to a given issuer of 20% of its Net Asset Value. When a Sub-fund is exposed to different counterparties, the different baskets of collateral must be aggregated to calculate the 20% limit of exposure to a single issuer.
- Where there is a title transfer, the collateral received must be held by or on behalf of the Depositary. The Depositary may delegate the custody of the collateral to a sub-depositary but it will retain overall responsibility for the custody of the collateral. For other types of collateral arrangement, the collateral can be held by a third party depositary which is subject to prudential supervision, and which is unrelated to the provider of the collateral.
- Collateral received must be capable of being fully enforced by the Company at any time without reference to or approval from the counterparty.
- Non-cash collateral received must not be sold, re-invested or pledged.
  - Reinvestment of cash collateral involves risks associated with the type of investments made. Reinvestment of collateral may create a leverage effect which will be taken into account for the calculation of the Company's global exposure. Cash collateral received shall only be:
    - placed on deposit with entities prescribed in Article 41 (1) (f) of the UCI Law;
    - invested in high-quality government bonds;
    - invested in short-term money market funds as defined in the Guidelines on a Common Definition of European Money Market Funds.;
    - re-invested in accordance with the diversification requirements applicable to non-cash collateral.

The Company's exposure to a counterparty resulting from OTC or exchange-traded derivative transactions, whether entered into in order to achieve the Sub-fund's investment objective or for efficient portfolio management, shall be collateralised daily. FX transactions used in relation to hedged share classes may not be collateralised. The Fund will ensure that, after application of the appropriate haircuts as referred to above, the counterparty limits set out in Appendix A of the Prospectus will not be exceeded.

### **Haircut Policy**

The Company has implemented a haircut policy in respect of each class of assets received as collateral. A haircut is a discount applied to the value of a collateral asset to account for the fact that its valuation, or liquidity profile, may deteriorate over time. The haircut policy takes account of the characteristics of the relevant asset class, including the credit standing of the issuer of the collateral, the price volatility of the collateral and the results of any stress tests which may be performed in accordance with the collateral management policy. Subject to the framework of agreements in place with the relevant counterparty, which may or may not include minimum transfer amounts, it is the intention of the Company that any collateral received shall have a value, adjusted in light of the haircut policy, which equals or exceeds the relevant counterparty exposure where appropriate. There are no limits on the maturity of collateral.

The Company will value the assets received as collateral according to the below table (the two classes of assets listed below are the only classes of assets accepted as collateral by the Company):

Asset Description	Valuation Percentage
Cash in an eligible currency	100%
Negotiable debt obligations in any of the eligible currencies issued by the governments of the developed economies	60% - 100%

In case of unusual market volatility, the Company reserves the right to amend the valuation percentages it applies to collateral. As a consequence, the Company will receive more collateral to secure its counterparty exposure.

## Appendix C – Net Asset Value

Definitions:

**"Business Day"**

Any full working day in Luxembourg when the banks are open for business (24 December is not a Business Day)

**"Dealing Day"**

In respect of any Sub-fund, any Business Day other than, days during a period of suspension of valuation of Shares in that Sub-fund or, days (as determined by the Board in its discretion) on which any exchange or market on which a substantial portion of the relevant Sub-fund's portfolio is traded, is closed. The Business Days which are not Dealing Days will be available at the registered office of the Company and at [www.abrdn.com](http://www.abrdn.com)

The Net Asset Value per Share of each Class and/or Category within each Sub-fund will be expressed in the Reference Currency or Class Currency of the Sub-fund, Class or Category concerned.

The Share price may be rounded to up to four decimal places in the currency of denomination. In all cases, transaction values may be rounded to up to the second decimal place in the currency of denomination.

The Sub-funds are valued daily and the Net Asset Value per Share of each Class and/or Category within each Sub-fund is determined on each Dealing Day at 1:00 p.m. (Luxembourg time). If after 1:00 p.m. (Luxembourg time), there has been a material change in the quotations on the markets on which a substantial portion of the investments attributable to a particular Sub-fund are dealt or quoted, the Company may, in order to safeguard the interests of Shareholders and the Company, cancel the first valuation and carry out a second valuation prudently and in good faith.

The Net Asset Value per Share of each Class and/or Category within each Sub-fund on any Dealing Day is determined by dividing the value of the total assets of that Sub-fund properly allocable to such Class and/or Category less the liabilities of such Sub-fund properly allocable to such Class and/or Category by the total number of Shares of such Class and/or Category outstanding on such Dealing Day.

### Swing Pricing

The Board of Directors current policy is to impose a swing pricing adjustment to the Net Asset Value of each Class of Shares in a given Sub-fund in the following circumstances:

- if the net redemptions on a particular Dealing Day, exceed 5% of the Net Asset Value of the Sub-fund or any lower thresholds (i.e. from 0% up to 5%) (the "Swing Threshold") applicable to specific Sub-funds as determined by the Board of Directors, the Net Asset Value for issues and redemptions will be adjusted downwards by the applicable swing factor (the "Swing Factor");
- if net subscriptions on a particular Dealing Day, exceed 5% of the Net Asset Value of the Sub-fund or any lower Swing Threshold applicable to specific Sub-funds as determined by the Board of Directors, the Net Asset Value for issues and redemptions will be adjusted upwards by the applicable Swing Factor.

If charged the swing pricing adjustment will be paid into the relevant Sub-fund and become part of the assets of relevant Sub-fund.

As a result of a swing pricing adjustment, the Share price for subscription or redemption of Shares will be higher or lower than the Share price for subscription or redemption of Shares which would otherwise have been applied in the absence of a swing pricing adjustment.

The costs associated with dealing in Shares as a result of Shareholder subscriptions and redemptions may adversely impact the value of a Sub-fund's assets. In order to (i) prevent this

adverse effect, called "dilution", on existing or remaining Shareholders and therefore protect their interests, (ii) more equitably allocate the costs associated with investor trading activity to those investors transacting on the relevant trade date; (iii) reduce the impact on the Sub-funds' performance of transactions costs and (iv) deter frequent trading activity, the Sub-funds may apply swing pricing as part of their valuation policy.

The decision to swing the Net Asset Value is based on the overall net-flows in a Sub-fund, and is not applied per share class. It does therefore not address the specific circumstances of each individual investor transaction.

As dilution is related to the inflows and outflows of money from the Sub-fund it is not possible to accurately predict whether dilution will occur at any future point in time. Consequently it is also not possible to accurately predict how frequently the Company will need to make such dilution adjustments.

The Management Company retains the right to suspend the application of the swing pricing mechanism on a specific Dealing Day when they consider that its application is not the most appropriate approach when taking into consideration the circumstances surrounding particular investor trading activity.

The swing pricing allows for the Net Asset Value to be adjusted upwards or downwards by a Swing Factor which is not expected to be higher than 3% of the Net Asset Value of the Sub-fund, if, on any Dealing Day, the net subscriptions or net redemptions in a Sub-fund exceed a Swing Threshold, as set by the Board of Directors from time to time upon proposal by the Management Company and determined on the basis of elements as disclosed in the abrdn Group's swing pricing policy (e.g. the size of the relevant Sub-fund, the type and liquidity of positions in which the Sub-fund invests, etc.). The maximum Swing Factors noted are expected and the actual Swing Factor will reflect the costs noted below which may adversely impact the value of a Sub-fund's assets. The Management Company may decide to increase the maximum Swing Factor beyond the maximum percentages stated above, where such increase is justified by exceptional market conditions such as volatile markets and taking into account the best interest of Shareholders. Such decisions will be communicated to Shareholders via a publication at [www.abrdn.com](http://www.abrdn.com) and notified to the CSSF.

The Swing Factor is determined on the basis of expected costs associated with the Sub-fund's portfolio trading activity. Such costs can include, but are not limited to bid/offer spreads, broker fees, transaction charges, tax and duty charges, entry or exit fees, share class specific costs and, registration costs where appropriate, in line with the abrdn Group's swing pricing policy.

The Management Company has implemented a swing pricing policy, which has been approved by the Board of Directors as well as specific operational procedures governing the day-to-day application of the swing pricing.

The above applies to all Sub-funds.

The Subscription Price and the Redemption Price of the different Classes and Categories will differ within each Sub-fund as a result of the differing fee and cost structures and/or distribution policy for each Class or Category, as the case may be. In determining the Net Asset Value per Share, income and expenditure are treated as accruing daily.

The Company's assets shall include:

1. any cash in hand or on deposit including any outstanding interest, that has not yet been received and any interest accrued on these deposits up until the Dealing Day;
2. all bills and promissory notes payable at sight as well as all accounts receivable (including proceeds from the disposal of securities for which the price has not yet been paid);

3. all transferable securities, money market instruments, units, shares, debt securities, option or subscription rights and other investments owned by the Company (provided that the Company may make adjustments in a manner not inconsistent with the paragraph on the value of the assets below with regard to fluctuations in the market value of securities caused by trading ex-dividends, ex-rights or by similar practices);
4. all dividends and distributions receivable by the Company in cash or securities to the extent that the Company is aware thereof;
5. all outstanding interest that has not yet been received and all interest accrued up until the dealing day on securities or other interest bearing assets owned by the Company, unless such interest is included in the principal of the securities;
6. the liquidating value of all futures, forward, call or put options contracts the Company has an open position in;
7. all swap contracts entered into by the Company; and
8. any other assets whatsoever, including prepaid expenses.

The value of these assets will be determined as follows:

- the value of any cash on hand or on deposit;
- bills and demand notes and accounts receivable, prepaid expenses, cash dividends, interest declared or accrued and not yet received, all of which are deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof is arrived at after making such discount as may be considered appropriate in such case to reflect the true value thereof;
- securities and money market instruments listed on a recognised stock exchange or dealt on any other Regulated Market that operates regularly, is recognised and is open to the public, will be valued at their latest available prices, or, in the event that there should be several such markets, on the basis of their latest available prices on the main market for the relevant security;
- in the event that the latest available price does not, in the opinion of the Board of Directors, truly reflect the fair market value of the relevant securities and money market instruments, the value of such securities will be defined by the Board of Directors based on the reasonably foreseeable sales proceeds determined prudently and in good faith;
- securities and money market instruments not listed or traded on a stock exchange or not dealt on another Regulated Market will be valued on the basis of the probable sales proceeds determined prudently and in good faith by the Board of Directors;
- the liquidating value of futures, forward or options contracts not traded on exchanges or on other Regulated Markets shall mean their net liquidating value determined, pursuant to the policies established by the Board of Directors, on a basis consistently applied for each different variety of contracts. The liquidating value of futures, forward or options contracts traded on exchanges or on other Regulated Markets shall be based upon the last available settlement prices of these contracts on exchanges and Regulated Markets on which the particular futures, forward or options contracts are traded by the Company; provided that if a futures, forward or options contract could not be liquidated on the day with respect to which net assets are being determined, the basis for determining the liquidating value of such contract shall be such value as the Board of Directors may deem fair and reasonable;
- the value of swaps shall be determined by applying a recognised and transparent valuation method on a regular basis;
- all other securities and other assets will be valued at fair market value as determined in good faith pursuant to procedures established by the Board of Directors;

- any assets held in a particular Sub-fund not expressed in the reference currency in which the shares of such Sub-fund are denominated will be translated into the reference currency at the rate of exchange prevailing in a recognised market at the time specified by the Board of Directors on the relevant dealing day; and
- in case adjustments to the Net Asset Value per Share of a Sub-fund are made in accordance with the above provisions, the valuation of securities held by the Sub-fund concerned may be adjusted to reflect the estimated bid/offer spread.

Any asset held in a particular Sub-fund, Class or Category, as the case may be, not expressed in the Reference Currency of such Sub-fund or Class Currency, as the case may be, will be translated into the relevant Reference Currency or Class Currency at the rate of exchange prevailing in a recognised market at 1:00 p.m. (Luxembourg time) on the Dealing Day concerned.

The liabilities of the Company shall be deemed to include:

- (i) all loans, bills and accounts payable;
- (ii) all accrued or payable administrative expenses (including the Investment Management Fee and any other third party fees);
- (iii) all known liabilities, present and future, including all matured contractual obligations for payment of money or property;
- (iv) an appropriate provision for future taxes based on capital and income to the relevant Dealing Day, as determined from time to time by the Company, and other reserves, if any, authorised and approved by the Board of Directors; and
- (v) all other liabilities of the Company of whatsoever kind and nature except liabilities represented by Shares of the Company. In determining the amount of such liabilities, the Company shall take into account all expenses payable and all costs incurred by the Company, which shall comprise the Investment Management Fee, fees payable to its Directors (including all reasonable out-of-pocket expenses), investment advisors (if any), accountants, the administrative agent, corporate agents, domiciliary agents, paying agents, registrars, transfer agents, permanent representatives in places of registration, distributors, trustees, fiduciaries, correspondent banks and any other agent employed by the Company, fees for legal and auditing services, costs of any proposed listings and of maintaining such listings, promotion, printing, reporting and publishing expenses (including reasonable marketing and advertising expenses and costs of preparing, translating and printing in different languages) of prospectuses, addenda, explanatory memoranda, registration statements, annual reports and semi-annual reports, all taxes levied on the assets and the income of the Company (in particular, the "*taxe d'abonnement*" and any stamp duties payable), registration fees and other expenses payable to governmental and supervisory authorities in any relevant jurisdictions, insurance costs (but not beyond the portion of the blanket insurance policy, if any, maintained by the abrdn Group attributable to the Company), costs of extraordinary measures carried out in the interests of Shareholders (in particular, but not limited to, arranging expert opinions and dealing with legal proceedings) and all other operating expenses, including the cost of buying and selling assets, depositary fee and customary transaction fees and charges charged by the depositary bank or its agents (including free payments and receipts and any reasonable out-of-pocket expenses, i.e. stamp taxes, registration costs, scrip fees, special transportation costs, etc.), customary brokerage fees and commissions charged by banks and brokers for securities transactions and similar transactions, interest and postage, telephone, facsimile and telex charges. The Company may calculate administrative and other expenses of a regular or recurring nature on an estimated figure for yearly or other periods in advance, and may accrue the same in equal proportions over any such period.

The net assets of the Company are at any time equal to the total of the net assets of the various Sub-funds.

## **Temporary Suspension of Determination of Net Asset Value per Share**

The Company may suspend the determination of the Net Asset Value per Share of one or more Sub-funds and the issue, redemption and conversion of any Classes and/or Categories in the following circumstances:

- a) during any period when any of the principal stock exchanges or other markets on which a substantial portion of the investments of the Company attributable to such Sub-fund from time to time is quoted or dealt in is closed otherwise than for ordinary holidays, or during which dealings therein are restricted or suspended, provided that such restriction or suspension affects the valuation of the investments of the Company attributable to such Sub-fund quoted thereon;
- b) during the existence of any state of affairs which constitutes an emergency in the opinion of the Board of Directors as a result of which disposal or valuation of assets owned by the Company attributable to such Sub-fund would be impracticable;
- c) during any breakdown in the means of communication normally employed in determining the price or value of any of the investments of such Sub-fund or the current price or value on any stock exchange or other market in respect of the assets attributable to such Sub-fund;
- d) during any period when the Company is unable to repatriate funds for the purpose of making payments on the redemption of Shares of such Sub-fund or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of Shares cannot, in the opinion of the Board of Directors, be effected at normal rates of exchange;
- e) when for any other reason the prices of any investments owned by the Company attributable to such Sub-fund cannot promptly or accurately be ascertained;
- f) upon the publication of a notice convening a general meeting of Shareholders for the purpose of winding-up the Company;
- g) in the case of a merger, if the board of directors deems this to be justified for the protection of the shareholders;
- h) in the case of a suspension of the calculation of the Net Asset Value of one or several funds in which the Company has invested a substantial portion of assets; or
- i) any other situation provided for in the UCI Law and any applicable regulations.

Investors shall be advised of the suspension of the determination of the Net Asset Value per Share via a publication at: [www.abrdn.com](http://www.abrdn.com), under "Fund Centre", "Literature and Documents".

The suspension of a Sub-fund shall have no effect on the determination of the Net Asset Value per Share or on the issue, redemption and conversion of Shares of any other Sub-fund that is not suspended.

Any request for subscription, redemption or conversion shall be irrevocable except in the event of a suspension of the determination of the Net Asset Value per Share.

The Luxembourg regulatory authority, and the relevant authorities of any member states of the European Union in which Shares of the Company are marketed, will be informed of any such suspension. Notice will likewise be given to any subscriber or Shareholder as the case may be applying for subscription, conversion or redemption of Shares in the Sub-fund(s) concerned.

## **Publication of Net Asset Value per Share**

The Net Asset Value per Share in each Class and/or Category within each Sub-fund is made public at the registered office of the Company and is available at the offices of the Depositary. The Company may arrange for the publication of this information in the Reference Currency of the Sub-fund or Class Currency concerned and any other currency at the discretion of the Board of Directors in leading financial newspapers.



## Appendix D – Investing in Mainland China

Some Sub-funds may invest directly or indirectly in the Mainland China securities market. Other than the risks involved in investing in emerging markets, as well as other risks of investments generally as described within the "*Risk Factors*" section which are applicable to investments in China, investors should also note the additional specific risks below.

Under Mainland China laws, there is a limit to how many shares a single foreign investor (including a Sub-fund) is permitted to hold in a single company which is listed on a Mainland China stock exchange (a "Mainland China Listco"), and also a limit to the maximum combined holdings of all foreign investors in a single Mainland China Listco. Such foreign ownership limits may be applied on an aggregate basis (i.e. across both domestically and overseas issued shares of the same listed company). The single foreign investor limit is currently set at 10% of the shares of a Mainland China Listco and the aggregate foreign investor limit is currently set at 30% of the shares of a Mainland China Listco. Such limits are subject to change from time to time. Foreign investors who make strategic investment in a Mainland China Listco pursuant to relevant laws and regulations, are not bound by the foregoing percentage limits in terms of their holdings of shares under strategic investment.

Strategic investment by foreign investors shall mean obtaining China A-Shares through transfer under an agreement or a directed issue of new shares by the Mainland China Listco. Any China A-Shares obtained by strategic investment shall not be transferred within three years.

### China Interbank Bond Market

The China bond market is made up of the interbank bond market and the exchange listed bond market. The China interbank bond market (the "CIBM") is an OTC market established in 1997. Currently, more than 90% of PRC bond trading activity takes place in the CIBM, and the main products traded in this market include government bonds, central bank papers, policy bank bonds and corporate bonds.

The CIBM is still in a stage of development and the market capitalisation and trading volume may be lower than those of the more developed markets. Market volatility and potential lack of liquidity due to low trading volume of certain debt securities may result in prices of debt securities traded on such market fluctuating significantly. The relevant Sub-funds investing in such market are therefore subject to liquidity and volatility risks and may suffer losses in trading PRC bonds. The bid and offer spreads of the prices of the PRC bonds may be large, and the relevant Sub-funds may therefore incur significant trading and realisation costs and may even suffer losses when selling such investments.

To the extent that a Sub-fund transacts in the China interbank bond market in the PRC, the Sub-fund may also be exposed to risks associated with settlement procedures and default of counterparties. The counterparty which has entered into a transaction with the Sub-fund may default on its obligation to settle the transaction by delivery of the relevant security or by payment for value.

The CIBM is also subject to regulatory risks. Due to irregularities in the CIBM trading activities, the China Government Securities Depository Trust & Clearing Co., Ltd. (the central clearing entity) may suspend new account opening on the CIBM for specific types of products. If accounts are suspended, or cannot be opened, the relevant Sub-fund's ability to invest in the CIBM will be limited and, after exhausting other trading alternatives, they may suffer substantial losses as a result.

### Investment in CIBM via Northbound Trading Link under Bond Connect

Bond Connect is an initiative launched in July 2017 for mutual bond market access between Hong Kong and China ("Bond Connect") established by China Foreign Exchange Trade System & National Interbank Funding Centre ("CFETS"), China Central Depository & Clearing Co., Ltd, Shanghai Clearing House, Hong Kong Exchanges and Clearing Limited and Central Moneymarkets Unit.

Bond Connect is governed by rules and regulations as promulgated by the Chinese authorities. Such rules and regulations may be amended from time to time and include (but are not limited to):

(i) the "Interim Measures for the Administration of Mutual Bond Market Access between China and Hong Kong (Decree No.1 [2017])" (內地與香港債券市場互聯互通合作管理暫行辦法(中國人民銀行令[2017]第1號)) issued by the People's Bank of China ("PBOC") on 21 June 2017;

(ii) the "Guide on Registration of Overseas Investors for Northbound Trading in Bond Connect" (中國人民銀行上海總部"債券通"北向通境外投資者准入備案業務指引) issued by the Shanghai Head Office of PBOC on 22 June 2017; and

(iii) any other applicable regulations promulgated by the relevant authorities.

Under the prevailing regulations in China, eligible foreign investors will be allowed to invest in the bonds circulated in the CIBM through the northbound trading of Bond Connect ("Northbound Trading Link"). There will be no investment quota for Northbound Trading Link.

Under the Northbound Trading Link, eligible foreign investors are required to appoint the CFETS or other institutions recognised by the PBOC as registration agents to apply for registration with the PBOC.

Pursuant to the prevailing regulations in China, an offshore custody agent recognised by the Hong Kong Monetary Authority (currently, the Central Moneymarkets Unit) shall open omnibus nominee accounts with the onshore custody agent recognised by the PBOC (currently, the China Securities Depository & Clearing Co., Ltd and Interbank Clearing Company Limited). All bonds traded by eligible foreign investors will be registered in the name of Central Moneymarkets Unit, which will hold such bonds as a nominee owner.

Market volatility and potential lack of liquidity due to low trading volume of certain debt securities in the CIBM may result in prices of certain debt securities traded on such market fluctuating significantly. The Sub-fund investing in such market is therefore subject to liquidity and volatility risks. The bid and offer spreads of the prices of such securities may be large, and the Sub-fund may therefore incur significant trading and realisation costs and may even suffer losses when selling such investments.

To the extent that the Sub-fund transacts in the CIBM, the Sub-fund may also be exposed to risks associated with settlement procedures and default of counterparties. The counterparty which has entered into a transaction with the Sub-fund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value.

For investments via the Bond Connect, the relevant filings, registration with PBOC and account opening have to be carried out via an onshore settlement agent, offshore custody agent, registration agent or other third parties (as the case may be). As such, the Sub-fund is subject to the risks of default or errors on the part of such third parties.

### **Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect**

Certain Sub-funds may invest and have direct access to certain eligible China A-Shares via the Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect (together referred to as "Stock Connect"), and as such may be subject to additional risks. In particular, Shareholders should note that these programmes are novel in nature and the relevant regulations are untested and subject to change. There is no certainty as to how they will be applied.

Shanghai-Hong Kong Stock Connect is a securities trading and clearing links programme developed by Hong Kong Exchanges and Clearing Limited ("HKEx"), Shanghai Stock Exchange ("SSE") and China Securities Depository and Clearing Corporation Limited ("ChinaClear"). Shenzhen-Hong Kong Stock Connect is a securities trading and clearing links programme developed by HKEx, Shenzhen Stock Exchange ("SZSE") and ChinaClear. The aim of Stock Connect is to achieve mutual stock market access between Mainland China and Hong Kong.

Stock Connect comprises two Northbound Trading Links, one between SSE and SEHK, and the other between SZSE and SEHK. Stock Connect will allow foreign investors to place orders to trade eligible China A-Shares listed on the SSE ("SSE Securities") or on the SZSE ("SZSE Securities") (the SSE

Securities and SZSE Securities collectively referred to as the "Stock Connect Securities") through their Hong Kong based brokers.

The SSE Securities include all the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index, and all the SSE-listed China A-Shares that are not included as constituent stocks of the relevant indices but which have corresponding H-Shares listed on SEHK, except (i) those SSE-listed shares which are not traded in Renminbi ("**RMB**") and (ii) those SSE-listed shares which are included in the "risk alert board". The list of eligible securities may be changed subject to the review of and approval by the relevant PRC regulators from time to time.

The SZSE Securities include all the constituent stocks from time to time of the SZSE Component Index and the SZSE Small/Mid Cap Innovation Index which has a market capitalization of at least RMB 6 billion, and all the SZSE-listed China A-Shares that are not included as constituent stocks of the relevant indices but which have corresponding H-Shares listed on SEHK, except those SZSE-listed shares (i) which are not quoted and traded in RMB, (ii) which are included in the "risk alert board"; (iii) which have been suspended from listing by the SZSE; and (iv) which are in the pre-delisting period. The list of eligible securities may be changed subject to the review and approval by the relevant PRC regulators from time to time.

Further information about Stock Connect is available online at the website:

[http://www.hkex.com.hk/eng/market/sec\\_tradinfra/chinaconnect/chinaconnect.htm](http://www.hkex.com.hk/eng/market/sec_tradinfra/chinaconnect/chinaconnect.htm)

#### **Additional risks associated with Stock Connect:**

- *Home Market Rules*

A fundamental principle of trading securities through Stock Connect is that the laws, rules and regulations of the home market of the applicable securities shall apply to investors in such securities. Therefore, in respect of Stock Connect Securities, Mainland China is the home market and a Sub-fund should observe Mainland China laws, rules and regulations in respect of Stock Connect Securities trading (excluding those related to custodial arrangements entered into between the Sub-funds and the SEHK subsidiary in Shanghai and/or Shenzhen to trade Stock Connect Securities). If such laws, rules or regulations are breached, the SSE and the SZSE, respectively have the power to carry out an investigation, and may require HKEx exchange participants to provide information about a Sub-fund and to assist in investigations.

Nevertheless, certain Hong Kong legal and regulatory requirements will also continue to apply to the trading of Stock Connect Securities.

- *Quota limitations*

The programmes are subject to a daily quota limitation which may restrict a Sub-fund's ability to invest in Stock Connect Securities through the programmes on a timely basis. In particular, once the Northbound daily quota is reduced to zero or the Northbound daily quota is exceeded during the opening call session, new buy orders will be rejected (although investors will be allowed to sell their cross-boundary securities regardless of the quota balance).

- *Restriction on trading days*

Stock Connect only operates on days when both the Mainland China and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement day. Due to the difference in trading days between the Mainland China and the Hong Kong markets, there may be occasions when it is a normal trading day for the Mainland China market but not in Hong Kong and, accordingly, the Sub-funds cannot carry out any Stock Connect Securities trading. The Sub-funds may therefore be subject to a risk of price fluctuations in China A-Shares during periods when Stock Connect is not operational.

- *Suspension risk*

Each of the SEHK, SSE and SZSE reserves the right to suspend trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. In case of a suspension, the Sub-funds' ability to access the Mainland China market will be adversely affected.

- *Beneficial ownership / Nominee arrangements*

The Stock Connect Securities purchased by a Sub-fund will be held by the relevant sub-custodian in accounts in the Hong Kong Central Clearing and Settlement System ("CCASS") maintained by the Hong Kong Securities Clearing Company Limited ("HKSCC"), as central securities depositary in Hong Kong. The HKSCC will be the "nominee holder" of the Sub-funds' Stock Connect Securities traded through Stock Connect. The Stock Connect regulations as promulgated by the China Securities Regulatory Commission ("CSRC") expressly provide that HKSCC acts as nominee holder and that the Hong Kong and overseas investors (such as the Sub-funds) enjoy the rights and interests with respect to the Stock Connect Securities acquired through Stock Connect in accordance with applicable laws. While the distinct concepts of nominee holder and beneficial owner are referred to under such regulations, as well as other laws and regulations in Mainland China, the application of such rules is untested, and there is no assurance that PRC courts will recognise such concepts, for instance in the liquidation proceedings of PRC companies.

Therefore, although the Sub-funds' ownership may be ultimately recognised, it may suffer difficulties or delays in enforcing its rights over its Stock Connect Securities. To the extent that HKSCC is deemed to be performing safekeeping functions with respect to assets held through it, it should be noted that the Depositary and the Sub-funds will have no legal relationship with HKSCC and no direct legal recourse against HKSCC in the event that the Sub-funds suffer losses resulting from the performance or insolvency of HKSCC.

- *Investor compensation*

Investments of a Sub-fund through Northbound trading under Stock Connect will not benefit from any local investor compensation schemes nor will they be covered by Hong Kong's Investor Compensation Fund.

On the other hand, since the Sub-funds investing via Stock Connect are carrying out Northbound trading through securities brokers in Hong Kong but not PRC brokers, they are not protected by the China Securities Investor Protection Fund in the PRC.

- *Risk of China Clear default / Clearing and Settlement Risks*

HKSCC and ChinaClear establish the clearing links and each is a participant of each other to facilitate clearing and settlement of cross-boundary trades. As the national central counterparty of the PRC's securities market, ChinaClear operates a comprehensive network of clearing, settlement and stock holding infrastructure. ChinaClear has established a risk management framework and measures that are approved and supervised by the CSRC. The chances of a ChinaClear default are considered to be remote.

In the event of a default by ChinaClear, HKSCC's liabilities under its market contracts with clearing participants will be limited to assisting clearing participants with claims. HKSCC has stated that it will act in good faith to seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or the liquidation of ChinaClear. As ChinaClear does not contribute to the HKSCC guarantee fund, HKSCC will not use the HKSCC guarantee fund to cover any residual loss as a result of closing out any of ChinaClear's positions. HKSCC will in turn distribute the Stock Connect Securities and/or monies recovered to clearing participants on a pro-rata basis. The relevant broker through whom a Sub-fund trades shall in turn distribute Stock Connect Securities and/or monies to the extent recovered directly or

indirectly from HKSCC. As such, a Sub-fund may not fully recover their losses or their Stock Connect Securities and/or the process of recovery could be delayed.

- *Segregation*

The securities account opened with ChinaClear in the name of HKSCC is an omnibus account, in which the Stock Connect Securities for more than one beneficial owner are commingled. The Stock Connect Securities will be segregated only in the accounts opened with HKSCC by clearing participants, and in the accounts opened with the relevant sub-custodians by their clients (including the Sub-funds).

- *Information technology risk*

The programmes require the development of new information technology systems on the part of the stock exchanges and exchange participants and may be subject to operational risk. If the relevant systems fail to function properly, trading through the programmes could be disrupted and the Sub-funds' ability to access the China A-Share market may be adversely affected.

- *The recalling of eligible stocks*

PRC regulations impose restrictions on selling and buying certain Stock Connect Securities from time to time. In addition, a Stock Connect Security may be recalled from the scope of eligible securities for trading via the programme, which may affect the portfolio of the Sub-funds where they hold such securities. If such recalled Stock Connect Securities are still listed on the SSE and/or SZSE, they are allowed to be sold, but not to be bought, via the programmes.

- *SSE Price Limits*

SSE Securities are subject to a general price limit of a  $\pm 10\%$  based on the previous trading day's closing price. In addition, Stock Connect Securities which are on the risk alert board are subject to a  $\pm 5\%$  price limit based on the previous trading day's closing price. The price limit may be changed from time to time. All orders in respect of Stock Connect Securities must be within the price limit.

- *Taxation risk*

PRC tax applicable to the programmes is currently pending formalisation and as a result the Sub-funds are therefore subject to uncertainties in its PRC tax liabilities (see the "*Taxation of Chinese Equity and Bonds*" section under "*Taxation*").

- *Participation in corporate actions and shareholder meetings*

Hong Kong and overseas investors (including the Sub-fund) are holding Stock Connect Securities traded via the Stock Connect through their brokers or custodians, and they need to comply with the arrangement and deadline specified by their respective brokers or custodians (i.e. CCASS participants). The time for them to take actions for some types of corporate actions of Stock Connect Securities may be as short as one business day only. Therefore, the Sub-fund may not be able to participate in some corporate actions in a timely manner.

According to existing mainland practice, multiple proxies are not available. Therefore, the Sub-fund may not be able to appoint proxies to attend or participate in shareholders' meetings in respect of the Stock Connect Securities.

- *Currency Risk*

If a Sub-fund is not denominated in RMB (i.e. the currency in which Stock Connect Securities are traded and settled), the performance of the Sub-fund may be affected by movements in the exchange rate between RMB and the currency of denomination of the Sub-fund. The Sub-fund may, but is not obliged to, seek to hedge foreign currency risks. However, even if undertaken,

such hedging may be ineffective. On the other hand, failure to hedge foreign currency risks may result in the Sub-fund suffering from exchange rate fluctuations.

### **Risks associated with the Small and Medium Enterprise board and/or ChiNext market**

A Sub-fund may invest in the Small and Medium Enterprise ("SME") board and/or the ChiNext market of the SZSE via the Shenzhen-Hong Kong Stock Connect. Investments in the SME board and/or ChiNext market may result in significant losses for a Sub-fund and its investors. The following additional risks apply:

#### *Higher fluctuation on stock prices*

Listed companies on the SME board and/or ChiNext market are usually of emerging nature with smaller operating scale. Hence, they are subject to higher fluctuation in stock prices and liquidity and have higher risks and turnover ratios than companies listed on the main board of the SZSE.

#### *Over-valuation risk*

Stocks listed on the SME board and/or ChiNext may be overvalued and such exceptionally high valuation may not be sustainable. Stock prices may be more susceptible to manipulation due to fewer circulating shares.

#### *Differences in regulations*

The rules and regulations regarding companies listed on ChiNext market are less stringent in terms of profitability and share capital than those in the main board and SME board.

#### *Delisting risk*

It may be more common and faster for companies listed on the SME board and/or ChiNext to delist. This may have an adverse impact on a Sub-fund if the companies that it invests in are delisted.

## Appendix E – Specific Information for Investors

The Prospectus and the PRIIPS KIDs, the articles of incorporation, the audited Annual Report and the unaudited interim report of the Company may be obtained free of charge and in paper form from the Transfer Agent, UK facilities, marketing and sales agent, representative or centralising correspondent agent and will also be available on [www.eifs.lu/abrdn](http://www.eifs.lu/abrdn) where applicable.

For investors located in EU/EEA countries, and in which the Company is registered for distribution, unless otherwise specified in this Appendix E, facilities according to Article 92(1)(a) of the EU Directive 2009/65/EC (as amended by Directive 2019/1160) are available from the Transfer Agent, European Investors Facilities Services ([www.eifs.lu/abrdn](http://www.eifs.lu/abrdn)).

Any additional information which is available at the registered office of the Company will also be available at the Transfer Agent.

Information on how orders (subscription, repurchase and redemption) can be made and how repurchase/redemption proceeds are paid are also available at the offices of the Transfer Agent/facilities agent.

Information and access to procedures and arrangements relating to investors' rights and complaints handling are also available at the offices of the Transfer Agent/facilities agent.

Subscription and redemption prices are available at [www.abrdn.com](http://www.abrdn.com) and are also available at the offices of the Transfer Agent/facilities agent.

Applications for subscription, redemption and conversion of Shares should be sent to the Transfer Agent.

Tax regulations and the practices of financial authorities are constantly subject to change. Because of the complexity of tax laws in different jurisdictions, it is recommended that investors contact a tax adviser regarding the effect on their individual tax situation.

Additional information is included below for investors in certain jurisdictions.

**Please note that registrations are subject to change, please contact the Management Company for up-to-date information.**

Country	Local Agent	Additional Information
Austria		<p><b>The below Funds are not distributed:</b></p> <ul style="list-style-type: none"> <li>• <b>abrdn SICAV II - Global Short Dated Corporate Bond Fund</b></li> <li>• <b>abrdn SICAV II - Global Risk Mitigation Fund</b></li> <li>• <b>abrdn SICAV II - Emerging Market Local Currency Debt Fund</b></li> </ul>
Canada	N/A	<p>The Shares of abrdn SICAV II will not be publicly offered in Canada. Any offering of Shares in Canada will be made only by way of private placement:</p> <ul style="list-style-type: none"> <li>(i) pursuant to a Canadian offering memorandum containing certain prescribed disclosure,</li> <li>(ii) on a basis which is exempt from the requirement that abrdn SICAV II prepare and file a prospectus with the relevant Canadian securities regulatory authorities pursuant to applicable requirements in the relevant Canadian jurisdictions, and</li> <li>(iii) to persons or entities that are "permitted clients" (as such term is defined in National Instrument 31-103 Registration)</li> </ul>

		<p>Requirements, Exemptions and On-going Registrant Obligations). The Management Company, which acts as the manager of abrdn SICAV II and as its private placement agent in Canada, is not registered in any capacity in any jurisdiction in Canada and as such it may rely on one or more exemptions from various registration requirements in certain Canadian jurisdictions. If a Canadian-resident Investor, or an Investor that has become a Canadian-resident after purchasing Shares, is required to be a "permitted client" and does not qualify, or no longer qualifies, as a "permitted client", the Investor will not be able to purchase any additional Shares and may be required to redeem its outstanding Shares.</p>
<b>France</b>	<p><b>Centralising correspondent agent</b> BNP Paribas S.A. 16 Boulevard des Italiens 75009 Paris France</p>	<p>Applications for subscription, redemption and conversion of Shares should be sent to the Transfer Agent but may also be sent to the French centralising correspondent agent for onward transmission to the Transfer Agent. Shareholders resident in France may request to have all payments (redemption proceeds, distributions and any other payments) to be made for their benefit through the French centralising correspondent agent.</p> <p><b>SRI Label</b> As at the date of this Prospectus, only the Funds listed below benefit from the SRI label created and supported by the French Finance Ministry as per the provisions contained in the Decree n° 2016-10 dated 8 January 2016, as amended:</p> <ul style="list-style-type: none"> <li>• <b>abrdn SICAV II – Global Impact Equity Fund</b></li> </ul>
<b>Germany</b>		<p><b>The below Funds are not distributed in the Federal Republic of Germany. Shares in these Funds may NOT be publicly offered to investors within the scope of the German Investment Code ("KAGB").</b></p> <ul style="list-style-type: none"> <li>• <b>abrdn SICAV II - Global Short Dated Corporate Bond Fund</b></li> <li>• <b>abrdn SICAV II - Emerging Market Local Currency Debt Fund</b></li> </ul> <p>Communications to investors will be sent by mail in the following cases:</p> <ol style="list-style-type: none"> <li>suspension of the redemption of the Shares,</li> <li>termination of the management of the Fund or its liquidation,</li> <li>any amendments to the Fund rules which are inconsistent with the previous investment principles, which affect material investor rights or which relate to remuneration and reimbursement of expenses that may be paid or made out of the asset pool,</li> <li>merger of the Funds with one or more other Funds, and</li> <li>the change of abrdn SICAV II into a feeder fund or the modification of a master fund.</li> </ol> <p>The following Funds qualify as equity funds within the meaning of GITA as they continuously invest more than 50% of their gross assets in equity securities (as defined by GITA).</p> <ul style="list-style-type: none"> <li>• <b>abrdn SICAV II - European Smaller Companies Fund</b></li> <li>• <b>abrdn SICAV II – Global Impact Equity Fund</b></li> <li>• <b>abrdn SICAV II – Global Smaller Companies Fund</b></li> </ul>



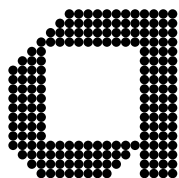
<b>Guernsey</b>		<p>The Management Company has been registered under the Regulated Licensee Exemption in relation to promotion of Sub-funds. The exemption applies where:</p> <p>(a) The Management Company does not have a permanent place of business within the Bailiwick of Guernsey; and</p> <p>(b) The Management Company is an entity established in Luxembourg (being a country that is listed in the first column of the Schedule to the Investor Protection (Designated Countries and Territories) (Bailiwick of Guernsey) Regulations, 2017); and</p> <p>(c) The promotion is carried out in accordance with the laws of Luxembourg; and</p> <p>(d) The promotion is only carried out to persons licensed to carry on business under any of the following laws:</p> <p>(i) the Protection of Investors (Bailiwick of Guernsey) Law, 2020;</p> <p>(ii) the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc (Bailiwick of Guernsey) Law, 2020;</p> <p>(iii) the Banking Supervision (Bailiwick of Guernsey) Law, 2020;</p> <p>(iv) the Insurance Business (Bailiwick of Guernsey) Law, 2002, as amended;</p> <p>or</p> <p>(v) the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002, as amended.</p> <p>(e) Written notice of the date from which the Management Company intends to carry out the promotional activity is given to the regulator by completion of the overseas promotion notification form.</p> <p>The overseas promotion notification form for the Management Company was submitted to the Guernsey Financial Services Commission on 12 December 2023.</p>
<b>Italy</b>	<p><b>Paying agents</b></p> <p>State Street Bank GmbH, Italy Branch Via Ferrante Aporti 10 20125 Milan</p> <p>Società Generale Securities Services S.P.A Via Benigno Crespi 19A - MAC2 20159 Milan</p> <p>Allfunds Bank S.A., Italian Branch Via Bocchetto 6 20123 Milan</p> <p>Banca Sella Holding S.P.A Piazza Gaudenzio Sella, 1 13900 Biella</p>	<p>Applications for subscription, redemption and conversion of Shares should be sent to the Transfer Agent but may also be sent to an Italian Paying Agent for onward transmission to the Transfer Agent. Shareholders resident in Italy may request to have all payments (redemption proceeds, distributions and any other payments) to be made for their benefit through an Italian Paying Agent.</p> <p>The Italian Paying Agent may group the subscription, conversion and redemptions requests, and forward such requests to the Transfer Agent on a cumulative basis, in the name of the Italian Paying Agent and on behalf of the investors. In this case, the Shares will be registered in abrdn SICAV II's Shareholder register in the name of the Italian Paying Agent, with the diction "on behalf of third party" or the equivalent. In the Application Form, the investors will grant to the Italian Paying Agent the relevant mandate.</p> <p>In addition to the above, the Italian Paying Agent may also offer to the Italian investors the opportunity to use accumulation/conversion/redemption plans.</p>

	Caceis Bank, Italian Branch Piazza Cavour, 2 20121 Milan	
<b>Jersey</b>		Consent under the Control of Borrowing (Jersey) Order 1958 (the "COB Order") has not been obtained from the Jersey Financial Services Commission for the circulation of this Prospectus. Accordingly, the offer that is the subject of this Prospectus may only be made in Jersey where such offer is not an offer to the public (as defined in the COB Order) or where the offer is valid in the United Kingdom or Guernsey and is circulated in Jersey only to persons similar to those to whom, and in a manner similar to that in which, it is for the time being circulated in the United Kingdom or Guernsey as the case may be. The Directors of abrdn SICAV II may, but are not obliged to, apply for such consent in the future.
<b>Portugal</b>	<b>Paying Agent</b> Banco Electrónico de Serviço Total, S.A Sede: Rua Castilho, 26, Piso 2, 1250-069 Lisboa	
<b>Switzerland</b>	<p><b>Representative agent</b> FIRST INDEPENDENT FUND SERVICES LTD, Feldeggstrasse 12, CH-8008 Zurich, Switzerland</p> <p><b>Paying Agent</b> NPB Neue Privat Bank AG, Limmatquai 1, CH-8001 Zurich, Switzerland.</p>	<p><b>1. Representative</b> The representative in Switzerland is FIRST INDEPENDENT FUND SERVICES LTD, Feldeggstrasse 12, CH-8008 Zurich, Switzerland.</p> <p><b>2. Paying agent</b> The paying agent in Switzerland is NPB Neue Privat Bank AG, Limmatquai 1, CH-8001 Zurich, Switzerland.</p> <p><b>3. Place where the relevant documents may be obtained</b> The Prospectus, the KIDs, the articles of association, the annual and interim reports may be obtained free of charge from the representative.</p> <p><b>4. Publications</b> Publications in respect of abrdn SICAV II are published in Switzerland on the electronic platform of fundinfo AG Zurich (<a href="http://www.fundinfo.com">www.fundinfo.com</a>).</p> <p>The issue and redemption prices or the Net Asset Value with reference stating "excluding commissions" are published on a daily basis on <a href="http://www.fundinfo.com">www.fundinfo.com</a>.</p> <p><b>5. Payment of retrocessions and rebates</b> In connection with distribution in Switzerland, abrdn Investments Luxembourg S.A. or its affiliates may pay retrocessions as remuneration for distribution activities in respect of shares in Switzerland. These activities include but are not limited to the organisation of road shows, the attendance of events and fairs, the production of marketing material and the training of distribution collaborators.</p> <p>Disclosure of the receipt of retrocessions is based on the applicable provisions of the Swiss Financial Services Act (FinSA).</p> <p>Retrocessions are not deemed to be rebates even if they are ultimately passed on, in full or in part, to the investors.</p>

		<p>Rebates may also be paid directly to the investors in order to reduce the fees and cost attributed to the Fund, as long as they:</p> <ul style="list-style-type: none"> <li>- are paid from fees which have been charged to the assets of the Fund and not in addition;</li> <li>- are paid on the basis of objective criteria;</li> <li>- are paid to all investors fulfilling the objective criteria in the same amount and at the same time.</li> </ul> <p>Rebates can only be paid if the following preconditions are fulfilled:</p> <ul style="list-style-type: none"> <li>- the minimum investment in a collective investment scheme or in a range of collective investment schemes;</li> <li>- the amount of fees resulting from the investment;</li> <li>- the expected duration of the investment;</li> <li>- the readiness of the investor to support the launch of the Fund.</li> </ul> <p>At the request of the relevant investor receiving such rebate, abrdn Investments Luxembourg S.A. or its affiliates must disclose the amount free of charge.</p> <p><b>6. Place of performance and jurisdiction</b></p> <p>The place of performance and jurisdiction for the Shares offered in Switzerland is at the registered office of the representative or at the registered office or place of residence of the investor.</p>
<b>United Kingdom</b>	<p><b>Facilities, marketing and sales agent</b></p> <p>abrdn Investments Limited, 280 Bishopsgate, London, EC2M 4RB</p>	<p>abrdn SICAV II has appointed abrdn Investments Limited, its principal place of business being 280 Bishopsgate, London, EC2M 4RB, as its UK facilities, marketing and sales agent. abrdn Investments Limited is authorised and regulated in the conduct of its investment business by the Financial Conduct Authority ("FCA").</p> <p>Potential investors should be aware that abrdn SICAV II is not subject to the rules and regulations made under Financial Services and Market Act (FSMA) for the protection of investors. Investors will not have any protection under the United Kingdom Financial Services Compensation Scheme nor will they have any rights of cancellation. UK investors should be aware that if they invest in this fund, they will not be able to refer a complaint against its management company or its depositary to the UK's Financial Ombudsman Service. Any claims for losses relating to the management company or the depositary will not be covered by the Financial Services Compensation Scheme, in the event that either person should become unable to meet its liabilities to investors.</p> <p>Written complaints about any aspect of the service including the operations of abrdn SICAV II or requests to obtain a copy of the complaints handling procedure can be addressed to the UK facilities, marketing and sales agent for their further submission to the head office of abrdn SICAV II, however investors will have no right to access any independent redress mechanisms nor compensation scheme in Luxembourg.</p> <p>The Prospectus and the PRIIPS KIDs, the articles of association, the audited Annual Report and the unaudited interim report of abrdn SICAV II may be obtained free of charge and in paper form from the UK facilities, marketing and sales agent and the Transfer Agent.</p>

<b>United States of America</b>	<b>N/A</b>	<p>The Shares have not been registered under the United States Securities Act of 1933, as amended, and abrdn SICAV II has not been registered under the United States Investment Company Act of 1940, as amended. Accordingly, the Shares may not be directly or indirectly offered or sold in the United States of America or any of its states, territories, possessions or other areas subject to its jurisdiction or to or for the benefit of a "US Person". A "US Person" for these purposes means a national or resident of the United States or any of its states, territories, possessions or areas, subject to its jurisdiction (the "United States") and any partnership, corporation or other entity organised or created under the laws of the United States or of any political subdivision thereof.</p> <p>Notwithstanding the foregoing, the Shares may be offered or sold in the United States or to or for the benefit of US Persons with the prior consent of abrdn SICAV II and in a manner exempt from registration under the said Acts.</p>
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## **SFDR Annex**



# Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name:

abrdn SICAV II - Global Real Estate Securities Sustainable Fund

Legal entity identifier:

JCSNRTX2P3VQCSCY9U38

## Sustainable

**investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

☒ ☐ ☐ Yes

☐ ☒ ☒ No

☐ It will make a minimum of **sustainable investments with an environmental objective:**

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of **sustainable investments with a social objective**

☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 40.00% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☒ with a social objective

☐ It promotes E/S characteristics, but **will not make any sustainable investments**



### What environmental and/or social characteristics are promoted by this financial product?

The Fund promotes environmental and social characteristics by aiming to invest in issuers that:

- Avoid severe, lasting or irremediable harm; and
- Appropriately address adverse impacts on the environment and society; and
- Support a decent standard of living for their stakeholders

The Fund aims to promote environmental and social characteristics holistically. In doing so, we do not consider all characteristics for all investments, but rather focus on the most relevant characteristics for each investment based on the nature of its activities, areas of operation, and products and services. However, using our proprietary research framework we aim to promote the below characteristics within this fund, however a broader suite of characteristics may also be promoted on an investment-by-investment basis:

Environment – reducing energy consumption and greenhouse gas emissions, increasing renewable energy usage/generation, reducing biodiversity/ecological impacts.

Social – promoting good labour practices and relations, maximising employee health and safety,

supporting diversity in the workforce, and healthy relationships with communities.

#### Benchmark

This Fund has a financial benchmark that is used for portfolio construction but does not incorporate any sustainable criteria and is not selected for the purpose of attaining these characteristics. This financial benchmark is used as a comparator for Fund performance and as a comparison for the Fund's binding commitments.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- ***What Sustainability Indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

Our approach positively identifies companies which promote the above E&S characteristics, seeking to ensure that 90% of the portfolio is aligned with the E&S characteristics identified. We do this by tracking the below sustainability indicators which allow us to measure the attainment of the E&S characteristics the Fund is promoting:

#### Sustainability Indicator – screening criteria

Pre investment, abrdn applies a number of norms and activity-based screens to ensure that severe, lasting or irremediable harm is avoided. Binary exclusions are applied to exclude the particular areas of investment of concern. Our exclusions are informed by the Principle Adverse Indicators, but not limited to them. The criteria include investments related to the UN Global Compact (PAI 10), Controversial Weapons (PAI 14), Tobacco Manufacturing and Thermal Coal, further detail can be reviewed per the Fund Investment Approach at [www.abrdn.com](http://www.abrdn.com) under "Fund Centre".

#### Sustainability Indicator – Environment, Social & Governance Performance

Our proprietary ESG House Score, developed by our central ESG investment team in collaboration with the Quantitative investment team, is used to identify companies with potentially high or poorly managed ESG risks. The score is calculated by combining a variety of data inputs within a proprietary framework in which different ESG factors are weighted according to how material they are for each sector. This allows us to see how companies rank in a global context. The score assesses many different Environmental, Social & Governance issues however, specifically assesses the following characteristics energy, greenhouse gas emissions, renewable energy, raw materials, biodiversity/ecological impacts and circular economy, labour practices and relations, employee health and safety and supply chain management.

The Fund will exclude at least the bottom 20% of companies with the lowest ESG House Score in the benchmark.

#### Sustainability indicator – Good Governance & Business Quality

We consider the quality of the businesses management team and analyse the environmental, social and governance (ESG) opportunities and risks impacting the business and appraise how well these are managed. We assign a proprietary score (ranked 1 – 5) to articulate the quality attributes of each company, one of which is the ESG Quality rating. This enables the portfolio managers to exclude companies with material ESG risks and positively skew the portfolio towards ESG opportunities and to build well-diversified, risk-adjusted portfolios.

Companies eligible for inclusion in the Fund must have an ESG Quality rating of 3 or better.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The objective of the sustainable investment is to make a contribution to solving an environmental or social challenge, in addition to not causing significant harm, and being well governed. Each sustainable investment may make a contribution to Environmental or Social issues. In fact, many companies will make a positive contribution to both. abrdn use the six environmental objectives of the Taxonomy to inform Environmental contributions, including: (1) climate change mitigation, (2) climate change adaptation, (3) sustainable use and protection of water and marine resources, (4) transition to a circular economy, (5) pollution prevention and control, and (6) protection and restoration of biodiversity and ecosystems. In addition, abrdn use the 17 Sustainable Development Goals and their sub-goals to supplement the EU Taxonomy topics and provide a framework for considering Social objectives.

An economic activity must have a positive economic contribution to qualify as a Sustainable investment, this includes consideration of Environmental or Socially aligned revenues, Capex, Opex or sustainable operations. abrdn seek to establish or estimate the share of the investee company's economic activities/contribution towards a sustainable objective and it is this element that is weighted and counted towards the Fund's total aggregated proportion of Sustainable Investments.

abrdn uses a combination of the following approaches:

- i. a quantitative methodology based on a combination of publicly available data sources; and
- ii. using abrdn's own insight and engagement outcomes abrdn overlay the quantitative

methodology with a qualitative assessment to calculate an overall percentage of economic contribution towards a sustainable objective for each holding in a Fund.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

As required by the SFDR Delegated Regulation, the investment does not cause Significant Harm ("Do No Significant Harm"/ "DNSH") to any of the sustainable investment objectives.

abrdrn have created a 3-step process to ensure consideration of DNSH:

i. Sector Exclusions

abrdrn have identified a number of sectors which automatically do not qualify for inclusion as a Sustainable Investment as they are considered to be causing significant harm. These include but are not limited to: (1) Defense, (2) Coal, (3) Oil & Gas Exploration, Production and associated activities, (4) tobacco, (5) gambling and (6) alcohol.

ii. DNSH Binary Test

The DNSH test, is a binary pass/fail test which signals if the company passes or fails criteria for the SFDR Article 2 (17) "do no significant harm".

Pass indicates under abrdrn's methodology the company has no ties to controversial weapons, less than 1% of revenue from thermal coal, less than 5% of revenue from tobacco related activities, is not a tobacco producer, and has no red/severe ESG Controversies. If the company fails this test, it cannot be considered a Sustainable Investment. abrdrn's approach is aligned with the SFDR PAIs included within tables 1, 2 & 3 of the SFDR Delegated Regulation and is based on external data sources and abrdrn internal insights.

iii. DNSH Materiality Flag

abrdrn consider the SFDR PAI's indicators as defined by the SFDR Delegated Regulation to identify areas for improvement or potential future concern. This includes but is not limited to consideration of the PAI output compared to peers and an investment's contribution to the fund aggregated PAI figures. These indicators are not considered to cause significant harm and therefore a company with active DNSH materiality flags may still be considered to be a Sustainable Investment. abrdrn aim to enhance the engagement activities to focus on these areas and seek to deliver better outcomes by resolving the issue.

— → ***How have the indicators for adverse impacts on sustainability factors been taken into account?***

The fund considers Principle Adverse Impact Indicators defined by the SFDR Delegated Regulation.

Pre investment, abrdrn applies a number of norms and activity-based screens related to PAIs, including but not limited to: UN Global Compact, controversial weapons, and thermal coal extraction.

UNGC: The Fund uses norms-based screens and controversy filters to exclude companies that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights, as well as state owned entities in countries which violate norms.

Controversial Weapons: The Fund excludes companies with business activities related to controversial weapons (cluster munitions, anti-personnel landmines, nuclear weapons, chemical and biological weapons, white phosphorus, non-detectable fragments, incendiary devices, depleted uranium ammunition or blinding lasers).

Thermal Coal Extraction: The Fund excludes companies with exposure to the fossil fuels sector based on percentage of revenue from thermal coal extraction.

abrdrn apply a fund specific set of company exclusions, more detail on these and the overall process is captured within the Investment Approach, which is published at [www.abrdrn.com](http://www.abrdrn.com) under "Fund Centre".

Post-investment the following PAI indicators are considered:

- o abrdrn monitors all mandatory and additional PAI indicators via our ESG integration investment process using a combination of our proprietary house score and 3rd party data feeds. PAI indicators that either fail a specific binary test or are considered above typical are flagged for review and may be selected for company engagement.
- o Consideration of portfolio carbon intensity and GHG emissions via our Climate tools and risk analysis
- o Governance indicators via our proprietary governance scores and risk framework,



including consideration of sound management structures, employee relations, remuneration of staff and tax compliance.

o On an on-going basis the investment universe is scanned for companies that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights, as well as state owned entities in countries which violate norms.

— → **How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

The Fund uses norms-based screens and controversy filters to exclude companies that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



## **Does this financial product consider principal adverse impacts on sustainability factors?**

**X**

Yes

This Fund considers Principal Adverse Impacts (PAI) on sustainability factors.

### **Principal adverse impacts consideration**

Yes, The Fund commits to consider the following PAIs in its investment process, this means that there is pre- and post-trade monitoring is in place and that every investment for the Fund is assessed on these factors to determine its appropriateness for the Fund.

- PAI 1: GHG emissions (scope 1 and 2)
- PAI 10: Violations of the UN Global Compact (UNGC) principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- PAI 14: Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

### **Adverse impacts monitoring**

Pre investment, abrdn applies a number of norms and activity-based screens related to the above PAIs, including but not limited to:

- UNGC: The Fund uses norms-based screens and controversy filters to exclude companies that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights, as well as state owned entities in countries which violate norms.
- Controversial Weapons: The Fund excludes companies with business activities related to controversial weapons (cluster munitions, anti-personnel landmines, nuclear weapons, chemical and biological weapons, white phosphorus, non-detectable fragments, incendiary devices, depleted uranium ammunition or blinding lasers).
- Thermal Coal Extraction: The Fund excludes companies with exposure to the fossil fuels sector based on percentage of revenue from thermal coal extraction.

abrdn apply a fund specific set of company exclusions, more detail on these and the overall process is captured within the Investment Approach, which is published at [www.abrdn.com](http://www.abrdn.com) under "Fund Centre".

Post-investment the above PAI indicators are monitored in the following way:

- o Company carbon intensity and GHG emissions is monitored via our Climate tools and risk analysis
- o On an on-going basis the investment universe is scanned for companies that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights.

Post-investment we also undertake the following activities in relation to additional PAI's:

- o Dependent on data availability, quality and relevance to the investments the consideration of additional PAI indicators will be on a case-by-case basis.
- o abrdn monitors PAI indicators via our ESG integration investment process using a combination of our proprietary house score and 3rd party data feeds.
- o Governance indicators are monitored via our proprietary governance scores and risk framework, including consideration of sound management structures, and remuneration.

#### Adverse impact mitigation

- o PAI indicators that fail a defined pre-investment screen are excluded from the investment universe and cannot be held by the fund.
- o PAI indicators that are monitored post investment which fail a specific binary test or are considered above typical are flagged for review and may be selected for company engagement. These adverse indicators may be used as a tool for engagement, for example where there is no policy in place and this would be beneficial abrdn may engage with the issuer or company to develop one, or where carbon emissions are considered to be high, abrdn may engage to seek the creation of a long-term target and reduction plan.

No



## What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The investment objective of the Fund is to maximise total return from income and capital appreciation by investing at least 90% of the Fund's assets in listed closed ended real estate investment trusts ("REITs") or securities and companies principally engaged in real estate activities (together "Real Estate Companies") on a global basis.

The Fund aims to outperform the FTSE EPRA Nareit Developed Net Return Index (EUR) benchmark before charges.

A REIT is a company usually listed on a stock exchange that owns and manages predominantly income producing property, either commercial or residential. Most of its taxable income is distributed to shareholders through dividends, in return for which the company is largely exempt from corporation tax.

REITs are designed to offer investors income and capital appreciation from rented property assets in a tax efficient way, with a return over the time more closely aligned with direct property investment. This is achieved by taking away the "double taxation" (corporation tax plus the tax on dividends) of real estate funds. REITs allow investors to invest in property as an asset class by creating a more liquid and tax-efficient vehicle than solely investing in the direct property markets.

The Fund is actively managed. The benchmark is also used as a reference point for portfolio construction and as a basis for setting risk constraints, but does not incorporate any sustainable criteria. In order to achieve its objective, the Fund will take positions whose weightings diverge from the benchmark or invest in Real Estate Companies which are not included in the benchmark. The investments of the Fund may deviate significantly from the components and their weightings in the benchmark. Due to the Fund's risk constraints, the Fund's performance profile is not ordinarily expected to deviate significantly from that of the benchmark over the longer term.

The Fund promotes environmental and social characteristics but does not have a sustainable investment objective.

Investment in all Real Estate Companies will follow abrdn's "Global Real Estate Securities Sustainable Investment Approach".

Through the application of this approach the Fund has an expected minimum of 40% in Sustainable Investments. Furthermore, the Fund targets an ESG rating that is better than the benchmark.

The Fund aims to have a positive tilt to sustainable leaders with at least 50% in companies with best in class ESG credentials addressing global environmental and societal challenges ("Sustainable

leaders"). At minimum, Real Estate Companies will be expected to have ESG credentials that are considered average within the region they operate to be considered for investment.

The abrdn ESG House Score is used to quantitatively identify and exclude those companies exposed to the highest ESG risks. Additionally, abrdn apply a set of company exclusions to rule out a narrow, defined list of unacceptable activities and behaviours which are related to the UN Global Compact, State Owned Enterprises (SOE), Weapons, Tobacco, Thermal Coal, Oil & Gas and Electricity Generation. Taken together, the Fund will exclude at least 20% of the benchmark from its investment universe. More detail on this overall process is captured within our Global Real Estate Securities Sustainable Investment Approach, which is published at [www.abrdn.com](http://www.abrdn.com) under "Fund Centre".

Engagement with external company management teams is used to evaluate the ownership structures, governance and management quality of those companies in order to adjust portfolio construction.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product***

The binding elements used by the Fund are:

1. A commitment to hold a minimum of 90% of the assets aligned with E/S characteristics and within these assets, the Fund commits to hold a minimum of 40% of those assets that meet abrdn's methodology for determining Sustainable Investments. The minimum share of Sustainable Investments with a social objective is 5%; and the minimum share of Sustainable Investments with an environmental objective that are not aligned with the EU Taxonomy is 5%.
2. A commitment to targeting an ESG rating better than benchmark and
3. A commitment to apply binary exclusions to exclude the particular areas of investment related to the UN Global Compact, State Owned Enterprises (SOE), Weapons, Tobacco, Thermal Coal, Oil & Gas and Electricity Generation.

These screening criteria apply in a binding manner and on an ongoing basis.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The Fund looks to exclude at least 20% of Fund's benchmark investment universe.

- ***What is the policy to assess good governance practices of the investee companies?***

For this Fund, the investee company needs to follow good governance practices in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. This can be demonstrated by the monitoring of certain PAI indicators, for example corruption, tax compliance and diversity. In addition, by using abrdn's proprietary ESG scores within the investment process abrdn screen out any investments with low governance scores. Our governance scores assess a company's corporate governance and management structure (including remuneration of staff policies) and the quality and behaviour of its leadership and management. A low score will typically be given where there are concerns in relation to financially materially controversies, poor tax compliance or governance concerns, or poor treatment of employees or minority shareholders.

The investment must further be aligned with OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human rights. Breaches and violations of these international norms are flagged by an event-driven controversy and are captured in the investment process.

## **What is the asset allocation planned for this financial product?**

A minimum of 90% of the Fund's assets are aligned with E/S characteristics. Environmental and social safeguards are met by applying certain PAI's, where relevant, to these underlying assets. Within these assets, the Fund commits to a minimum of 40% in Sustainable Investments.

The Fund invests a maximum of 10% of assets in the "Other" category, which include cash, money market instruments and derivatives.

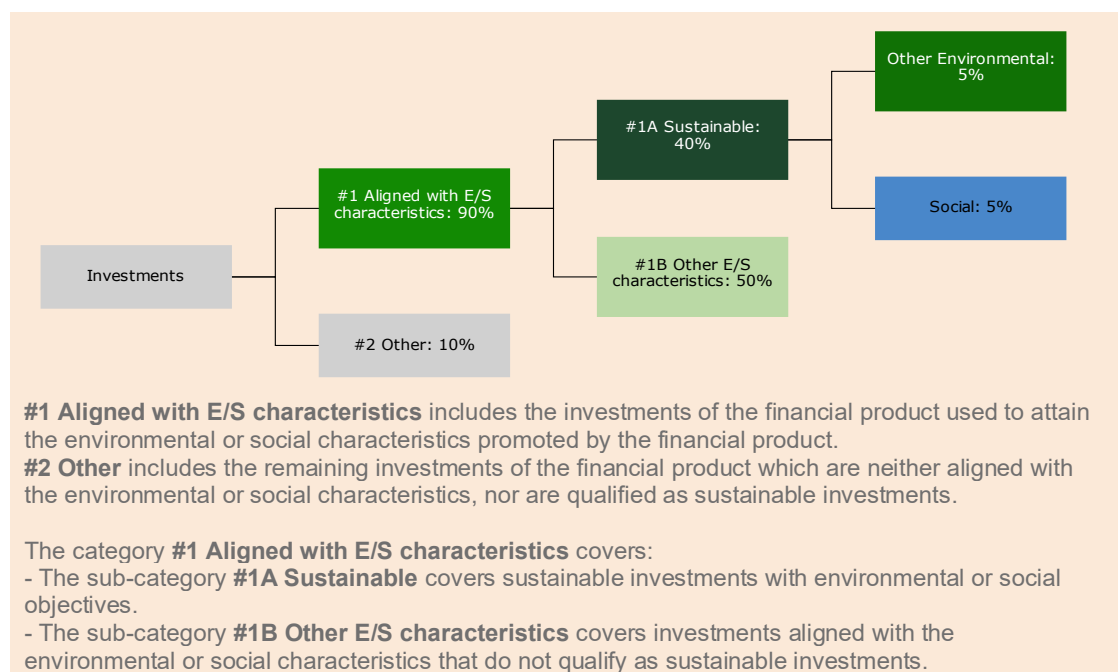
**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

The Fund will not use derivatives to attain any environmental or social characteristics.



## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Fund has not set a minimum proportion of investments in Taxonomy aligned economic activities. This graph represents 100% of the total investment.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?<sup>1</sup>**

☐ Yes

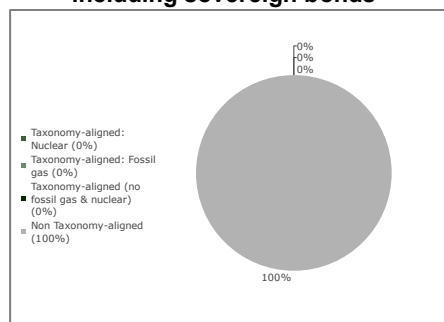
☐ In fossil gas ☐ In nuclear energy

☒ No

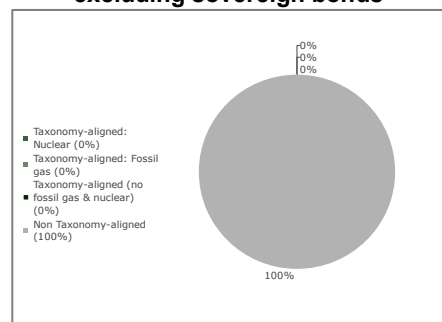
<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objectives - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.**

**1. Taxonomy alignment of investments including sovereign bonds\***



**2. Taxonomy alignment of investments excluding sovereign bonds\***



This graph represents 100 % of the total investments.

*\*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Fund contains high-quality companies that have been identified through our rigorous listed real estate research process which takes into consideration the sustainability of the business in its broadest sense and the company's environmental, social and governance (ESG) performance. Within our investment process, every company that we invest in is given, via a qualitative assessment, a proprietary overall Quality rating. A key component of this is the ESG Quality rating, which enables the portfolio managers identify and exclude those companies exposed to the highest ESG risks and to build well-diversified, risk-adjusted portfolios.

To complement our bottom-up research, the portfolio managers also use our proprietary ESG House Score, which is primarily a quantitative assessment, to identify and exclude those companies exposed to the highest ESG risks. Finally, binary exclusions are applied to exclude the particular areas of investment.

This process results in the Fund committing to a minimum of 90% in securities with environment and social characteristics and a minimum of 40% to sustainable investments which are inclusive of both environmental and social objectives that aren't explicitly taxonomy aligned. The minimum share of sustainable investments with an environmental objective is 5%.



## What is the minimum share of socially sustainable investments?

The Fund contains high-quality companies that have been identified through our rigorous listed real estate research process which takes into consideration the sustainability of the business in its broadest sense and the company's environmental, social and governance (ESG) performance. Within our investment process, every company that we invest in is given, via a qualitative assessment, a proprietary overall Quality rating. A key component of this is the ESG Quality rating, which enables the portfolio managers identify and exclude those companies exposed to the highest ESG risks and to build well-diversified, risk-adjusted portfolios.

To complement our bottom-up research, the portfolio managers also use our proprietary ESG House Score, which is primarily a quantitative assessment, to identify and exclude those companies exposed to the highest ESG risks. Finally, binary exclusions are applied to exclude the particular areas of investment.

This process results in the Fund committing to a minimum of 90% in securities with environment and social characteristics and a minimum of 40% to sustainable investments which are inclusive of both environmental and social objectives that aren't explicitly taxonomy aligned. The minimum share of sustainable investments with a social objective is 5%.



## What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

The investments included under "other" are cash, money market instruments & derivatives. The purpose of these assets are to meet liquidity, target return or manage risk and may not contribute to the environmental or social aspects of the Fund.

There are certain environmental and social safeguards that are met by applying PAI's. Where relevant, these are applied to the underlying securities.



## Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

Not applicable

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

Not applicable

- **How does the designated index differ from a relevant broad market index?**

Not applicable

- **Where can the methodology used for the calculation of the designated index be found?**

Not applicable

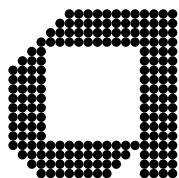


## Where can I find more product specific information online?

### More product-specific information can be found on :

Fund specific documentation, including Sustainability Related Disclosures, are published at [www.abrdn.com](http://www.abrdn.com) under Fund Centre. Documentation can be found by typing the name of the Fund into the search bar, clicking the fund link and selecting the “Literature” section.





# Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name:

abrdn SICAV II - European Smaller Companies Fund

Legal entity identifier:

IKNRVTZFJMXVU04INT73

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☒ ☐ Yes

☐ ☒ No

☐ It will make a minimum of **sustainable investments with an environmental objective**:

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of **sustainable investments with a social objective**

☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10.00% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☒ with a social objective

☐ It promotes E/S characteristics, but **will not make any sustainable investments**



**What environmental and/or social characteristics are promoted by this financial product?**

The Fund promotes environmental and social characteristics by aiming to invest in issuers that:

- Avoid severe, lasting or irremediable harm; and
- Appropriately address adverse impacts on the environment and society; and
- Support a decent standard of living for their stakeholders

The Fund aims to promote environmental and social characteristics holistically. In doing so, we do not consider all characteristics for all investments, but rather focus on the most relevant characteristics for each investment based on the nature of its activities, areas of operation, and products and services. However, using our proprietary research framework we aim to promote the below characteristics within this fund:

Environment – reducing energy consumption and greenhouse gas emissions, increasing renewable energy usage/generation, reducing biodiversity/ecological impacts.

Social – labour practices and relations, employee health and safety and supply chain management.

Benchmark

This Fund has a financial benchmark that is used for portfolio construction but does not incorporate any sustainable criteria and is not selected for the purpose of attaining these characteristics. This financial benchmark is used as a comparator for Fund performance and as a comparison for the Fund's binding commitments.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- ***What Sustainability Indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

Our approach positively identifies companies which promote the above E&S characteristics, seeking to ensure that 70% of the portfolio is aligned with the E&S characteristics identified. We do this by tracking the below sustainability indicators which allow us to measure the attainment of the E&S characteristics the Fund is promoting:

**Sustainability Indicator – screening criteria**

Pre investment, abrdn applies a number of norms and activity-based screens to ensure that severe, lasting or irremediable harm is avoided. Binary exclusions are applied to exclude the particular areas of investment of concern. Our exclusions are informed by the Principle Adverse Indicators, but not limited to them. The criteria include investments related to the UN Global Compact (PAI 10), Controversial Weapons (PAI 14), Tobacco Manufacturing and Thermal Coal, further detail can be reviewed per the Fund Investment Approach at [www.abrdn.com](http://www.abrdn.com) under "Fund Centre".

**Sustainability Indicator – Environment, Social & Governance Performance**

Our proprietary ESG House Score, developed by our central ESG investment team in collaboration with the Quantitative investment team, is used to identify companies with potentially high or poorly managed ESG risks. The score is calculated by combining a variety of data inputs within a proprietary framework in which different ESG factors are weighted according to how material they are for each sector. This allows us to see how companies rank in a global context. The score assesses many different Environmental, Social & Governance issues however, specifically assesses the following characteristics energy, greenhouse gas emissions, renewable energy, raw materials, biodiversity/ecological impacts and circular economy, labour practices and relations, employee health and safety and supply chain management.

The Fund will exclude at least the bottom 5% of companies with the lowest ESG House Score in the benchmark.

**Sustainability indicator – Good Governance & Business Quality**

We consider the quality of the businesses management team and analyse the environmental, social and governance (ESG) opportunities and risks impacting the business and appraise how well these are managed. We assign a proprietary score (ranked 1 – 5) to articulate the quality attributes of each company, one of which is the ESG Quality rating. This enables the portfolio managers to exclude companies with material ESG risks and positively skew the portfolio towards ESG opportunities and to build well-diversified, risk-adjusted portfolios.

Using the ESG Quality rating, the fund will exclude any company with the lowest rating of 5.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The objective of the sustainable investment is to make a contribution to solving an environmental or social challenge, in addition to not causing significant harm, and being well governed. Each sustainable investment may make a contribution to Environmental or Social issues. In fact, many companies will make a positive contribution to both. abrdn use the six environmental objectives of the Taxonomy to inform Environmental contributions, including: (1) climate change mitigation, (2) climate change adaptation, (3) sustainable use and protection of water and marine resources, (4) transition to a circular economy, (5) pollution prevention and control, and (6) protection and restoration of biodiversity and ecosystems. In addition, abrdn use the 17 Sustainable Development Goals and their sub-goals to supplement the EU Taxonomy topics and provide a framework for considering Social objectives.

An economic activity must have a positive economic contribution to qualify as a Sustainable investment, this includes consideration of Environmental or Socially aligned revenues, Capex, Opex or sustainable operations. abrdn seek to establish or estimate the share of the investee company's economic activities/contribution towards a sustainable objective and it is this element that is weighted and counted towards the Sub-fund's total aggregated proportion of Sustainable Investments.

abrdn uses a combination of the following approaches:

- a quantitative methodology based on a combination of publicly available data sources; and
- using abrdn's own insight and engagement outcomes abrdn overlay the quantitative methodology with a qualitative assessment to calculate an overall percentage of economic contribution towards a sustainable objective for each holding in a Fund.



**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

As required by the SFDR Delegated Regulation, the investment does not cause Significant Harm ("Do No Significant Harm"/ "DNSH") to any of the sustainable investment objectives.

abrdn have created a 3-step process to ensure consideration of DNSH:

i. Sector Exclusions

abrdn have identified a number of sectors which automatically do not qualify for inclusion as a Sustainable Investment as they are considered to be causing significant harm. These include but are not limited to: (1) Defence, (2) Coal, (3) Oil & Gas Exploration, Production and associated activities, (4) tobacco, (5) gambling and (6) alcohol.

ii. DNSH Binary Test

The DNSH test, is a binary pass/fail test which signals if the company passes or fails criteria for the SFDR Article 2 (17) "do no significant harm".

Pass indicates under abrdn's methodology the company has no ties to controversial weapons, less than 1% of revenue from thermal coal, less than 5% of revenue from tobacco related activities, is not a tobacco producer, and has no red/severe ESG Controversies. If the company fails this test, it cannot be considered a Sustainable Investment. abrdn's approach is aligned with the SFDR PAIs included within tables 1, 2 & 3 of the SFDR Delegated Regulation and is based on external data sources and abrdn internal insights.

iii. DNSH Materiality Flag

abrdn consider the additional PAI's indicators as defined by the SFDR Delegated Regulation to identify areas for improvement or potential future concern. This includes but is not limited to consideration of the PAI output compared to peers and an investment's contribution to the fund aggregated PAI figures. These indicators are not considered to cause significant harm and therefore a company with active DNSH materiality flags may still be considered to be a Sustainable Investment. abrdn aim to enhance the engagement activities to focus on these areas and seek to deliver better outcomes by resolving the issue.

— → ***How have the indicators for adverse impacts on sustainability factors been taken into account?***

The fund considers Principle Adverse Impact Indicators defined by the SFDR Delegated Regulation.

Pre investment, abrdn applies a number of norms and activity-based screens related to PAIs, including but not limited to: UN Global Compact, controversial weapons, and thermal coal extraction.

UNGC: The Fund uses norms-based screens and controversy filters to exclude companies that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights, as well as state owned entities in countries which violate norms.

Controversial Weapons: The Fund excludes companies with business activities related to controversial weapons (cluster munitions, anti-personnel landmines, nuclear weapons, chemical and biological weapons, white phosphorus, non-detectable fragments, incendiary devices, depleted uranium ammunition or blinding lasers).

Thermal Coal Extraction: The Fund excludes companies with exposure to the fossil fuels sector based on percentage of revenue from thermal coal extraction.

abrdn apply a fund specific set of company exclusions, more detail on these and the overall process is captured within the Investment Approach, which is published at [www.abrdn.com](http://www.abrdn.com) under "Fund Centre".

Post-investment the following PAI indicators are considered:

- o abrdn monitors all mandatory and additional PAI indicators via our ESG integration investment process using a combination of our proprietary house score and 3rd party data feeds. PAI indicators that either fail a specific binary test or are considered above typical are flagged for review and may be selected for company engagement.

- o Consideration of portfolio carbon intensity and GHG emissions via our Climate tools and risk analysis

- o Governance indicators via our proprietary governance scores and risk framework, including consideration of sound management structures, employee relations, remuneration of staff and tax compliance

- o On an on-going basis the investment universe is scanned for companies that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights, as well as state

owned entities in countries which violate norms.

— → *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Fund uses norms-based screens and controversy filters to exclude companies that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



## Does this financial product consider principal adverse impacts on sustainability factors?

**X**

Yes

Principal adverse impacts consideration

Yes, the Fund commits to consider the following PAIs in its investment process, this means that there is pre- and post-trade monitoring is in place and that every investment for the Fund is assessed on these factors to determine its appropriateness for the Fund.

- PAI 1: GHG emissions (scope 1 and 2)
- PAI 10: Violations of the UN Global Compact (UNGC) principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- PAI 14: Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

Adverse impacts monitoring

Pre investment, abrdn applies a number of norms and activity-based screens related to the above PAIs, including but not limited to:

- UNGC: The Fund uses norms-based screens and controversy filters to exclude companies that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights, as well as state owned entities in countries which violate norms.
- Controversial Weapons: The Fund excludes companies with business activities related to controversial weapons (cluster munitions, anti-personnel landmines, nuclear weapons, chemical and biological weapons, white phosphorus, non-detectable fragments, incendiary devices, depleted uranium ammunition or blinding lasers).
- Thermal Coal Extraction: The Fund excludes companies with exposure to the fossil fuels sector based on percentage of revenue from thermal coal extraction.

abrdn apply a fund specific set of company exclusions, more detail on these and the overall process is captured within the Investment Approach, which is published at [www.abrdn.com](http://www.abrdn.com) under "Fund Centre".

Post-investment the above PAI indicators are monitored in the following way:

- o Company carbon intensity and GHG emissions is monitored via our Climate tools and risk analysis
- o On an on-going basis the investment universe is scanned for companies that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights.

Post-investment we also undertake the following activities in relation to additional PAI's:

- o Dependent on data availability, quality and relevance to the investments the consideration of additional PAI indicators will be on a case-by- case basis.
- o abrdn monitors PAI indicators via our ESG integration investment process using a combination of our proprietary house score and 3rd party data feeds.
- o Governance indicators are monitored via our proprietary governance scores and risk framework, including consideration of sound management structures, and remuneration.

#### Adverse impact mitigation

- o PAI indicators that fail a defined pre-investment screen are excluded from the investment universe and cannot be held by the fund.
- o PAI indicators that are monitored post investment which fail a specific binary test or are considered above typical are flagged for review and may be selected for company engagement. These adverse indicators may be used as a tool for engagement, for example where there is no policy in place and this would be beneficial abrdn may engage with the issuer or company to develop one, or where carbon emissions are considered to be high, abrdn may engage to seek the creation of a long-term target and reduction plan.

No



### What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Fund's investment objective is long term total return to be achieved by investing at least 70% of the Fund's assets in small capitalisation equities and equity related securities of companies listed, incorporated or domiciled in Europe or companies that derive a significant proportion of their revenues or profits from European operations or have a significant proportion of their assets there.

The Fund is actively managed. The Fund aims to outperform the FTSE Developed Europe Small Cap Index (EUR) benchmark before charges. The benchmark is also used as a reference point for portfolio construction and as a basis for setting risk constraints, but does not incorporate any sustainable criteria.

In order to achieve its objective, the Fund will take positions whose weightings diverge from the benchmark and may invest in securities which are not included in the benchmark. The investments of the Fund may deviate significantly from the components of and their respective weightings in the benchmark. Due to the active nature of the management process, the Fund's performance profile may deviate significantly from that of the benchmark.

The Fund promotes environmental and social characteristics but does not have a sustainable investment objective.

Investment in all equity and equity-related securities will follow the abrdn "European Smaller Companies Promoting ESG Equity Investment Approach".

Through the application of this approach the Fund has an expected minimum of 10% in Sustainable Investments. However, the Fund targets an ESG rating that is equal to or better, and a meaningfully lower carbon intensity, than the benchmark.

This approach utilises abrdn's equity investment process, which enables portfolio managers to qualitatively identify and avoid ESG laggards. To complement this research, the abrdn ESG House Score is used to quantitatively identify and exclude those companies exposed to the highest ESG risks. Additionally, abrdn apply a set of company exclusions which are related to the UN Global Compact, Controversial Weapons, Tobacco Manufacturing and Thermal Coal. More detail on this overall process is captured within the abrdn European Smaller Companies Promoting ESG Equity Investment Approach, which is published at [www.abrdn.com](http://www.abrdn.com) under "Fund Centre".

Engagement with external company management teams is used to evaluate the ownership structures, governance and management quality of those companies in order to inform portfolio construction.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product***

The binding elements used by the Fund are:

1. A commitment to hold a minimum of 70% of the assets aligned with E/S characteristics and within these assets, the Fund commits to hold a minimum of 10% of those assets that meet abrdn's methodology for determining Sustainable Investments. The minimum share of Sustainable

Investments with a social objective is 2%; and the minimum share of Sustainable Investments with an environmental objective that are not aligned with the EU Taxonomy is 2%.

2. A commitment to achieve a carbon intensity target lower than benchmark.

3. A commitment to achieve an ESG rating better than or equal to benchmark and

4. A commitment to apply binary exclusions to exclude the particular areas of investment related to the UN Global Compact, Controversial Weapons, Tobacco Manufacturing and Thermal Coal. These screening criteria apply in a binding manner and on an ongoing basis.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Fund excludes at least the bottom 5% of companies with the lowest ESG House Score in the benchmark.

- **What is the policy to assess good governance practices of the investee companies?**

For this Fund, the investee company needs to follow good governance practices in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. This can be demonstrated by the monitoring of certain PAI indicators, for example corruption, tax compliance and diversity. In addition, by using abrdn's proprietary ESG scores within the investment process abrdn screen out any investments with low governance scores. Our governance scores assess a company's corporate governance and management structure (including remuneration of staff policies) and the quality and behaviour of its leadership and management. A low score will typically be given where there are concerns in relation to financially materially controversies, poor tax compliance or governance concerns, or poor treatment of employees or minority shareholders.

The investment must further be aligned with OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human rights. Breaches and violations of these international norms are flagged by an event-driven controversy and are captured in the investment process.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



## What is the asset allocation planned for this financial product?

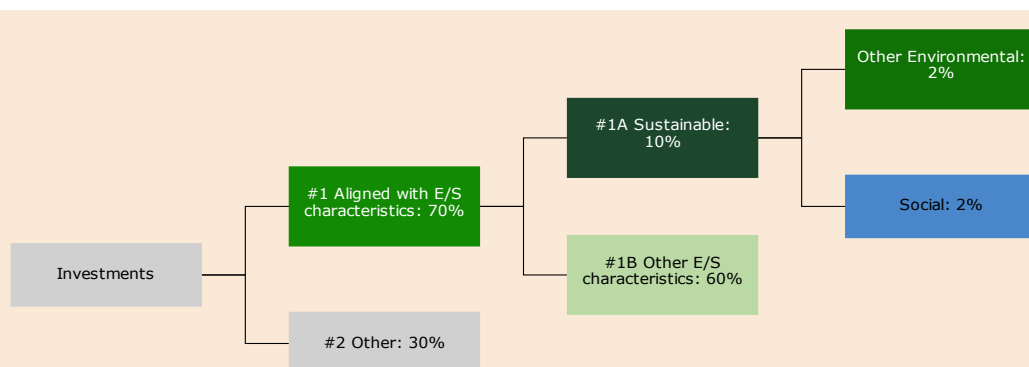
**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

A minimum of 70% of the Fund's assets are aligned with E/S characteristics. Environmental and social safeguards are met by applying certain PAI's, where relevant, to these underlying assets. Within these assets, the Fund commits to a minimum of 10% in Sustainable Investments.

The Fund invests a maximum of 30% of assets in the "Other" category, which include cash, money market instruments and derivatives.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

- **How does the use of derivatives attain the environmental or social**

## characteristics promoted by the financial product?

The Fund will not use derivatives to attain any environmental or social characteristics.



### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Fund has not set a minimum proportion of investments in Taxonomy aligned economic activities. This graph represents 100% of the total investment.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?<sup>1</sup>**

☐ Yes

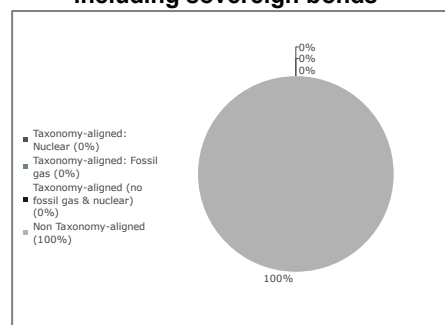
☐ In fossil gas

☐ In nuclear energy

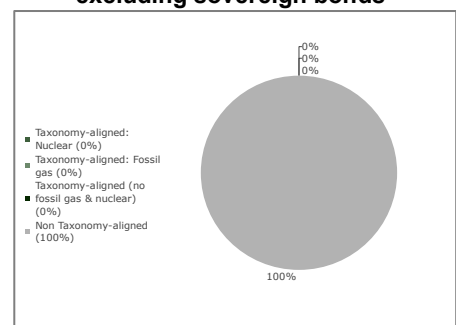
☒ No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy alignment of investments including sovereign bonds\*



2. Taxonomy alignment of investments excluding sovereign bonds\*



This graph represents 100 % of the total investments.

\*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

- **What is the minimum share of investments in transitional and enabling activities?**

Not applicable



### **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Not The fund selects companies with an emphasis on their cash flow generation and ability to allocate cash effectively through the bottom-up equity research process which also takes into consideration both environmental, social and governance (ESG) risks and opportunities. Within our equity investment process, every company that we invest in is given, via a qualitative assessment, a proprietary overall Quality rating. A key component of this is the ESG Quality rating, which enables the portfolio managers to identify sustainable leaders and improvers and to build well- diversified, risk-adjusted portfolios.

To complement our bottom-up research, the portfolio managers also use our proprietary ESG House Score, which is primarily a quantitative assessment, to identify and exclude those companies exposed to the highest ESG risks. Finally, binary exclusions are applied to exclude the particular areas of investment.

This process results in the Fund committing to a minimum of 70% in securities with environment and social characteristics and a minimum of 10% to sustainable investments which are inclusive of both environmental and social objectives that aren't explicitly taxonomy aligned. The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 2%.



### **What is the minimum share of socially sustainable investments?**

The fund selects companies with an emphasis on their cash flow generation and ability to allocate cash effectively through the bottom-up equity research process which also takes into consideration both environmental, social and governance (ESG) risks and opportunities. Within our equity investment process, every company that we invest in is given, via a qualitative assessment, a proprietary overall Quality rating. A key component of this is the ESG Quality rating, which enables the portfolio managers to identify sustainable leaders and improvers and to build well- diversified, risk-adjusted portfolios.

To complement our bottom-up research, the portfolio managers also use our proprietary ESG House Score, which is primarily a quantitative assessment, to identify and exclude those companies exposed to the highest ESG risks. Finally, binary exclusions are applied to exclude the particular areas of investment.

This process results in the Fund committing to a minimum of 70% in securities with environment and social characteristics and a minimum of 10% to sustainable investments which are inclusive of both environmental and social objectives that aren't explicitly taxonomy aligned. The minimum share of sustainable investments with a social objective is 2%.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The investments included under "other" are cash, money market instruments & derivatives. The purpose of these assets are to meet liquidity, target return or manage risk and may not contribute to the environmental or social aspects of the Fund.

There are certain environmental and social safeguards that are met by applying PAI's. Where relevant, these are applied to the underlying securities.





**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

No

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

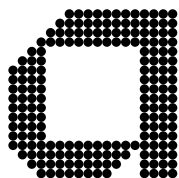
- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***  
Not applicable
- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***  
Not applicable
- ***How does the designated index differ from a relevant broad market index?***  
Not applicable
- ***Where can the methodology used for the calculation of the designated index be found?***  
Not applicable



***Where can I find more product specific information online?***

***More product-specific information can be found on :***

Fund specific documentation, including Sustainability Related Disclosures, are published at [www.abrdn.com](http://www.abrdn.com) under Fund Centre. Documentation can be found by typing the name of the Fund into the search bar, clicking the fund link and selecting the "Literature" section.



# Pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name:

abrdn SICAV II - Global Impact Equity Fund

Legal entity identifier:

213800A5KTINR38TJX25

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## Sustainable investment objective

Does this financial product have a sustainable investment objective?

☒ Yes

☐ No

☒ It will make a minimum of **sustainable investments with an environmental objective: 15.00%**

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☒ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☒ It will make a minimum of **sustainable investments with a social objective 15.00%**

☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ with a social objective

☐ It promotes E/S characteristics, but **will not make any sustainable investments**



What is the sustainable investment objective of this financial product?

The Fund aims to provide long term growth by investing in companies listed globally that intentionally aim to create positive measurable environmental and/ or social impacts. The approach leverages the United Nation's Agenda for Sustainable Development to identify the most pressing global issues and target positive impact. The UN's current framework involves a series of Sustainable Development Goals (SDGs) which may change over time, and the investment approach will evolve to mirror the UN's Agenda.

By assessing companies' ability to deliver intentional positive outcomes for the environment and society (i.e. intentionality) the investment approach identifies companies with products or services that align to abrdn's impact pillars:

- sustainable energy,
- circular economy,
- health & social care,
- water & sanitation,
- education & employment,
- food & agriculture,
- sustainable real estate & infrastructure,
- financial inclusion



This Fund has a financial benchmark that is used for portfolio construction but does not incorporate any sustainable criteria and is not selected for the purpose of attaining the sustainable investment objective of the Fund. This financial benchmark is used as a comparator for Fund performance and as a comparison for the Fund's binding commitments.

**Sustainability indicators** measure how the sustainable objectives of this financial product are attained

● ***What Sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?***

The Fund uses the UN's underlying SDG targets and indicators as the basis for the KPIs, thereby linking a company's ability to affect positive change back to these overarching global challenges.

abrdrn has identified eight 'pillars of impact' that address the broad challenges of climate change, unsustainable production and consumption and social inequalities and align with the UN's overarching agenda of creating a more peaceful and prosperous society and environment. The Fund assesses a company's alignment with abrdrn's eight-pillar impact framework.

- Circular Economy
- Sustainable Energy
- Food & Agriculture
- Water & sanitation
- Health & Social Care
- Financial inclusion
- Sustainable Real estate & Infrastructure
- Education & Employment

In addition to the eight impact pillars, the Fund also invests up to 10% of the fund in impact enablers. These are companies that enable our other pillars, contributing products and services that are part of a wider value / supply chain.

The Fund also applies a set of company exclusion which are related to normative screening (UN Global Compact, ILO and OECD), Norges Bank Investment Management (NBIM), State Owned Enterprises (SOE), Weapons, Tobacco, Gambling, Alcohol, Thermal Coal, Oil & Gas, and Electricity Generation. These screening criteria apply in a binding manner and on an ongoing basis.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

● ***How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?***

As required by the SFDR Delegated Regulation, the investment does not cause Significant Harm ("Do No Significant Harm"/ "DNSH") to any of the sustainable investment objectives.

abrdrn have created a 3-step process to ensure consideration of DNSH:

i. Sector Exclusions

abrdrn have identified a number of sectors which automatically do not qualify for inclusion as a Sustainable Investment as they are considered to be causing significant harm. These include but are not limited to: (1) Defence, (2) Coal, (3) Oil & Gas Exploration, Production and associated activities, (4) tobacco, (5) gambling and (6) alcohol.

ii. DNSH Binary Test

The DNSH test, is a binary pass/fail test which signals if the company passes or fails criteria for the SFDR Article 2 (17) "do no significant harm".

Pass indicates under abrdrn's methodology the company has no ties to controversial weapons, less than 1% of revenue from thermal coal, less than 5% of revenue from tobacco related activities, is not a tobacco producer, and has no red/severe ESG Controversies. If the company fails this test, it cannot be considered a Sustainable Investment. abrdrn's approach is aligned with the SFDR PAIs included within tables 1, 2 & 3 of the SFDR Delegated Regulation and is based on external data sources and abrdrn internal insights.

iii. DNSH Materiality Flag

abrdrn consider the SFDR PAI's indicators as defined by the SFDR Delegated Regulation to identify areas for improvement or potential future concern. This includes but is not limited to consideration of the PAI output compared to peers and an investment's contribution to the fund aggregated PAI figures. These indicators are not considered to cause significant harm and therefore a company with active DNSH materiality flags may still be considered to be a Sustainable Investment. abrdrn aim to enhance the engagement activities to focus on these areas

and seek to deliver better outcomes by resolving the issue.

— → *How have the indicators for adverse impacts on sustainability factors been taken into account?*

The fund considers Principle Adverse Impact Indicators defined by the SFDR Delegated Regulation.

Pre investment, abrdn applies a number of norms and activity-based screens related to PAIs, including but not limited to: UN Global Compact, controversial weapons, and thermal coal extraction.

UNGC: The Fund uses norms-based screens and controversy filters to exclude companies that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights, as well as state owned entities in countries which violate norms.

Controversial Weapons: The Fund excludes companies with business activities related to controversial weapons (cluster munitions, anti-personnel landmines, nuclear weapons, chemical and biological weapons, white phosphorus, non-detectable fragments, incendiary devices, depleted uranium ammunition or blinding lasers).

Thermal Coal Extraction: The Fund excludes companies with exposure to the fossil fuels sector based on percentage of revenue from thermal coal extraction.

abrdn apply a fund specific set of company exclusions, more detail on these and the overall process is captured within the Investment Approach, which is published at [www.abrdn.com](http://www.abrdn.com) under "Fund Centre".

Post-investment the following PAI indicators are considered:

- o abrdn monitors all mandatory and additional PAI indicators via our ESG integration investment process using a combination of our proprietary house score and 3rd party data feeds. PAI indicators that either fail a specific binary test or are considered above typical are flagged for review and may be selected for company engagement.

- o Consideration of portfolio carbon intensity and GHG emissions via our Climate tools and risk analysis

- o Governance indicators via our proprietary governance scores and risk framework, including consideration of sound management structures, employee relations, remuneration of staff and tax compliance

- o On an on-going basis the investment universe is scanned for companies that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights, as well as state owned entities in countries which violate norms.

— → *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Fund uses norms-based screens and controversy filters to exclude companies that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



**Does this financial product consider principal adverse impacts on sustainability factors?**



Yes

this Fund considers Principal Adverse Impacts (PAI) on sustainability factors.

#### Principal adverse impacts consideration

Yes, the Fund commits to consider the following PAIs in its investment process, this means that there is pre- and post-trade monitoring in place and that every investment for the Fund is assessed on these factors to determine its appropriateness for the Fund.

- PAI 1: GHG emissions (scope 1 and 2)
- PAI 2: Carbon footprint (scope 1 and 2)
- PAI 3: GHG intensity of investee companies (scope 1 and 2)
- PAI 10: Violations of the UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- PAI 13: Board gender diversity
- PAI 14: Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons)

#### Adverse impacts monitoring

Pre investment, abrdn applies a number of norms and activity-based screens related to the above PAIs, including but not limited to:

- UNGC: The Fund uses norms-based screens and controversy filters to exclude companies that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights, as well as state owned entities in countries which violate norms.
- Controversial Weapons: The Fund excludes companies with business activities related to controversial weapons (cluster munitions, anti-personnel landmines, nuclear weapons, chemical and biological weapons, white phosphorus, non-detectable fragments, incendiary devices, depleted uranium ammunition or blinding lasers).
- Thermal Coal Extraction: The Fund excludes companies with exposure to the fossil fuels sector based on percentage of revenue from thermal coal extraction.

abrdn apply a fund specific set of company exclusions, more detail on these and the overall process is captured within the Investment Approach, which is published at [www.abrdn.com](http://www.abrdn.com) under "Fund Centre".

Post-investment the above PAI indicators are monitored in the following way:

- company carbon intensity and GHG emissions is considered via our ESG integration risk analysis.
- On an on-going basis the investment universe is scanned for companies that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights.

Post-investment we also undertake the following activities in relation to additional PAI's:

- Dependent on data availability, quality and relevance to the investments the consideration of additional PAI indicators will be on a case-by- case basis.
- abrdn monitors PAI indicators via our ESG integration investment process using a combination of our proprietary house score and 3rd party data feeds.
- Governance indicators are monitored via our proprietary governance scores and risk frameworks, including consideration of sound management structures, and remuneration.

#### Adverse impact mitigation

- PAI indicators that fail a defined pre-investment screen are excluded from the investment universe and cannot be held by the fund.
- PAI indicators that are monitored post investment which fail a specific binary test or are considered above typical are flagged for review and may be selected for engagement. These PAI indicators may be used as a tool for engagement, for example where there is no policy in place and this would be beneficial abrdn may engage with the issuer or company to develop one, or where carbon emissions are considered to be high, abrdn may engage to seek the creation of a long-term target and reduction plan.

No



## What investment strategy does this financial product follow?

The investment strategy guides investment decisions

The Fund seeks to deliver long term growth by investing in companies listed globally that intentionally aim to create positive measurable, positive environmental and social impact. The Fund's investment universe is defined as equities and equity-related securities of companies that are under active research coverage by the investment team which are listed on global stock exchanges including

based on factors such as investment objectives and risk tolerance.

Emerging Markets. From this investment universe the Fund makes investments on the basis of the abrdn Global Impact Equity investment approach, allocating capital to companies that may deliver a strong financial return and demonstrate – via their products, services, and actions – a clear and material alignment to one or more of abrdn's Impact pillars. The abrdn approach leverages the United Nation's Agenda for Sustainable Development to identify the most pressing global issues and target positive impact. The UN's current framework involves a series of Sustainable Development Goals (SDGs) which may change over time, and the investment approach will evolve to mirror the UN's Agenda. By assessing companies' ability to deliver intentional positive outcomes for the environment and society (i.e. intentionality) the investment approach identifies companies with products or services that align to abrdn's impact pillars: sustainable energy, circular economy, health & social care, water & sanitation, education & employment, food & agriculture, sustainable real estate & infrastructure and financial inclusion which reflect the priority concerns in the SDGs. At least 30% of company investment (e.g. research and development, capital expenditure) must be directed towards a product or service aligned with one of the impact pillars to demonstrate intentionality.

Our impact proposition includes:

- Investing in companies that deliver an attractive financial return while making a positive contribution to the environment and society
- Assessment framework aligned to the UN SDGs, which seek to address the world's greatest challenges
- Focus on intentional, measurable impacts that address the unique issues facing particular regions
- Company engagement to demonstrate intentionality and promote meaningful impact disclosure

In managing the Fund strategy, we will seek to:

- Deliver both attractive financial returns and positive social and environmental outcomes
- Benefit from our active engagement with companies, where we encourage positive changes in corporate behaviour
- Invest in companies intentionally developing products and services that contribute to quantifiable, positive social and environmental outcomes
- Leverage the support and insights of our large, dedicated equity teams and ESG specialists

The UN's 2030 Agenda for Sustainable Development provides a blueprint for governments to guide investment and development toward a more sustainable and prosperous future. The Agenda lays out 17 SDGs to help countries tackle the most pressing global social and environmental concerns. Using the Agenda as a guide, there are tangible opportunities to generate positive contributions to society and the environment, while simultaneously generating long-term financial value. We therefore aligned our impact mission to address the key social and environmental issues identified by the SDGs.

Our portfolio managers combine the expert analysis of our equity teams with the insights of our ESG specialists. This allows us to assess a company's alignment with abrdn's eight-pillar impact framework.

The Fund also invests in companies that enable progress aligned to each pillar but are too far down the supply chain for impact to be directly attributable to them. Investments in these companies are limited to 10% of the total fund.

The Fund uses an in-depth research process to confirm that all companies meet the above minimum hurdles. Within this research, specific key performance indicators (KPIs), or targeted outputs, have been set for each company held in the Fund in order to assess how its products and services contribute to positive social and environmental outcomes globally. These KPIs, in addition to case studies and further analysis, are reported annually in the Fund's Impact Report made available to investors online. At Fund-level, attainment of the sustainable investment objective is measured by the Fund's exposure to each impact pillar and impact enablers.

In addition, abrdn apply a set of company exclusion which are related to normative screening (UN Global Compact, ILO and OECD), Norges Bank Investment Management (NBIM), State Owned Enterprises (SOE), Weapons, Tobacco, Gambling, Alcohol, Thermal Coal, Oil & Gas, and Electricity Generation.

● ***What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective***

1. At least 30% of company investment (e.g. research and development, capital expenditure) must be directed towards developing products or services aligned with an impact pillar to demonstrate intentionality.
2. A commitment to hold a minimum of 80% of those assets that meet abrdn's methodology for determining Sustainable Investments. The minimum share of Sustainable Investments with a social objective is 15%; and the minimum share of Sustainable Investments with an environmental objective that are not aligned with the EU Taxonomy is 15%.
3. A commitment to achieve a carbon intensity target lower than benchmark.
4. A commitment to achieve greater board diversity than the benchmark and
5. A commitment to apply binary exclusions to exclude the particular areas of investment related

to normative screening (UN Global Compact, ILO and OECD), Norges Bank Investment Management (NBIM), State Owned Enterprises (SOE), Weapons, Tobacco, Gambling, Alcohol, Thermal Coal, Oil & Gas, and Electricity Generation. These screening criteria apply in a binding manner and on an ongoing basis.

The abrdn Global Impact Equity Investment Approach, published at [www.abrdn.com](http://www.abrdn.com) under “Fund Centre”, reduces the investment universe by a minimum of 25%.

The Fund’s binding commitments use the UN’s underlying SDG targets and indicators as the basis for the KPIs, thereby linking a company’s ability to affect positive change back to these overarching global challenges.

At least 30% of company investment (e.g. research and development, capital expenditure) must be directed towards developing products or services aligned with an impact pillar to demonstrate intentionality.

To assess positive impact we consider the company’s potential to deliver intentional, measurable positive social and environmental impact. We believe the key facets of impact investing are that investments must be intentional and measurable. Our process employs a ‘theory of change’ model. This assesses a company’s inputs, activities, outputs, outcomes and impacts in three ‘impact maturity’ stages: intentionality, implementation and impact. These stages build upon one another. We expect to see companies at the intentionality stage mature to implementation and finally to impact.

- Intentionality is a company’s recognition of a particular social or environmental issue, with investment to deliver products and services in response. To assess this, we examine company-specific inputs such as strategy and investments and expect to see a minimum of a third of a company’s investment budget allocated to products or services aligned with our pillars.
- Companies that mature from intentionality to implementation have progressed from inputs to activities in our theory of change model. The company’s strategy and investment in products and services that address global social and environmental issues has matured to meet revenue and growth rate thresholds we have set for each pillar.
- A company that has matured to the impact stage of our model is able to report on the data points and deliverables its products and services have achieved. For example, this could include carbon emissions reductions or the number of people provided with access to energy. Outcomes and impacts are the consequences of these results, which we assess and communicate to clients through our annual impact report.

Intentionality acts as our minimum criterion for inclusion in the Fund; implementation and impact quantification demonstrate a more mature approach. We invest in companies across all stages of impact maturity, enabling us to support innovative solutions from concept through to delivery.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

● ***What is the policy to assess good governance practices of the investee companies?***

For this Fund, the investee company needs to follow good governance practices in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. This can be demonstrated by the monitoring of certain PAI indicators, for example corruption, tax compliance and diversity. In addition, by using abrdn’s proprietary ESG scores within the investment process abrdn screen out any investments with low governance scores. Our governance scores assess a company’s corporate governance and management structure (including remuneration of staff policies) and the quality and behaviour of its leadership and management. A low score will typically be given where there are concerns in relation to financially materially controversies, poor tax compliance or governance concerns, or poor treatment of employees or minority shareholders.

The investment must further be aligned with OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human rights. Breaches and violations of these international norms are flagged by an event-driven controversy and are captured in the investment process.



**What is the asset allocation and the minimum share of sustainable investments?**

**Asset allocation** describes the share of investments in specific assets.

The Fund commits to a minimum of 80% in Sustainable Investments, including a minimum commitment of 15% to assets with an environmental objective and 15% to social objectives.

The Fund invests a maximum of 20% of assets in the “Non Sustainable” category, which is mainly made up of cash, money market instruments and derivatives.

The objective of the sustainable investment is to make a contribution to solving an environmental or



social challenge, in addition to not causing significant harm, and being well governed. Each sustainable investment may make a contribution to Environmental or Social issues. In fact, many companies will make a positive contribution to both. abrdn use the six environmental objectives of the Taxonomy to inform Environmental contributions, including: (1) climate change mitigation, (2) climate change adaptation, (3) sustainable use and protection of water and marine resources, (4) transition to a circular economy, (5) pollution prevention and control, and (6) protection and restoration of biodiversity and ecosystems. In addition, abrdn use the 17 Sustainable Development Goals and their sub-goals to supplement the EU Taxonomy topics and provide a framework for considering Social objectives.

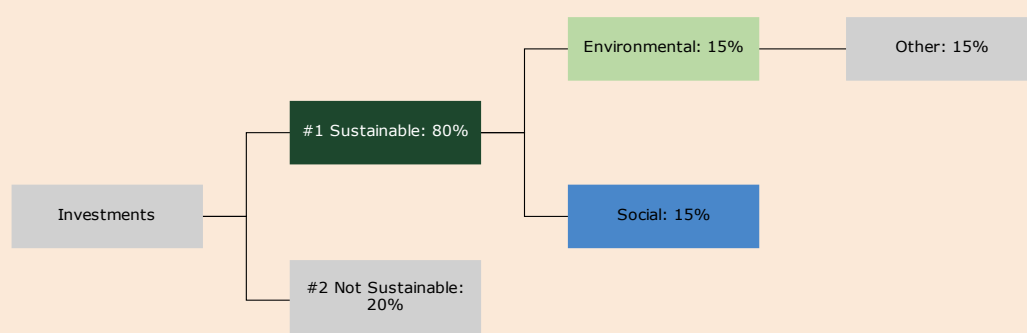
An economic activity must have a positive economic contribution to qualify as a Sustainable investment, this includes consideration of Environmental or Socially aligned revenues, Capex, Opex or sustainable operations. abrdn seek to establish or estimate the share of the investee company's economic activities/contribution towards a sustainable objective and it is this element that is weighted and counted towards the Sub-fund's total aggregated proportion of Sustainable Investments.

abrdn uses a combination of the following approaches:

- a quantitative methodology based on a combination of publicly available data sources; and
- using abrdn's own insight and engagement outcomes abrdn overlay the quantitative methodology with a qualitative assessment to calculate an overall percentage of economic contribution towards a sustainable objective for each holding in a Fund.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
  - The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.
- #1 Sustainable** covers sustainable investments with environmental or social objectives.  
**#2 Not sustainable** includes investments which do not qualify as sustainable investments.

### ● **How does the use of derivatives attain the sustainable investment objective?**

The Fund will not use derivatives to attain any sustainable investment objective.



### **To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Fund has not set a minimum proportion of investments in Taxonomy aligned economic activities. This graph represents 100% of the total investment.

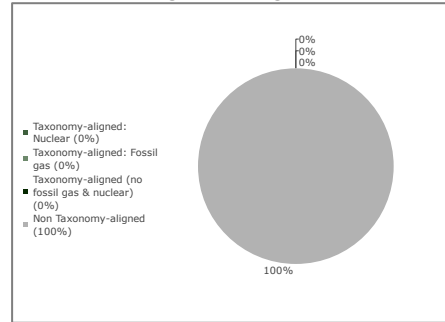
### ● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?<sup>1</sup>**



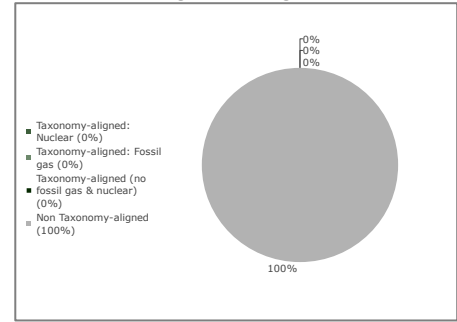
<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.**

**1. Taxonomy alignment of investments including sovereign bonds\***



**2. Taxonomy alignment of investments excluding sovereign bonds\***



This graph represents 100 % of the total investments.

*\*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable



are environmentally sustainable investments that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The minimum share of sustainable investments with an environmental objective that are not explicitly aligned with the EU Taxonomy is 15%.



**What is the minimum share of sustainable investments with a social objective?**

The minimum share of sustainable investments with a social objective is 15%.



## What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?

The Fund may invest in securities that are not deemed sustainable including cash, money market instruments and derivatives but only for the purpose of hedging and liquidity management.

There are certain environmental and social safeguards that are met by applying PAI's. Where relevant, these are applied to the underlying securities. Many pre-investment PAI indicators are considered but below are the ongoing post-investment PAI indicators that continue to be considered:

- abrdn monitors all mandatory and additional PAI indicators via our ESG integration investment process using a combination of our proprietary house score and 3rd party data feeds. PAI indicators that either fail a specific binary test or are considered above typical are flagged for review and may be selected for company engagement.
- Consideration of portfolio carbon intensity and GHG emissions via our Climate tools and risk analysis
- Governance indicators via our proprietary governance scores and risk framework, including consideration of sound management structures, employee relations, remuneration of staff and tax compliance
- On an on-going basis the investment universe is scanned for companies that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights, as well as state owned entities in countries which violate norms.



## Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

No

**Reference benchmarks** are indexes to measure whether the financial product attains the sustainable investment objective.

- ***How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?***  
Not applicable
- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***  
Not applicable
- ***How does the designated index differ from a relevant broad market index?***  
Not applicable
- ***Where can the methodology used for the calculation of the designated index be found?***  
Not applicable

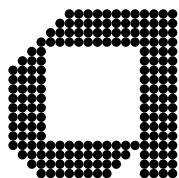


## Where can I find more product specific information online?

### More product-specific information can be found on :

Fund specific documentation, including Sustainability Related Disclosures, are published at [www.abrdn.com](http://www.abrdn.com) under Fund Centre. Documentation can be found by typing the name of the Fund into the search bar, clicking the fund link and selecting the “Literature” section.





## Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name:

abrdn SICAV II - Global Smaller Companies Fund

Legal entity identifier:

2138009F7X5MEWACXF49

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

### Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☒ ☐ Yes

☐ ☒ No

☐ It will make a minimum of **sustainable investments with an environmental objective**:

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of **sustainable investments with a social objective**

☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10.00% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☒ with a social objective

☐ It promotes E/S characteristics, but **will not make any sustainable investments**



**What environmental and/or social characteristics are promoted by this financial product?**

The Fund promotes environmental and social characteristics by aiming to invest in issuers that:

- Avoid severe, lasting or irremediable harm; and
- Appropriately address adverse impacts on the environment and society; and
- Support a decent standard of living for their stakeholders

The Fund aims to promote environmental and social characteristics holistically. In doing so, we do not consider all characteristics for all investments, but rather focus on the most relevant characteristics for each investment based on the nature of its activities, areas of operation, and products and services. However, using our proprietary research framework we aim to promote the below characteristics within this fund, however a broader suite of characteristics may also be promoted on an investment-by-investment basis:

Environment – reducing energy consumption and greenhouse gas emissions, increasing renewable energy usage/generation, reducing biodiversity/ecological impacts.

Social – labour practices and relations, employee health and safety and supply chain management.

## Benchmark

This Fund has a financial benchmark that is used for portfolio construction but does not incorporate any sustainable criteria and is not selected for the purpose of attaining these characteristics. This financial benchmark is used as a comparator for Fund performance and as a comparison for the Fund's binding commitments.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- ***What Sustainability Indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

Our approach positively identifies companies which promote the above E&S characteristics, seeking to ensure that 70% of the portfolio is aligned with the E&S characteristics identified. We do this by tracking the below sustainability indicators which allow us to measure the attainment of the E&S characteristics the Fund is promoting:

### Sustainability Indicator – screening criteria

Pre investment, abrdn applies a number of norms and activity-based screens to ensure that severe, lasting or irreparable harm is avoided. Binary exclusions are applied to exclude the particular areas of investment of concern. Our exclusions are informed by the Principle Adverse Indicators, but not limited to them. The criteria include investments related to the UN Global Compact (PAI 10), Controversial Weapons (PAI 14), Tobacco Manufacturing and Thermal Coal, further detail can be reviewed per the Fund Investment Approach at [www.abrdn.com](http://www.abrdn.com) under "Fund Centre".

### Sustainability Indicator – Environment, Social & Governance Performance

Our proprietary ESG House Score, developed by our central ESG investment team in collaboration with the Quantitative investment team, is used to identify companies with potentially high or poorly managed ESG risks. The score is calculated by combining a variety of data inputs within a proprietary framework in which different ESG factors are weighted according to how material they are for each sector. This allows us to see how companies rank in a global context. The score assesses many different Environmental, Social & Governance issues however, specifically assesses the following characteristics energy, greenhouse gas emissions, renewable energy, raw materials, biodiversity/ecological impacts and circular economy, labour practices and relations, employee health and safety and supply chain management.

Using the house score, the Fund will exclude at least the bottom 5% of companies with the lowest ESG House Score in the benchmark.

### Sustainability indicator – Good Governance & Business Quality

We consider the quality of the businesses management team and analyse the environmental, social and governance (ESG) opportunities and risks impacting the business and appraise how well these are managed. We assign a proprietary score (ranked 1 – 5) to articulate the quality attributes of each company, one of which is the ESG Quality rating. This enables the portfolio managers to exclude companies with material ESG risks and positively skew the portfolio towards ESG opportunities and to build well-diversified, risk-adjusted portfolios.

Using the ESG Quality rating, the fund will exclude any company with the lowest rating of 5.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The objective of the sustainable investment is to make a contribution to solving an environmental or social challenge, in addition to not causing significant harm, and being well governed. Each sustainable investment may make a contribution to Environmental or Social issues. In fact, many companies will make a positive contribution to both. abrdn use the six environmental objectives of the Taxonomy to inform Environmental contributions, including: (1) climate change mitigation, (2) climate change adaptation, (3) sustainable use and protection of water and marine resources, (4) transition to a circular economy, (5) pollution prevention and control, and (6) protection and restoration of biodiversity and ecosystems. In addition, abrdn use the 17 Sustainable Development Goals and their sub-goals to supplement the EU Taxonomy topics and provide a framework for considering Social objectives.

An economic activity must have a positive economic contribution to qualify as a Sustainable investment, this includes consideration of Environmental or Socially aligned revenues, Capex, Opex or sustainable operations. abrdn seek to establish or estimate the share of the investee company's economic activities/contribution towards a sustainable objective and it is this element that is weighted and counted towards the Fund's total aggregated proportion of Sustainable Investments.

abrdn uses a combination of the following approaches:

- a quantitative methodology based on a combination of publicly available data sources; and
- using abrdn's own insight and engagement outcomes abrdn overlay the quantitative methodology with a qualitative assessment to calculate an overall percentage of economic contribution towards a sustainable objective for each holding in a Fund.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

As required by the SFDR Delegated Regulation, the investment does not cause Significant Harm ("Do No Significant Harm"/ "DNSH") to any of the sustainable investment objectives.

abrdn have created a 3-step process to ensure consideration of DNSH:

i. Sector Exclusions

abrdn have identified a number of sectors which automatically do not qualify for inclusion as a Sustainable Investment as they are considered to be causing significant harm. These include but are not limited to: (1) Defence, (2) Coal, (3) Oil & Gas Exploration, Production and associated activities, (4) tobacco, (5) gambling and (6) alcohol.

ii. DNSH Binary Test

The DNSH test, is a binary pass/fail test which signals if the company passes or fails criteria for the SFDR Article 2 (17) "do no significant harm".

Pass indicates under abrdn's methodology the company has no ties to controversial weapons, less than 1% of revenue from thermal coal, less than 5% of revenue from tobacco related activities, is not a tobacco producer, and has no red/severe ESG Controversies. If the company fails this test, it cannot be considered a Sustainable Investment. abrdn's approach is aligned with the SFDR PAIs included within tables 1, 2 & 3 of the SFDR Delegated Regulation and is based on external data sources and abrdn internal insights.

iii. DNSH Materiality Flag

abrdn consider the SFDR PAI's indicators as defined by the SFDR Delegated Regulation to identify areas for improvement or potential future concern. This includes but is not limited to consideration of the PAI output compared to peers and an investment's contribution to the fund aggregated PAI figures. These indicators are not considered to cause significant harm and therefore a company with active DNSH materiality flags may still be considered to be a Sustainable Investment. abrdn aim to enhance the engagement activities to focus on these areas and seek to deliver better outcomes by resolving the issue.

— → ***How have the indicators for adverse impacts on sustainability factors been taken into account?***

The fund considers Principle Adverse Impact Indicators defined by the SFDR Delegated Regulation.

Pre investment, abrdn applies a number of norms and activity-based screens related to PAIs, including but not limited to: UN Global Compact, controversial weapons, and thermal coal extraction.

UNGC: The Fund uses norms-based screens and controversy filters to exclude companies that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights, as well as state owned entities in countries which violate norms.

Controversial Weapons: The Fund excludes companies with business activities related to controversial weapons (cluster munitions, anti-personnel landmines, nuclear weapons, chemical and biological weapons, white phosphorus, non-detectable fragments, incendiary devices, depleted uranium ammunition or blinding lasers).

Thermal Coal Extraction: The Fund excludes companies with exposure to the fossil fuels sector based on percentage of revenue from thermal coal extraction.

abrdn apply a fund specific set of company exclusions, more detail on these and the overall process is captured within the Investment Approach, which is published at [www.abrdn.com](http://www.abrdn.com) under "Fund Centre".

Post-investment the following PAI indicators are considered:

o abrdn monitors all mandatory and additional PAI indicators via our ESG integration investment process using a combination of our proprietary house score and 3rd party data feeds. PAI indicators that either fail a specific binary test or are considered above typical are flagged for review and may be selected for company engagement.

o Consideration of portfolio carbon intensity and GHG emissions via our Climate tools and risk analysis

o Governance indicators via our proprietary governance scores and risk framework, including consideration of sound management structures, employee relations, remuneration of staff and tax compliance.

o On an on-going basis the investment universe is scanned for companies that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights, as well as state

owned entities in countries which violate norms.

— → *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Fund uses norms-based screens and controversy filters to exclude companies that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



## Does this financial product consider principal adverse impacts on sustainability factors?

**X**

Yes

Principal adverse impacts consideration

Yes, the Fund commits to consider the following PAIs in its investment process, this means that there is pre- and post-trade monitoring is in place and that every investment for the Fund is assessed on these factors to determine its appropriateness for the Fund.

- PAI 1: GHG emissions (scope 1 and 2)
- PAI 10: Violations of the UN Global Compact (UNGC) principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- PAI 14: Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

Adverse impacts monitoring

Pre investment, abrdn applies a number of norms and activity-based screens related to the above PAIs, including but not limited to:

- UNGC: The Fund uses norms-based screens and controversy filters to exclude companies that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights, as well as state owned entities in countries which violate norms.
- Controversial Weapons: The Fund excludes companies with business activities related to controversial weapons (cluster munitions, anti-personnel landmines, nuclear weapons, chemical and biological weapons, white phosphorus, non-detectable fragments, incendiary devices, depleted uranium ammunition or blinding lasers).
- Thermal Coal Extraction: The Fund excludes companies with exposure to the fossil fuels sector based on percentage of revenue from thermal coal extraction.

abrdn apply a fund specific set of company exclusions, more detail on these and the overall process is captured within the Investment Approach, which is published at [www.abrdn.com](http://www.abrdn.com) under "Fund Centre".

Post-investment the above PAI indicators are monitored in the following way:

- o Company carbon intensity and GHG emissions is monitored via our Climate tools and risk analysis
- o On an on-going basis the investment universe is scanned for companies that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights.

Post-investment we also undertake the following activities in relation to additional PAI's:

- o Dependent on data availability, quality and relevance to the investments the consideration of additional PAI indicators will be on a case-by- case basis.
- o abrdn monitors PAI indicators via our ESG integration investment process using a combination of our proprietary house score and 3rd party data feeds.
- o Governance indicators are monitored via our proprietary governance scores and risk framework, including consideration of sound management structures, and remuneration.

#### Adverse impact mitigation

- o PAI indicators that fail a defined pre-investment screen are excluded from the investment universe and cannot be held by the fund.
- o PAI indicators that are monitored post investment which fail a specific binary test or are considered above typical are flagged for review and may be selected for company engagement. These adverse indicators may be used as a tool for engagement, for example where there is no policy in place and this would be beneficial abrdn may engage with the issuer or company to develop one, or where carbon emissions are considered to be high, abrdn may engage to seek the creation of a long-term target and reduction plan.

No



## What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Fund's objective is long term total return to be achieved by investing at least 70% of the Fund's assets in smaller capitalisation equities and equity related securities of companies listed on global stock exchanges including Emerging Markets.

The Fund is actively managed. The Fund aims to outperform MSCI AC World Small Cap Index (USD) benchmark before charges. The benchmark is also used as a reference point for portfolio construction and as a basis for setting risk constraints, but does not incorporate any sustainable criteria.

In order to achieve its objective, the Fund will take positions whose weightings diverge from the benchmark and may invest in securities which are not included in the benchmark. The investments of the Fund may deviate significantly from the components of and their respective weightings in the benchmark. Due to the active nature of the management process, the Fund's performance profile may deviate significantly from that of the benchmark.

The Fund promotes environmental and social characteristics but does not have a sustainable investment objective.

Investment in all equity and equity-related securities will follow the abrdn "Global Smaller Companies Promoting ESG Equity Investment Approach".

Through the application of this approach the Fund has an expected minimum of 10% in Sustainable Investments. However, the Fund targets an ESG rating that is equal to or better, and a meaningfully lower carbon intensity, than the benchmark.

This approach utilises abrdn's equity investment process, which enables portfolio managers to qualitatively identify and avoid ESG laggards. To complement this research, the abrdn ESG House Score is used to quantitatively identify and exclude those companies exposed to the highest ESG risks. Additionally, abrdn apply a set of company exclusions which are related to the UN Global Compact, Controversial Weapons, Tobacco Manufacturing and Thermal Coal. More detail on this overall process is captured within the abrdn Global Smaller Companies Promoting ESG Equity Investment Approach, which is published at [www.abrdn.com](http://www.abrdn.com) under "Fund Centre".

Engagement with external company management teams is used to evaluate the ownership structures, governance and management quality of those companies in order to inform portfolio construction.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product***

The binding elements used by the Fund are:

1. A commitment to hold a minimum of 70% of the assets aligned with E/S characteristics and within these assets, the Fund commits to hold a minimum of 10% of those assets that meet abrdn's methodology for determining Sustainable Investments. The minimum share of Sustainable Investments with a social objective is 2%; and the minimum share of Sustainable Investments with an environmental objective that are not aligned with the EU Taxonomy is 2%.



2. A commitment to achieve a carbon intensity target lower than benchmark.
3. A commitment to achieve an ESG rating better than or equal to benchmark and
4. A commitment to apply binary exclusions to exclude the particular areas of investment related to the UN Global Compact, Controversial Weapons, Tobacco Manufacturing and Thermal Coal. These screening criteria apply in a binding manner and on an ongoing basis.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Fund excludes at least the bottom 5% of companies with the lowest ESG House Score in the benchmark.

- **What is the policy to assess good governance practices of the investee companies?**

For this Fund, the investee company needs to follow good governance practices in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. This can be demonstrated by the monitoring of certain PAI indicators, for example corruption, tax compliance and diversity. In addition, by using abrdn's proprietary ESG scores within the investment process abrdn screen out any investments with low governance scores. Our governance scores assess a company's corporate governance and management structure (including remuneration of staff policies) and the quality and behaviour of its leadership and management. A low score will typically be given where there are concerns in relation to financially materially controversies, poor tax compliance or governance concerns, or poor treatment of employees or minority shareholders.

The investment must further be aligned with OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human rights. Breaches and violations of these international norms are flagged by an event-driven controversy and are captured in the investment process.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



## What is the asset allocation planned for this financial product?

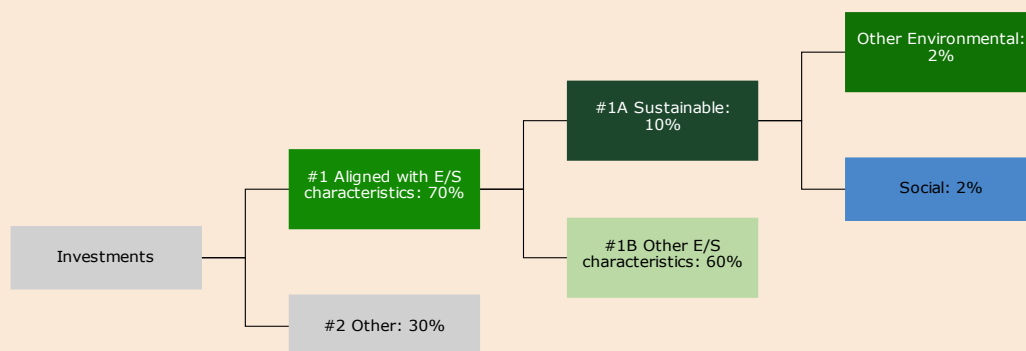
**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

A minimum of 70% of the Fund's assets are aligned with E/S characteristics. Environmental and social safeguards are met by applying certain PAI's, where relevant, to these underlying assets. Within these assets, the Fund commits to a minimum of 10% in Sustainable Investments.

The Fund invests a maximum of 30% of assets in the "Other" category, which include cash, money market instruments and derivatives.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

The Fund will not use derivatives to attain any environmental or social characteristics.



## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Fund has not set a minimum proportion of investments in Taxonomy aligned economic activities. This graph represents 100% of the total investment.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?<sup>1</sup>**



Yes



In fossil gas



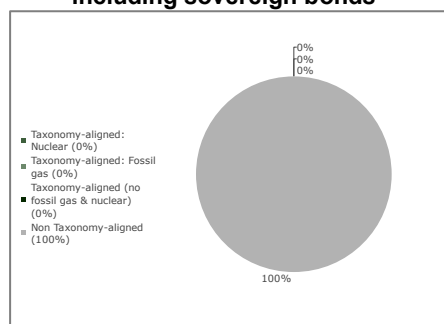
In nuclear energy



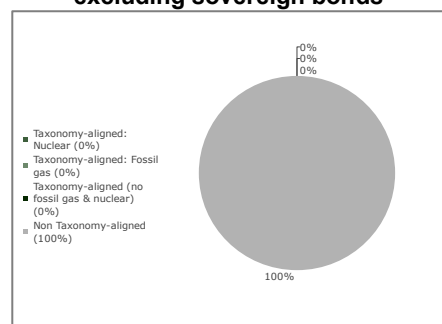
No

**The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.**

1. Taxonomy alignment of investments including sovereign bonds\*



2. Taxonomy alignment of investments excluding sovereign bonds\*



This graph represents 100 % of the total investments.

*\*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

- **What is the minimum share of investments in transitional and enabling activities?**

Not applicable



## **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The fund selects companies with an emphasis on their cash flow generation and ability to allocate cash effectively through the bottom-up equity research process which also takes into consideration both environmental, social and governance (ESG) risks and opportunities. Within our equity investment process, every company that we invest in is given, via a qualitative assessment, a proprietary overall Quality rating. A key component of this is the ESG Quality rating, which enables the portfolio managers to identify sustainable leaders and improvers and to build well-diversified, risk-adjusted portfolios.

To complement our bottom-up research, the portfolio managers also use our proprietary ESG House Score, which is primarily a quantitative assessment, to identify and exclude those companies exposed to the highest ESG risks. Finally, binary exclusions are applied to exclude the particular areas of investment.

This process results in the Fund committing to a minimum of 70% in securities with environment and social characteristics and a minimum of 10% to sustainable investments which are inclusive of both environmental and social objectives that aren't explicitly taxonomy aligned. The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 2%.



## **What is the minimum share of socially sustainable investments?**

The fund selects companies with an emphasis on their cash flow generation and ability to allocate cash effectively through the bottom-up equity research process which also takes into consideration both environmental, social and governance (ESG) risks and opportunities. Within our equity investment process, every company that we invest in is given, via a qualitative assessment, a proprietary overall Quality rating. A key component of this is the ESG Quality rating, which enables the portfolio managers to identify sustainable leaders and improvers and to build well-diversified, risk-adjusted portfolios.

To complement our bottom-up research, the portfolio managers also use our proprietary ESG House Score, which is primarily a quantitative assessment, to identify and exclude those companies exposed to the highest ESG risks. Finally, binary exclusions are applied to exclude the particular areas of investment.

This process results in the Fund committing to a minimum of 70% in securities with environment and social characteristics and a minimum of 10% to sustainable investments which are inclusive of both environmental and social objectives that aren't explicitly taxonomy aligned. The minimum share of sustainable investments with a social objective is 2%.



## **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The investments included under "other" are cash, money market instruments & derivatives. The purpose of these assets are to meet liquidity, target return or manage risk and may not contribute to the environmental or social aspects of the Fund.

There are certain environmental and social safeguards that are met by applying PAI's. Where relevant, these are applied to the underlying securities.





**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

No

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

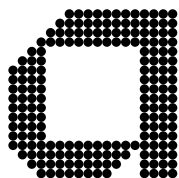
- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***  
Not applicable
- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***  
Not applicable
- ***How does the designated index differ from a relevant broad market index?***  
Not applicable
- ***Where can the methodology used for the calculation of the designated index be found?***  
Not applicable



***Where can I find more product specific information online?***

***More product-specific information can be found on :***

Fund specific documentation, including Sustainability Related Disclosures, are published at [www.abrdn.com](http://www.abrdn.com) under Fund Centre. Documentation can be found by typing the name of the Fund into the search bar, clicking the fund link and selecting the "Literature" section.



## Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name:

abrdn SICAV II - Euro Corporate Bond Fund

Legal entity identifier:

0C8VPGENNA8PSK0IU246

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### Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☒ ☐ Yes

☐ ☒ No

☐ It will make a minimum of **sustainable investments with an environmental objective**:

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of **sustainable investments with a social objective**

☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10.00% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☒ with a social objective

☐ It promotes E/S characteristics, but **will not make any sustainable investments**



**What environmental and/or social characteristics are promoted by this financial product?**

The Fund promotes environmental and social characteristics by aiming to invest in issuers that:

- Avoid severe, lasting or irremediable harm; and
- Appropriately address adverse impacts on the environment and society; and
- Support a decent standard of living for their stakeholders

The Fund aims to promote environmental and social characteristics holistically. In doing so, we do not consider all characteristics for all investments, but rather focus on the most relevant characteristics for each investment based on the nature of its activities, areas of operation, and products and services. However, using our proprietary research framework we aim to promote the below characteristics within this Fund, however a broader suite of characteristics may also be promoted on an investment-by-investment basis:

Environment – promoting sound energy management and reducing greenhouse gas emissions, promoting good water, waste and raw materials management and addressing biodiversity/ecological impacts.

Social – promoting good labour practices and relations, maximising employee health and safety,

supporting diversity in the workforce, and healthy relationships with communities.

#### Benchmark

This Fund has a financial benchmark that is used for portfolio construction but does not incorporate any sustainable criteria and is not selected for the purpose of attaining these characteristics. This financial benchmark is used as a comparator for Fund performance and as a comparison for the Fund's binding commitments.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- ***What Sustainability Indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

Our approach positively identifies issuers which promote the above E&S characteristics, seeking to ensure that at least 80% of the portfolio is aligned with the E&S characteristics identified. We do this by tracking the below sustainability indicators which allow us to measure the attainment of the E&S characteristics the Fund is promoting:

#### Sustainability Indicator – Screening Criteria

Pre investment, abrdn applies a number of norms and activity-based screens to ensure that severe, lasting or irremediable harm is avoided. Binary exclusions are applied to exclude particular areas of investment of concern. Our exclusions are informed by the Principal Adverse Impact (PAI) Indicators, but not limited to them. The criteria include investments related to the UN Global Compact (PAI 10), Controversial Weapons (PAI 14), Tobacco Manufacturing and Thermal Coal.

#### Sustainability Indicator – Environment, Social & Governance Performance

Our proprietary ESG House Score, developed by our central ESG investment team in collaboration with the Quantitative investment team, is used to identify companies with potentially high or poorly managed ESG risks.

The score is calculated by combining a variety of data inputs within a proprietary framework in which different ESG factors are weighted according to how material they are for each sector. This allows us to see how companies rank in a global context. The score assesses many different Environmental, Social & Governance issues, however, specifically assesses the following characteristics: energy, greenhouse gas emissions, renewable energy, raw materials, biodiversity/ecological impacts and circular economy, labour practices and relations, employee health and safety and supply chain management.

The Fund will exclude at least the bottom 5% of issuers with an ESG House Score that are in the benchmark.

#### Sustainability Indicator – Avoiding Poor ESG Practices

Our credit analysts apply an ESG Risk Rating of Low, Medium, High (Low is better) to each issuer. This is credit profile-specific and represents how impactful we believe ESG risks are likely to be to the credit quality of the issuer now and in the future. The key area of focus is the materiality of the inherent Environmental and Social risks of the sector of operation and how specific companies manage these risks, combined with the quality and sustainability of its corporate governance. This materiality assessment is combined with a judgement on the timeframe over which these ESG risks may have an impact. Our analysts utilise an ESG Risk Rating Framework to support making these assessments.

This is a proprietary tool designed to help focus the knowledge and expertise of credit analysts in a systematic way to substantiate the overall ESG Risk Rating (Low / Medium / High) assigned to debt issuers.

The Fund will exclude companies where an analyst's governance assessment drives the overall ESG Risk Rating to be assigned as High.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The objective of the sustainable investment is to make a contribution to solving an environmental or social challenge, in addition to not causing significant harm, and being well governed. Each sustainable investment may make a contribution to Environmental or Social issues. In fact, many companies will make a positive contribution to both. abrdn use the six environmental objectives of the Taxonomy to inform Environmental contributions, including: (1) climate change mitigation, (2) climate change adaptation, (3) sustainable use and protection of water and marine resources, (4) transition to a circular economy, (5) pollution prevention and control, and (6) protection and restoration of biodiversity and ecosystems. In addition, abrdn use the 17 Sustainable Development Goals and their sub-goals to supplement the EU Taxonomy topics and provide a framework for considering Social objectives.

An economic activity must have a positive economic contribution to qualify as a Sustainable investment, this includes consideration of Environmental or Socially aligned revenues, Capex, Opex or sustainable operations. abrdn seek to establish or estimate the share of the investee

company's economic activities/contribution towards a sustainable objective and it is this element that is weighted and counted towards the Fund's total aggregated proportion of Sustainable Investments.

abrdn uses a combination of the following approaches:

- i. a quantitative methodology based on a combination of publicly available data sources; and
- ii. abrdn's own insight and engagement outcomes

abrdn overlay the quantitative methodology with a qualitative assessment to calculate an overall percentage of economic contribution towards a sustainable objective for each holding in a Fund.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

As required by the SFDR Delegated Regulation, the investment does not cause Significant Harm ("Do No Significant Harm"/ "DNSH") to any of the sustainable investment objectives.

abrdn have created a 3-step process to ensure consideration of DNSH:

i. Sector Exclusions

abrdn have identified a number of sectors which automatically do not qualify for inclusion as a Sustainable Investment as they are considered to be causing significant harm. These include but are not limited to: (1) Defence, (2) Coal, (3) Oil & Gas Exploration, Production and associated activities, (4) tobacco, (5) gambling and (6) alcohol.

ii. DNSH Binary Test

The DNSH test, is a binary pass/fail test which signals if the company passes or fails criteria for the SFDR Article 2 (17) "do no significant harm".

Pass indicates under abrdn's methodology the company has no ties to controversial weapons, less than 1% of revenue from thermal coal, less than 5% of revenue from tobacco related activities, is not a tobacco producer, and has no red/severe ESG Controversies. If the company fails this test, it cannot be considered a Sustainable Investment. abrdn's approach is aligned with the SFDR PAIs included within tables 1, 2 & 3 of the SFDR Delegated Regulation and is based on external data sources and abrdn internal insights.

iii. DNSH Materiality Flag

abrdn consider the SFDR PAI's indicators as defined by the SFDR Delegated Regulation to identify areas for improvement or potential future concern. This includes but is not limited to consideration of the PAI output compared to peers and an investment's contribution to the fund aggregated PAI figures. These indicators are not considered to cause significant harm and therefore a company with active DNSH materiality flags may still be considered to be a Sustainable Investment. abrdn aim to enhance the engagement activities to focus on these areas and seek to deliver better outcomes by resolving the issue.

— → ***How have the indicators for adverse impacts on sustainability factors been taken into account?***

The Fund considers Principal Adverse Impact Indicators defined by the SFDR Delegated Regulation.

Pre investment, abrdn applies a number of norms and activity-based screens related to PAIs, including but not limited to: UN Global Compact (UNGC), controversial weapons, and thermal coal extraction.

UNGC: The Fund uses norms-based screens and controversy filters to exclude issuers that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights, as well as state-owned entities in countries which violate norms.

Controversial Weapons: The Fund excludes issuers with business activities related to controversial weapons (cluster munitions, anti-personnel landmines, nuclear weapons, chemical and biological weapons, white phosphorus, non-detectable fragments, incendiary devices, depleted uranium ammunition or blinding lasers).

Thermal Coal Extraction: The Fund excludes issuers with exposure to the fossil fuels sector based on percentage of revenue from thermal coal extraction.

abrdn apply a fund specific set of company exclusions, more detail on these and the overall process is captured within the Investment Approach, which is published at [www.abrdn.com](http://www.abrdn.com) under "Fund Centre".

Post-investment the following PAI indicators are considered:

o abrdn monitors all mandatory and additional PAI indicators via our ESG integration investment process using a combination of our proprietary house score and 3rd party data feeds. PAI indicators that either fail a specific binary test or are considered above typical

are flagged for review and may be selected for engagement.

- o Consideration of issuer carbon intensity and GHG emissions via our Climate tools and risk analysis.

- o Governance indicators via our proprietary governance scores and risk framework, including consideration of sound management structures, employee relations, remuneration of staff and tax compliance.

- o On an on-going basis the investment universe is scanned for issuers that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights, as well as state-owned entities in countries which violate norms.

— → *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Fund uses norms-based screens and controversy filters to exclude issuers that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



## **Does this financial product consider principal adverse impacts on sustainability factors?**

**X**

Yes

This Fund considers Principal Adverse Impacts (PAI) on sustainability factors.

Principal adverse impacts consideration

Yes, the Fund commits to consider the following PAIs in its investment process, this means that there is pre- and post-trade monitoring in place and that every investment for the Fund is assessed on these factors to determine its appropriateness for the Fund.

- PAI 1: GHG emissions (scope 1 and 2)
- PAI 10: Violations of the UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- PAI 14: Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons)

Adverse impacts monitoring

Pre investment, abrdn applies a number of norms and activity-based screens related to the above PAIs, including but not limited to:

- UNGC: The Fund uses norms-based screens and controversy filters to exclude companies that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights, as well as state owned entities in countries which violate norms.
- Controversial Weapons: The Fund excludes companies with business activities related to controversial weapons (cluster munitions, anti-personnel landmines, nuclear weapons, chemical and biological weapons, white phosphorus, non-detectable fragments, incendiary devices, depleted uranium ammunition or blinding lasers).
- Thermal Coal Extraction: The Fund excludes companies with exposure to the fossil fuels sector based on percentage of revenue from thermal coal extraction.

abrdn apply a fund specific set of company exclusions, more detail on these and the overall process is captured within the Investment Approach, which is published at [www.abrdn.com](http://www.abrdn.com) under "Fund Centre".

Post-investment the above PAI indicators are monitored in the following way:

- o company carbon intensity and GHG emissions is considered via our Climate tools and risk analysis.
- o On an on-going basis the investment universe is scanned for companies that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights.

Post-investment we also undertake the following activities in relation to additional PAI's:

- o Dependent on data availability, quality and relevance to the investments the consideration of additional PAI indicators will be on a case-by-case basis.
- o abrdn monitors PAI indicators via our ESG integration investment process using a combination of our proprietary house score and 3rd party data feeds.
- o Governance indicators are monitored via our proprietary governance scores and risk frameworks, including consideration of sound management structures, and remuneration.

Adverse impact mitigation

- o PAI indicators that fail a defined pre-investment screen are excluded from the investment universe and cannot be held by the fund.
- o PAI indicators that are monitored post investment which fail a specific binary test or are considered above typical are flagged for review and may be selected for engagement. These PAI indicators may be used as a tool for engagement, for example where there is no policy in place and this would be beneficial abrdn may engage with the issuer or company to develop one, or where carbon emissions are considered to be high, abrdn may engage to seek the creation of a long-term target and reduction plan.

No



## What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Fund seeks to:

- Generate consistent risk-adjusted outperformance using our active management approach of stock selection tailored to the overall environment.
- Benefit from our active engagement with companies, where we encourage positive changes in corporate behaviour.
- Construct a portfolio that invests in companies with strong Environmental, Social and Governance practices.
- Leverage the support and insights of our large, dedicated Fixed Income team and embedded ESG specialists' resources.

The Fund's investment objective is long-term total return to be achieved by investing at least 80% of assets in Euro denominated investment grade debt and debt-related securities issued by corporations.

The Fund may invest up to 20% of assets in sub-investment grade debt and debt-related securities.

The Fund may also hold government bonds, convertible bonds and other bonds (e.g. supranational, government-backed, index-linked, asset backed and mortgage backed bonds) issued worldwide.

The Fund is actively managed. The Fund aims to outperform the Markit iBoxx Euro Corporates Index (EUR) benchmark before charges. The benchmark is also used as a reference point for portfolio construction and as a basis for setting risk constraints, but does not incorporate any sustainable criteria.

In order to achieve its aim, the Fund will take positions whose weightings diverge from the benchmark or invest in securities which are not included in the benchmark. The investments of the Fund may deviate significantly from the components and their respective weightings in the benchmark. Due to the Fund's risk constraints, its performance profile is not ordinarily expected to deviate significantly from that of the benchmark over the longer term.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product***

The binding elements of the strategy include:

1. A commitment to hold a minimum of 80% of the assets aligned with E/S characteristics and within these assets, to hold a minimum of 10% of assets that meet abrdn's methodology for determining Sustainable Investments.
2. A commitment to apply binary exclusions to exclude particular areas of investment related to



- the UN Global Compact, Controversial Weapons, Tobacco Manufacturing and Thermal Coal.
3. A commitment to exclude at least the bottom 5% of issuers with an ESG House Score that are in the benchmark.
  4. A commitment to exclude any issuer where an analyst's governance assessment drives the overall ESG Risk Rating to be assigned as High.
  5. A portfolio carbon intensity target lower than the benchmark.

These elements apply in a binding manner and on an ongoing basis.

● **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Fund excludes companies with the highest ESG risks, as identified by the ESG House Score. This is implemented by excluding the bottom 5% of issuers with an ESG House Score that are in the benchmark.

● **What is the policy to assess good governance practices of the investee companies?**

For this Fund, the investee company needs to follow good governance practices in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. This can be demonstrated by the monitoring of certain PAI indicators, for example corruption, tax compliance and diversity. In addition, by using abrdn's proprietary ESG scores within the investment process abrdn screen out any investments with low governance scores. Our governance scores assess a company's corporate governance and management structure (including remuneration of staff policies) and the quality and behaviour of its leadership and management. A low score will typically be given where there are concerns in relation to financially materially controversies, poor tax compliance or governance concerns, or poor treatment of employees or minority shareholders.

The investment must further be aligned with OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human rights. Breaches and violations of these international norms are flagged by an event-driven controversy and are captured in the investment process.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



## What is the asset allocation planned for this financial product?

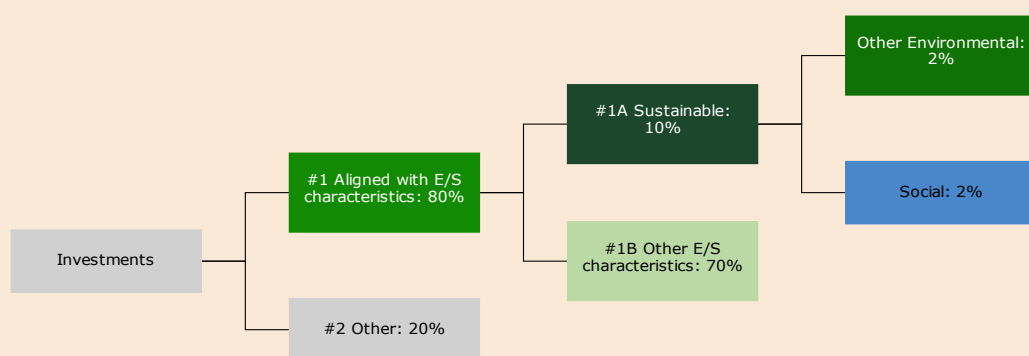
**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

A minimum of 80% of the Fund's assets are aligned with E/S characteristics. Environmental and social safeguards are met by applying certain PAI's, where relevant, to these underlying assets. Within these assets, the Fund commits to a minimum of 10% in Sustainable Investments.

The Fund invests a maximum of 20% of assets in the "Other" category, which include government securities, cash, money market instruments and derivatives.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

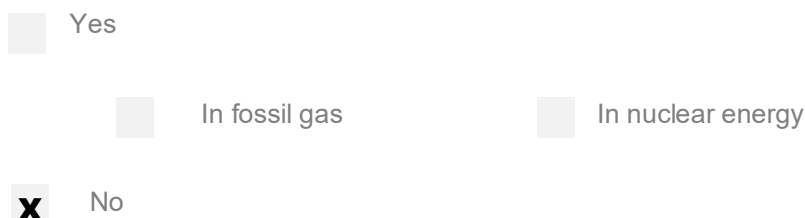
The Fund will not use derivatives to attain any environmental or social characteristics.



### **To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

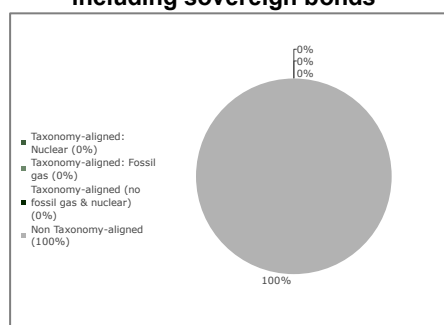
The Fund has not set a minimum proportion of investments in Taxonomy aligned economic activities. This graph represents 100% of the total investment.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?<sup>1</sup>**

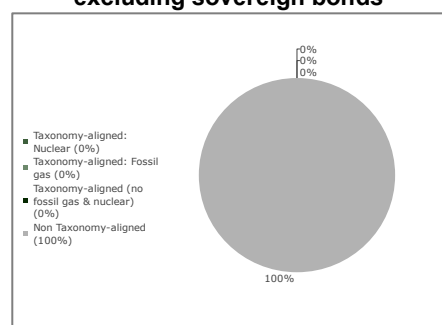


**The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.**

**1. Taxonomy alignment of investments including sovereign bonds\***



**2. Taxonomy alignment of investments excluding sovereign bonds\***



This graph represents 100 % of the total investments.

*\*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

- **What is the minimum share of investments in transitional and enabling activities?**

Not applicable



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The minimum share of sustainable investments with an environmental objective is 2%.



**What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with a social objective is 2%.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The investments included under "other" are cash, money market instruments, derivatives and may also include government securities. The purpose of these assets are to meet liquidity, target return or manage risk and may not contribute to the environmental or social aspects of the Fund.

There are certain environmental and social safeguards that are met by applying PAI's. Where relevant, these are applied to the underlying securities.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

No

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

Not applicable

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

Not applicable

- **How does the designated index differ from a relevant broad market index?**

Not applicable

- ***Where can the methodology used for the calculation of the designated index be found?***

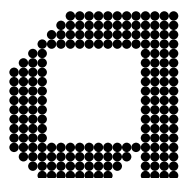
Not applicable



***Where can I find more product specific information online?***

***More product-specific information can be found on :***

Fund specific documentation, including Sustainability Related Disclosures, are published at [www.abrdn.com](http://www.abrdn.com) under Fund Centre. Documentation can be found by typing the name of the Fund into the search bar, clicking the fund link and selecting the “Literature” section.



# Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name:

abrdn SICAV II - Emerging Market Local Currency Debt Fund

Legal entity identifier:

549300M4GPJKY6QZ5W83

## Sustainable

**investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☒ ☐ Yes

☐ ☒ No

☐ It will make a minimum of **sustainable investments with an environmental objective:**

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of **sustainable investments with a social objective**

☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 5.00% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☒ with a social objective

☐ It promotes E/S characteristics, but **will not make any sustainable investments**



**What environmental and/or social characteristics are promoted by this financial product?**

The Fund promotes environmental and social characteristics by aiming to invest in issuers that:

- Avoid severe, lasting or irremediable harm; and
- Appropriately address adverse impacts on the environment and society; and
- Support a decent standard of living for their stakeholders.

The Fund aims to promote environmental and social characteristics holistically. In doing so, we do not consider all characteristics for all investments, but rather focus on the most relevant characteristics for each investment based on the nature of its activities, areas of operation, and products and services. However, using our proprietary research framework we aim to promote the below characteristics within this Fund, however a broader suite of characteristics may also be promoted on an investment-by-investment basis:

Environment – promoting sound energy management, renewable energy usage and reducing greenhouse gas emissions, promoting good water, waste and raw materials management and addressing biodiversity/ecological impacts.

Social – effectively tackling corruption and inequality, promoting good labour practices and relations, maximising employee health and safety, supporting diversity in the workforce, encouraging healthy relationships with communities, promoting social cohesion and integration and encouraging investment in human capital.

#### Benchmark

This Fund uses the JP Morgan GBI-EM Global Diversified Index as a financial benchmark. The benchmark is also used as a reference point for portfolio construction but does not incorporate any sustainable criteria and is not selected for the purpose of attaining ESG characteristics.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- ***What Sustainability Indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

Our approach positively identifies issuers which promote the above E&S characteristics, seeking to ensure that at least 70% of the portfolio is aligned with the E&S characteristics identified. We do this by tracking the below sustainability indicators which allow us to measure the attainment of the E&S characteristics the Fund is promoting:

#### Sustainability Indicator – Screening Criteria

Pre investment, abrdn applies a number of norms and activity-based screens to ensure that severe, lasting or irremediable harm is avoided. Binary exclusions are applied to exclude the particular areas of investment of concern. Our exclusions are informed by the Principal Adverse Impact (PAI) Indicators, but not limited to them. The criteria includes investments related to the UN Global Compact (PAI 10), Controversial Weapons (PAI 14), Tobacco Manufacturing and Thermal Coal – further detail can be reviewed at [www.abrdn.com](http://www.abrdn.com) under "Fund Centre".

#### Sustainability Indicator – Environment, Social, Governance & Political Performance (Sovereign Issuers)

For sovereign issuers, our proprietary ESGP Score, developed within the Emerging Markets Debt (EMD) team, is used to assess material sustainability risks and opportunities of all our investments, which may include among others: environmental risks, social inequalities, political risks and institutional quality and efficiency.

The ESGP universe consists of Emerging Market countries with investable Fixed Income securities and an ESGP score is assigned to each country. The score ranges from 0 to 100 (higher is better) and is calculated by combining a variety of data inputs related to Environmental, Social, Governance and Political pillars. Following standardisation of data points and adjusting for GDP per capita, the overall ESGP score for each country is calculated as an equally weighted average of each pillar.

The Fund will exclude the bottom 15% of countries in the ESGP universe with investable sovereign bonds or bonds issued by SOEs.

#### Sustainability Indicator – Environment, Social & Governance Performance (Corporate Issuers)

For corporate issuers, our proprietary ESG House Score, developed by our central ESG investment team in collaboration with the Quantitative investment team, is used to identify companies with potentially high or poorly managed ESG risks.

The score is calculated by combining a variety of data inputs within a proprietary framework in which different ESG factors are weighted according to how material they are for each sector. This allows us to see how companies rank in a global context. The score assesses many different Environmental, Social & Governance issues, however, specifically assesses the following characteristics: energy, greenhouse gas emissions, renewable energy, raw materials, biodiversity/ecological impacts and circular economy, labour practices and relations, employee health and safety and supply chain management.

The Fund will exclude at least the bottom 5% of companies with the lowest ESG House Score in the JP Morgan Corporate EMBI Broad Diversified Index.

#### Sustainability Indicator – Avoiding Poor ESG Practices (Corporate & State-Owned Enterprise Issuers)

Our credit analysts apply an ESG Risk Rating of Low, Medium, High (Low is better) to each issuer. This is credit profile-specific and represents how impactful we believe ESG risks are likely to be to the credit quality of the issuer now and in the future. The key area of focus is the materiality of the inherent Environmental and Social risks of the sector of operation and how specific companies manage these risks, combined with the quality and sustainability of its corporate governance. This materiality assessment is combined with a judgement on the timeframe over which these ESG risks may have an impact. Our analysts utilise an ESG Risk Rating Framework to support making these assessments.

This is a proprietary tool designed to help focus the knowledge and expertise of credit analysts in a systematic way to substantiate the overall ESG Risk Rating (Low / Medium / High) assigned to debt issuers.

The Fund will exclude companies where an analyst's governance assessment drives the overall

ESG Risk Rating to be assigned as High.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The objective of the sustainable investments is to make a contribution to solving an environmental or social challenge, in addition to not causing significant harm, and being well governed. Each sustainable investment may make a contribution to environmental or social issues. In fact, many issuers will make a positive contribution to both. abrdn use the six environmental objectives of the Taxonomy to inform environmental contributions, including: (1) climate change mitigation, (2) climate change adaptation, (3) sustainable use and protection of water and marine resources, (4) transition to a circular economy, (5) pollution prevention and control, and (6) protection and restoration of biodiversity and ecosystems. In addition, abrdn use the 17 Sustainable Development Goals and their sub-goals to supplement the EU Taxonomy topics and provide a framework for considering social objectives.

An economic activity must have a positive economic contribution to qualify as a sustainable investment, this includes consideration of environmental or socially aligned revenues, Capex, Opex or sustainable operations. abrdn seek to establish or estimate the share of the issuer's economic activities / contribution towards a sustainable objective and it is this element that is weighted and counted towards the Fund's total aggregated proportion of sustainable investments.

abrdn uses a combination of the following approaches:

- a quantitative methodology based on a combination of publicly available data sources; and
  - ii. abrdn's own insight and engagement outcomes
- abrdn overlay the quantitative methodology with a qualitative assessment to calculate an overall percentage of economic contribution towards a sustainable objective for each holding in a Fund.

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

As required by the SFDR Delegated Regulation, the investment does not cause significant harm ("Do No Significant Harm"/ "DNSH") to any of the sustainable investment objectives.

abrdn have created a 3-step process to ensure consideration of DNSH:

i. Sector Exclusions

abrdn have identified a number of sectors which automatically do not qualify for inclusion as a Sustainable Investment as they are considered to be causing significant harm. These include but are not limited to: (1) Defence, (2) Coal, (3) Oil & Gas Exploration, Production and associated activities, (4) tobacco, (5) gambling and (6) alcohol.

ii. DNSH Binary Test

The DNSH test, is a binary pass/fail test which signals if the issuer passes or fails criteria for the SFDR Article 2 (17) "do no significant harm".

Pass indicates under abrdn's methodology the issuer has no ties to controversial weapons, less than 1 of revenue from thermal coal, less than 5 of revenue from tobacco related activities, is not a tobacco producer, and has no red / severe ESG Controversies. If the issuer fails this test, it cannot be considered a Sustainable Investment. abrdn's approach is aligned with the SFDR PAIs included within tables 1, 2 & 3 of the SFDR Delegated Regulation and is based on external data sources and abrdn internal insights.

iii. DNSH Materiality Flag

Using a number of additional screens and flags, abrdn consider the additional SFDR PAI's indicators as defined by the SFDR Delegated Regulation to identify areas for improvement or potential future concern. These indicators are not considered to cause significant harm and therefore an issuer with active DNSH materiality flags may still be considered to be a Sustainable Investment. abrdn aim to enhance the engagement activities to focus on these areas and seek to deliver better outcomes by resolving the issue.

- → ***How have the indicators for adverse impacts on sustainability factors been taken into account?***

The Fund considers Principal Adverse Impact Indicators defined by the SFDR Delegated Regulation.

Pre investment, abrdn applies a number of norms and activity-based screens related to PAIs, including but not limited to: UN Global Compact, controversial weapons, and thermal coal extraction.

UNGC: The Fund uses norms-based screens and controversy filters to exclude issuers

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights, as well as state-owned entities in countries which violate norms.

Controversial Weapons: The Fund excludes issuers with business activities related to controversial weapons (cluster munitions, anti-personnel landmines, nuclear weapons, chemical and biological weapons, white phosphorus, non-detectable fragments, incendiary devices, depleted uranium ammunition or blinding lasers).

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Post-investment the following PAI indicators are considered:

- abrdn monitors all mandatory and additional PAI indicators via our ESG integration investment process using a combination of our proprietary house score and 3rd party data feeds. PAI indicators that either fail a specific binary test or are considered above typical are flagged for review and may be selected for engagement.
- Consideration of issuer carbon intensity and GHG emissions via our Climate tools and risk analysis.
- Governance indicators via our proprietary governance scores and risk framework, including consideration of sound management structures, employee relations, remuneration of staff and tax compliance.
- On an on-going basis the investment universe is scanned for issuers that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights, as well as state-owned entities in countries which violate norms.

— → ***How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:***

The Fund uses norms-based screens and controversy filters to exclude issuers that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



**Does this financial product consider principal adverse impacts on sustainability factors?**



Yes  
this Fund considers Principal Adverse Impacts (PAI) on sustainability factors.

Principal adverse impacts consideration  
Yes, the Fund commits to consider the following PAIs in its investment process, this means that there is pre- and post-trade monitoring is in place and that every investment for the Fund is assessed on these factors to determine its appropriateness for the Fund.

- PAI 1: GHG emissions (scope 1 and 2) for corporates
- PAI 10: Violations of the UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- PAI 14: Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons)



#### Adverse impacts monitoring

Pre investment, abrdn applies a number of norms and activity-based screens related to the above PAIs, including but not limited to:

- UNGC: The Fund uses norms-based screens and controversy filters to exclude companies that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights, as well as state owned entities in countries which violate norms.
- Controversial Weapons: The Fund excludes companies with business activities related to controversial weapons (cluster munitions, anti-personnel landmines, nuclear weapons, chemical and biological weapons, white phosphorus, non-detectable fragments, incendiary devices, depleted uranium ammunition or blinding lasers).
- Thermal Coal Extraction: The Fund excludes companies with exposure to the fossil fuels sector based on percentage of revenue from thermal coal extraction.

abrdn apply a fund specific set of company exclusions, more detail on these and the overall process is captured within the Investment Approach, which is published at [www.abrdn.com](http://www.abrdn.com) under "Fund Centre".

Post-investment the above PAI indicators are monitored in the following way:

- company carbon intensity and GHG emissions is considered via our ESG integration risk analysis.
- On an on-going basis the investment universe is scanned for companies that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights.

Post-investment we also undertake the following activities in relation to additional PAI's:

- Dependent on data availability, quality and relevance to the investments the consideration of additional PAI indicators will be on a case-by-case basis.
- abrdn monitors PAI indicators via our ESG integration investment process using a combination of our proprietary house score and 3rd party data feeds.

Governance indicators are monitored via our proprietary governance scores and risk frameworks, including consideration of sound management structures, and remuneration.

#### Adverse impact mitigation

- PAI indicators that fail a defined pre-investment screen are excluded from the investment universe and cannot be held by the fund.
- PAI indicators that are monitored post investment which fail a specific binary test or are considered above typical are flagged for review and may be selected for engagement. These PAI indicators may be used as a tool for engagement, for example where there is no policy in place and this would be beneficial abrdn may engage with the issuer or company to develop one, or where carbon emissions are considered to be high, abrdn may engage to seek the creation of a long-term target and reduction plan.

No



## What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Fund seeks to:

- Generate consistent risk-adjusted outperformance using our active management approach of stock selection tailored to the overall environment.
- Benefit from our active engagement with issuers, where we encourage positive changes in behaviour.
- Construct a portfolio that invests in issuers with strong ESG practices.
- Leverage the support and insights of our large, dedicated Fixed Income team and embedded ESG specialists' resources.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product***

The binding elements of the strategy include:

- A commitment to hold a minimum of 70% of the assets aligned with E/S characteristics and within these assets, to hold a minimum of 5% of assets that meet abrdn's methodology for determining Sustainable Investments.
- A commitment to apply binary exclusions to exclude particular areas of investment related to the

UN Global Compact, Controversial Weapons, Tobacco Manufacturing and Thermal Coal.

- A commitment to exclude at least the bottom 15% of countries in the ESGP universe with investable sovereign bonds or bonds issued by SOEs.
- A commitment to exclude at least the bottom 5% of companies with the lowest ESG House Score in the JP Morgan Corporate EMBI Broad Diversified Index.
- A commitment to exclude any issuer where an analyst's governance assessment drives the overall ESG Risk Rating to be assigned as High.

These elements apply in a binding manner and on an ongoing basis.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Fund will exclude the bottom 15% of countries in the ESGP universe with investable sovereign bonds or bonds issued by SOEs.

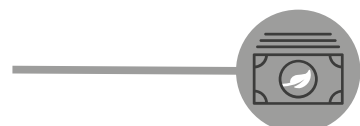
The Fund will also exclude at least the bottom 5% of companies with the lowest ESG House Score in the JP Morgan Corporate EMBI Broad Diversified Index.

- **What is the policy to assess good governance practices of the investee companies?**

For this Fund, the investee company needs to follow good governance practices in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. This can be demonstrated by the monitoring of certain PAI indicators, for example corruption, tax compliance and diversity. In addition, by using abrdn's proprietary ESG scores within the investment process abrdn screen out any investments with low governance scores. Our governance scores assess a company's corporate governance and management structure (including remuneration of staff policies) and the quality and behaviour of its leadership and management. A low score will typically be given where there are concerns in relation to financially materially controversies, poor tax compliance or governance concerns, or poor treatment of employees or minority shareholders. For sovereigns, we use our ESGP framework which considers government effectiveness, regulatory quality, rule of law, corruption, press freedom and political and state stability.

The investment must further be aligned with OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human rights. Breaches and violations of these international norms are flagged by an event-driven controversy and are captured in the investment process.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



## What is the asset allocation planned for this financial product?

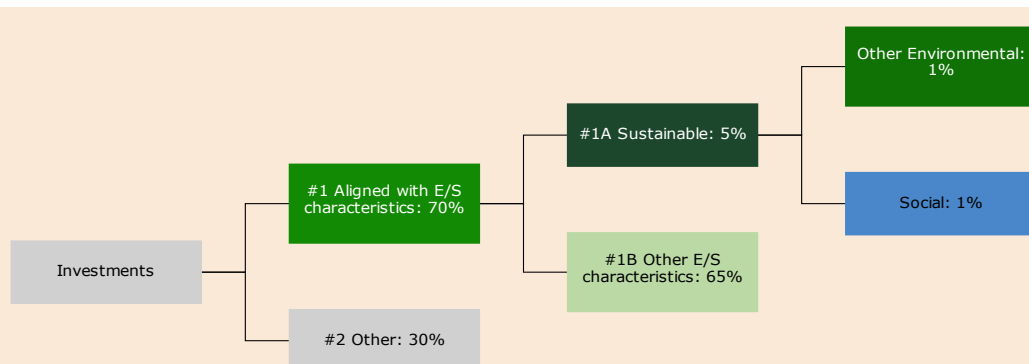
**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green

A minimum of 70% of the Fund's assets are aligned with E/S characteristics. Environmental and social safeguards are met by applying certain PAI's, where relevant, to these underlying assets. Within these assets, the Fund commits to a minimum of 5% in Sustainable Investments.

The Fund invests a maximum of 30% of assets in the "Other" category, which may include developed market government securities, cash, money-market instruments and derivatives.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.  
**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:



operational activities  
of investee companies.

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

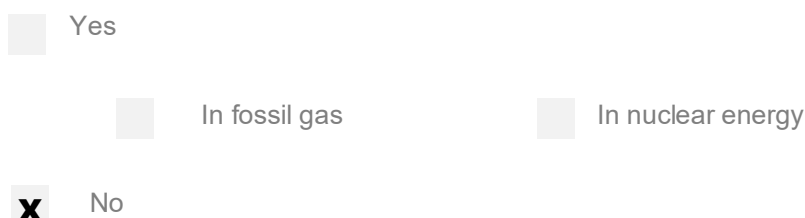
The Fund will not use derivatives to attain any environmental or social characteristics.



### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

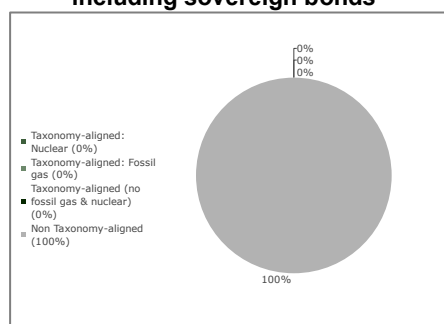
The Fund has not set a minimum proportion of investments in Taxonomy aligned economic activities. This graph represents 100% of the total investment.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?<sup>1</sup>**

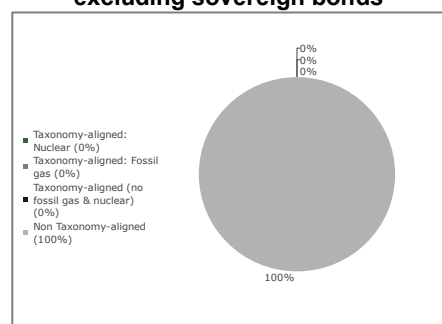


The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy alignment of investments including sovereign bonds\*



2. Taxonomy alignment of investments excluding sovereign bonds\*



This graph represents 100 % of the total investments.

\*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

- **What is the minimum share of investments in transitional and enabling activities?**

Not applicable



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The minimum share of sustainable investments with an environmental objective is 1%.



**What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with a social objective is 1%.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The investments included under "other" are cash, money-market instruments, derivatives and may also include developed market government securities. The purpose of these assets is to meet liquidity, target return or manage risk and may not contribute to the environmental or social aspects of the Fund.

There are certain environmental and social safeguards that are met by applying PAI's. Where relevant, these are applied to the underlying securities.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

No

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

Not applicable

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

Not applicable

- **How does the designated index differ from a relevant broad market index?**

Not applicable

- ***Where can the methodology used for the calculation of the designated index be found?***

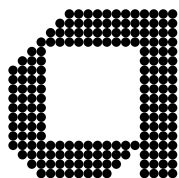
Not applicable



***Where can I find more product specific information online?***

***More product-specific information can be found on :***

Fund specific documentation, including Sustainability Related Disclosures, are published at [www.abrdn.com](http://www.abrdn.com) under Fund Centre. Documentation can be found by typing the name of the Fund into the search bar, clicking the fund link and selecting the “Literature” section.



## Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name:

abrdn SICAV II - Euro Corporate Sustainable Bond Fund

Legal entity identifier:

5493004ABG8CUCJM5548

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

### Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☒ ☐ Yes

☐ ☒ No

☐ It will make a minimum of **sustainable investments with an environmental objective**:

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of **sustainable investments with a social objective**

☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 40.00% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☒ with a social objective

☐ It promotes E/S characteristics, but **will not make any sustainable investments**



**What environmental and/or social characteristics are promoted by this financial product?**

The Fund promotes environmental and social characteristics by aiming to invest in issuers that:

- Avoid severe, lasting or irremediable harm; and
- Appropriately address adverse impacts on the environment and society; and
- Support a decent standard of living for their stakeholders

The Fund aims to promote environmental and social characteristics holistically. In doing so, we do not consider all characteristics for all investments, but rather focus on the most relevant characteristics for each investment based on the nature of its activities, areas of operation, and products and services. However, using our proprietary research framework we aim to promote the below characteristics within this Fund, however a broader suite of characteristics may also be promoted on an investment-by-investment basis:

Environment – promoting sound energy management and reducing greenhouse gas emissions, promoting good water, waste and raw materials management and addressing biodiversity/ecological impacts.

Social – promoting good labour practices and relations, maximising employee health and safety,

supporting diversity in the workforce, and healthy relationships with communities.

#### Benchmark

This Fund has a financial benchmark that is used for portfolio construction but does not incorporate any sustainable criteria and is not selected for the purpose of attaining these characteristics. This financial benchmark is used as a comparator for Fund performance and as a comparison for the Fund's binding commitments.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- ***What Sustainability Indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

Our approach positively identifies issuers which promote the above E&S characteristics, seeking to ensure that at least 90% of the portfolio is aligned with the E&S characteristics identified. We do this by tracking the below sustainability indicators which allow us to measure the attainment of the E&S characteristics the Fund is promoting:

#### Sustainability Indicator – Screening Criteria

Pre investment, abrdn applies a number of norms and activity-based screens to ensure that severe, lasting or irremediable harm is avoided. Binary exclusions are applied to exclude particular areas of investment of concern. Our exclusions are informed by the Principal Adverse Impact (PAI) Indicators, but not limited to them. The criteria include investments related to the UN Global Compact (PAI 10), State Owned Enterprises (SOE), Weapons (PAI 14), Tobacco, Thermal Coal, Oil & Gas and Electricity Generation – further detail can be reviewed at [www.abrdn.com](http://www.abrdn.com) under "Fund Centre".

#### Sustainability Indicator – Environment, Social & Governance Performance

Our proprietary ESG House Score, developed by our central ESG investment team in collaboration with the Quantitative investment team, is used to identify companies with potentially high or poorly managed ESG risks.

The score is calculated by combining a variety of data inputs within a proprietary framework in which different ESG factors are weighted according to how material they are for each sector. This allows us to see how companies rank in a global context. The score assesses many different Environmental, Social & Governance issues, however, specifically assesses the following characteristics: energy, greenhouse gas emissions, renewable energy, raw materials, biodiversity/ecological impacts and circular economy, labour practices and relations, employee health and safety and supply chain management.

The Fund will exclude at least the bottom 10% of issuers with an ESG House Score that are in the benchmark.

#### Sustainability Indicator – Avoiding Poor ESG Practices

Our credit analysts apply an ESG Risk Rating of Low, Medium, High (Low is better) to each issuer. This is credit profile-specific and represents how impactful we believe ESG risks are likely to be to the credit quality of the issuer now and in the future. The key area of focus is the materiality of the inherent Environmental and Social risks of the sector of operation and how specific companies manage these risks, combined with the quality and sustainability of its corporate governance. This materiality assessment is combined with a judgement on the timeframe over which these ESG risks may have an impact. Our analysts utilise an ESG Risk Rating Framework to support making these assessments.

This is a proprietary tool designed to help focus the knowledge and expertise of credit analysts in a systematic way to substantiate the overall ESG Risk Rating (Low / Medium / High) assigned to debt issuers.

The Fund will exclude issuers with a High ESG Risk Rating.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The objective of the sustainable investments is to make a contribution to solving an environmental or social challenge, in addition to not causing significant harm, and being well governed. Each sustainable investment may make a contribution to environmental or social issues. In fact, many issuers will make a positive contribution to both. abrdn use the six environmental objectives of the Taxonomy to inform environmental contributions, including: (1) climate change mitigation, (2) climate change adaptation, (3) sustainable use and protection of water and marine resources, (4) transition to a circular economy, (5) pollution prevention and control, and (6) protection and restoration of biodiversity and ecosystems. In addition, abrdn use the 17 Sustainable Development Goals and their sub-goals to supplement the EU Taxonomy topics and provide a framework for considering social objectives.

An economic activity must have a positive economic contribution to qualify as a sustainable investment, this includes consideration of environmental or socially aligned revenues, Capex, Opex or sustainable operations. abrdn seek to establish or estimate the share of the issuer's

economic activities / contribution towards a sustainable objective and it is this element that is weighted and counted towards the Fund's total aggregated proportion of sustainable investments.

abrdrn uses a combination of the following approaches:

- i. a quantitative methodology based on a combination of publicly available data sources; and
- ii. abrdrn's own insight and engagement outcomes

abrdrn overlay the quantitative methodology with a qualitative assessment to calculate an overall percentage of economic contribution towards a sustainable objective for each holding in a Fund.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

As required by the SFDR Delegated Regulation, the investment does not cause Significant Harm ("Do No Significant Harm"/ "DNSH") to any of the sustainable investment objectives.

abrdrn have created a 3-step process to ensure consideration of DNSH:

i. Sector Exclusions

abrdrn have identified a number of sectors which automatically do not qualify for inclusion as a Sustainable Investment as they are considered to be causing significant harm. These include but are not limited to: (1) Defence, (2) Coal, (3) Oil & Gas Exploration, Production and associated activities, (4) tobacco, (5) gambling and (6) alcohol.

ii. DNSH Binary Test

The DNSH test, is a binary pass/fail test which signals if the issuer passes or fails criteria for the SFDR Article 2 (17) "do no significant harm".

Pass indicates under abrdrn's methodology the issuer has no ties to controversial weapons, less than 1% of revenue from thermal coal, less than 5% of revenue from tobacco related activities, is not a tobacco producer, and has no red / severe ESG Controversies. If the issuer fails this test, it cannot be considered a Sustainable Investment. abrdrn's approach is aligned with the SFDR PAIs included within tables 1, 2 & 3 of the SFDR Delegated Regulation and is based on external data sources and abrdrn internal insights.

iii. DNSH Materiality Flag

abrdrn consider the additional PAI's indicators as defined by the SFDR Delegated Regulation to identify areas for improvement or potential future concern. This includes but is not limited to consideration of the PAI output compared to peers and an investment's contribution to the fund aggregated PAI figures. These indicators are not considered to cause significant harm and therefore an issuer with active DNSH materiality flags may still be considered to be a Sustainable Investment. abrdrn aim to enhance the engagement activities to focus on these areas and seek to deliver better outcomes by resolving the issue.

— → ***How have the indicators for adverse impacts on sustainability factors been taken into account?***

The Fund considers Principal Adverse Impact Indicators defined by the SFDR Delegated Regulation.

Pre investment, abrdrn applies a number of norms and activity-based screens related to PAIs, including but not limited to: UN Global Compact, controversial weapons, and thermal coal extraction.

UNGC: The Fund uses norms-based screens and controversy filters to exclude issuers that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights, as well as state-owned entities in countries which violate norms.

Controversial Weapons: The Fund excludes issuers with business activities related to controversial weapons (cluster munitions, anti-personnel landmines, nuclear weapons, chemical and biological weapons, white phosphorus, non-detectable fragments, incendiary devices, depleted uranium ammunition or blinding lasers).

Thermal Coal Extraction: The Fund excludes issuers with exposure to the fossil fuels sector based on percentage of revenue from thermal coal extraction.

abrdrn apply a fund specific set of company exclusions, more detail on these and the overall process is captured within the Investment Approach, which is published at [www.abrdrn.com](http://www.abrdrn.com) under "Fund Centre".

Post-investment the following PAI indicators are considered:

o abrdrn monitors all mandatory and additional PAI indicators via our ESG integration investment process using a combination of our proprietary house score and 3rd party data feeds. PAI indicators that either fail a specific binary test or are considered above typical are flagged for review and may be selected for engagement.

- o Consideration of issuer carbon intensity and GHG emissions via our Climate tools and risk analysis.
- o Governance indicators via our proprietary governance scores and risk framework, including consideration of sound management structures, employee relations, remuneration of staff and tax compliance.
- o On an on-going basis the investment universe is scanned for issuers that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights, as well as state-owned entities in countries which violate norms.

— → *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Fund uses norms-based screens and controversy filters to exclude issuers that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



## Does this financial product consider principal adverse impacts on sustainability factors?

**X**

Yes

This Fund considers Principal Adverse Impacts (PAI) on sustainability factors.

### Principal adverse impacts consideration

Yes, the Fund commits to consider the following PAIs in its investment process, this means that there is pre- and post-trade monitoring in place and that every investment for the Fund is assessed on these factors to determine its appropriateness for the Fund.

- PAI 1: GHG emissions (scope 1 and 2)
- PAI 10: Violations of the UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- PAI 14: Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons)

### Adverse impacts monitoring

Pre investment, abrdn applies a number of norms and activity-based screens related to the above PAIs, including but not limited to:

- UNGC: The Fund uses norms-based screens and controversy filters to exclude companies that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights, as well as state owned entities in countries which violate norms.
- Controversial Weapons: The Fund excludes companies with business activities related to controversial weapons (cluster munitions, anti-personnel landmines, nuclear weapons, chemical and biological weapons, white phosphorus, non-detectable fragments, incendiary devices, depleted uranium ammunition or blinding lasers).
- Thermal Coal Extraction: The Fund excludes companies with exposure to the fossil fuels sector based on percentage of revenue from thermal coal extraction.

abrdn apply a fund specific set of company exclusions, more detail on these and the overall process is captured within the Investment Approach, which is published at [www.abrdn.com](http://www.abrdn.com) under "Fund Centre".

Post-investment the above PAI indicators are monitored in the following way:



- o company carbon intensity and GHG emissions is considered via our Climate tools and risk analysis.
- o On an on-going basis the investment universe is scanned for companies that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights.

Post-investment we also undertake the following activities in relation to additional PAI's:

- o Dependent on data availability, quality and relevance to the investments the consideration of additional PAI indicators will be on a case-by-case basis.
- o abrdn monitors PAI indicators via our ESG integration investment process using a combination of our proprietary house score and 3rd party data feeds.
- o Governance indicators are monitored via our proprietary governance scores and risk frameworks, including consideration of sound management structures, and remuneration.

#### Adverse impact mitigation

- o PAI indicators that fail a defined pre-investment screen are excluded from the investment universe and cannot be held by the fund.
- o PAI indicators that are monitored post investment which fail a specific binary test or are considered above typical are flagged for review and may be selected for engagement. These PAI indicators may be used as a tool for engagement, for example where there is no policy in place and this would be beneficial abrdn may engage with the issuer or company to develop one, or where carbon emissions are considered to be high, abrdn may engage to seek the creation of a long-term target and reduction plan.

No



## What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Fund seeks to:

- Generate consistent risk-adjusted outperformance using our active management approach of stock selection tailored to the overall environment.
- Benefit from our active engagement with issuers, where we encourage positive changes in behaviour.
- Construct a portfolio that invests in issuers with strong ESG practices.
- Leverage the support and insights of our large, dedicated Fixed Income team and embedded ESG specialists' resources.

The Fund's investment objective is long-term total return to be achieved by investing at least 90% of assets in Euro denominated debt and debt-related securities issued by corporations and governments, including sub-sovereigns, inflation-linked, convertible, asset backed and mortgage backed bonds.

At least 80% of the Fund's assets will be invested in investment grade debt and debt-related securities issued by corporations and denominated in Euros.

The Fund may invest up to 20% of its assets in sub-investment grade debt and debt-related securities.

The Fund may also hold convertible bonds and other bonds (e.g. supranational, government-backed and index-linked bonds) issued worldwide.

The Fund is actively managed. The Fund aims to outperform the Markit iBoxx Euro Corporates Index (EUR) before charges. The benchmark is also used as a reference point for portfolio construction and as a basis for setting risk constraints, but does not incorporate any sustainable criteria.

In order to achieve its aim, the Fund will take positions whose weightings diverge from the benchmark or invest in securities which are not included in the benchmark. The investments of the Fund may deviate significantly from the components and their respective weightings in the benchmark. Due to the Fund's risk constraints, its performance profile is not ordinarily expected to deviate significantly from that of the benchmark over the longer term.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product***

The binding elements of the strategy include:

1. A commitment to hold a minimum of 90% of the assets aligned with E/S characteristics and within these assets, to hold a minimum of 40% of assets that meet abrdn's methodology for determining Sustainable Investments.



2. A commitment to apply binary exclusions to exclude particular areas of investment related to the UN Global Compact, State Owned Enterprises (SOE), Weapons, Tobacco, Thermal Coal, Oil & Gas and Electricity Generation.
3. A commitment to exclude at least the bottom 10% of issuers with an ESG House Score that are in the benchmark.
4. A commitment to exclude issuers with a High ESG Risk Rating.
5. A portfolio carbon intensity target with the following milestones vs. a baseline of the benchmark level carbon intensity as of 31st December 2019:
  - a. At least 25% lower by 31st December 2025.
  - b. At least 55% lower by 31st December 2030.
6. An ESG rating that is better than or equal to the benchmark.

These elements apply in a binding manner and on an ongoing basis.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Fund excludes companies with the highest ESG risks, as identified by the ESG House Score. This is implemented by excluding at least the bottom 10% of issuers with an ESG House Score that are in the benchmark. The Fund also aims to reduce the investment universe by a minimum of 15%.

- **What is the policy to assess good governance practices of the investee companies?**

For this Fund, the investee company needs to follow good governance practices in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. This can be demonstrated by the monitoring of certain PAI indicators, for example corruption, tax compliance and diversity. In addition, by using abrdn's proprietary ESG scores within the investment process abrdn screen out any investments with low governance scores. Our governance scores assess a company's corporate governance and management structure (including remuneration of staff policies) and the quality and behaviour of its leadership and management. A low score will typically be given where there are concerns in relation to financially materially controversies, poor tax compliance or governance concerns, or poor treatment of employees or minority shareholders.

The investment must further be aligned with OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human rights. Breaches and violations of these international norms are flagged by an event-driven controversy and are captured in the investment process.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



## What is the asset allocation planned for this financial product?

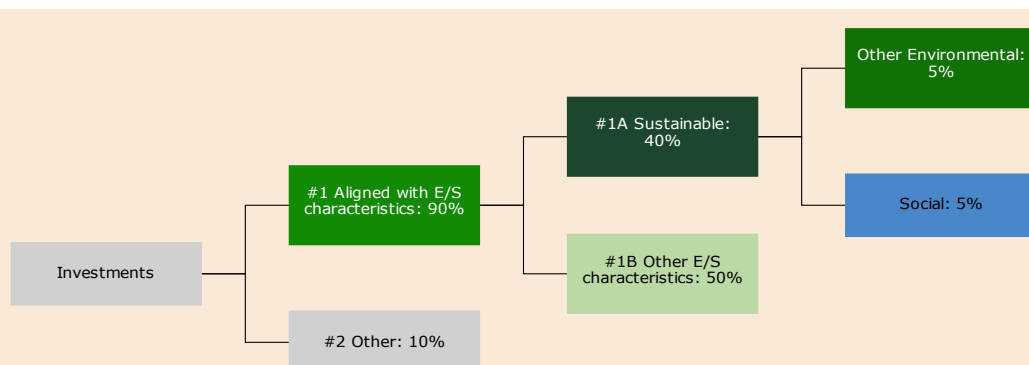
**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx)

A minimum of 90% of the Fund's assets are aligned with E/S characteristics. Environmental and social safeguards are met by applying certain PAI's, where relevant, to these underlying assets. Within these assets, the Fund commits to a minimum of 40% in Sustainable Investments.

The Fund invests a maximum of 10% of assets in the "Other" category, which include government securities, cash, money market instruments and derivatives.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

reflecting green operational activities of investee companies.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

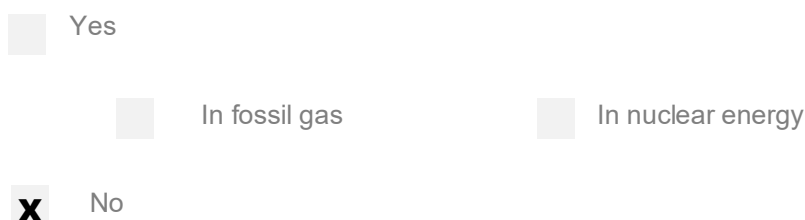
The Fund will not use derivatives to attain any environmental or social characteristics.



### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

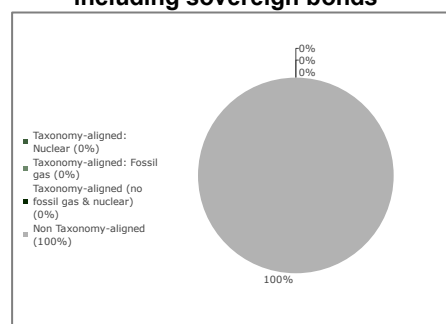
The Fund has not set a minimum proportion of investments in Taxonomy aligned economic activities. This graph represents 100% of the total investment.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?<sup>1</sup>**

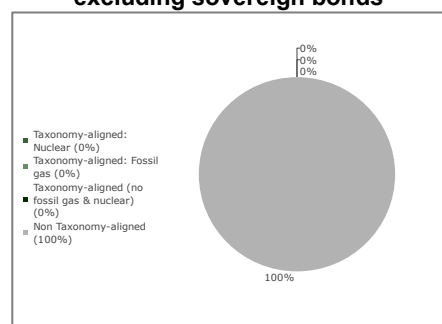


The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy alignment of investments including sovereign bonds\*



2. Taxonomy alignment of investments excluding sovereign bonds\*



This graph represents 100 % of the total investments.

\*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

- **What is the minimum share of investments in transitional and enabling activities?**

Not applicable



- **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The minimum share of sustainable investments with an environmental objective is 5%.



- **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with a social objective is 5%.



- **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The investments included under "other" are cash, money market instruments, derivatives and may also include government securities. The purpose of these assets is to meet liquidity, target return or manage risk and may not contribute to the environmental or social aspects of the Fund.

There are certain environmental and social safeguards that are met by applying PAI's. Where relevant, these are applied to the underlying securities.



- **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

No

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

Not applicable

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

Not applicable

- **How does the designated index differ from a relevant broad market index?**

Not applicable

- ***Where can the methodology used for the calculation of the designated index be found?***

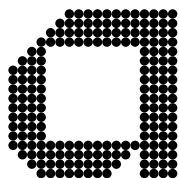
Not applicable



***Where can I find more product specific information online?***

***More product-specific information can be found on :***

Fund specific documentation, including Sustainability Related Disclosures, are published at [www.abrdn.com](http://www.abrdn.com) under Fund Centre. Documentation can be found by typing the name of the Fund into the search bar, clicking the fund link and selecting the “Literature” section.



# Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name:

abrdn SICAV II - Global Income Bond Fund

Legal entity identifier:

549300O80EVHWV2VU007

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☒ ☐ Yes

☐ ☒ No

☐ It will make a minimum of **sustainable investments with an environmental objective**:

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of **sustainable investments with a social objective**

☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10.00% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☒ with a social objective

☐ It promotes E/S characteristics, but **will not make any sustainable investments**



**What environmental and/or social characteristics are promoted by this financial product?**

The Fund promotes environmental and social characteristics by aiming to invest in issuers that:

- Avoid severe, lasting or irremediable harm; and
- Appropriately address adverse impacts on the environment and society; and
- Support a decent standard of living for their stakeholders

The Fund aims to promote environmental and social characteristics holistically. In doing so, we do not consider all characteristics for all investments, but rather focus on the most relevant characteristics for each investment based on the nature of its activities, areas of operation, and products and services. However, using our proprietary research framework we aim to promote the below characteristics within this Fund, however a broader suite of characteristics may also be promoted on an investment-by-investment basis:

Environment – promoting sound energy management and reducing greenhouse gas emissions, promoting good water, waste and raw materials management and addressing biodiversity/ecological impacts.

Social – promoting good labour practices and relations, maximising employee health and safety,

supporting diversity in the workforce, and healthy relationships with communities.

#### Benchmark

This Fund uses the Bloomberg Global Aggregate Corporate BBB Index as a financial benchmark. However, the benchmark is not used as a reference point for portfolio construction, does not incorporate any sustainable criteria and is not selected for the purpose of attaining ESG characteristics.

Whilst the Fund is unconstrained and does not refer to a benchmark index for portfolio construction, the following investment universe is used as an ESG comparator for the Fund's binding commitments:

50% Bloomberg Global High Yield Corporate Index, 30% Bloomberg Global Aggregate Corporates Total Return Index and 20% JP Morgan CEMBI Broad Diversified Index

This comparator does not incorporate any sustainable criteria and is not selected for the purpose of attaining ESG characteristics.

- ***What Sustainability Indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

Our approach positively identifies issuers which promote the above E&S characteristics, seeking to ensure that at least 70% of the portfolio is aligned with the E&S characteristics identified. We do this by tracking the below sustainability indicators which allow us to measure the attainment of the E&S characteristics the Fund is promoting:

#### Sustainability Indicator – Screening Criteria

Pre investment, abrdn applies a number of norms and activity-based screens to ensure that severe, lasting or irremediable harm is avoided. Binary exclusions are applied to exclude particular areas of investment of concern. Our exclusions are informed by the Principal Adverse Impact (PAI) Indicators, but not limited to them. The criteria includes investments related to the UN Global Compact (PAI 10), Controversial Weapons (PAI 14), Tobacco Manufacturing and Thermal Coal – further detail can be reviewed in the Fund Investment Approach available at [www.abrdn.com](http://www.abrdn.com) under "Fund Centre".

#### Sustainability Indicator – Environment, Social & Governance Performance

Our proprietary ESG House Score, developed by our central ESG investment team in collaboration with the Quantitative investment team, is used to identify companies with potentially high or poorly managed ESG risks.

The score is calculated by combining a variety of data inputs within a proprietary framework in which different ESG factors are weighted according to how material they are for each sector. This allows us to see how companies rank in a global context. The score assesses many different Environmental, Social & Governance issues, however, specifically assesses the following characteristics: energy, greenhouse gas emissions, renewable energy, raw materials, biodiversity/ecological impacts and circular economy, labour practices and relations, employee health and safety and supply chain management.

The Fund will exclude at least the bottom 5% of issuers with an ESG House Score that are in the ESG comparator.

#### Sustainability Indicator – Avoiding Poor ESG Practices

Our credit analysts apply an ESG Risk Rating of Low, Medium, High (Low is better) to each issuer. This is credit profile-specific and represents how impactful we believe ESG risks are likely to be to the credit quality of the issuer now and in the future. The key area of focus is the materiality of the inherent Environmental and Social risks of the sector of operation and how specific companies manage these risks, combined with the quality and sustainability of its corporate governance. This materiality assessment is combined with a judgement on the timeframe over which these ESG risks may have an impact. Our analysts utilise an ESG Risk Rating Framework to support making these assessments.

This is a proprietary tool designed to help focus the knowledge and expertise of credit analysts in a systematic way to substantiate the overall ESG Risk Rating (Low / Medium / High) assigned to debt issuers.

The Fund will exclude companies where an analyst's governance assessment drives the overall ESG Risk Rating to be assigned as High.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The objective of the sustainable investments is to make a contribution to solving an environmental or social challenge, in addition to not causing significant harm, and being well governed. Each sustainable investment may make a contribution to environmental or social issues. In fact, many issuers will make a positive contribution to both. abrdn use the six environmental objectives of the

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

Taxonomy to inform environmental contributions, including: (1) climate change mitigation, (2) climate change adaptation, (3) sustainable use and protection of water and marine resources, (4) transition to a circular economy, (5) pollution prevention and control, and (6) protection and restoration of biodiversity and ecosystems. In addition, abrdn use the 17 Sustainable Development Goals and their sub-goals to supplement the EU Taxonomy topics and provide a framework for considering social objectives.

An economic activity must have a positive economic contribution to qualify as a sustainable investment, this includes consideration of environmental or socially aligned revenues, Capex, Opex or sustainable operations. abrdn seek to establish or estimate the share of the issuer's economic activities / contribution towards a sustainable objective and it is this element that is weighted and counted towards the Fund's total aggregated proportion of sustainable investments.

abrdn uses a combination of the following approaches:

- i. a quantitative methodology based on a combination of publicly available data sources; and
- ii. abrdn's own insight and engagement outcomes

abrdn overlay the quantitative methodology with a qualitative assessment to calculate an overall percentage of economic contribution towards a sustainable objective for each holding in a Fund.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

As required by the SFDR Delegated Regulation, the investment does not cause Significant Harm ("Do No Significant Harm"/ "DNSH") to any of the sustainable investment objectives.

abrdn have created a 3-step process to ensure consideration of DNSH:

i. Sector Exclusions

abrdn have identified a number of sectors which automatically do not qualify for inclusion as a Sustainable Investment as they are considered to be causing significant harm. These include but are not limited to: (1) Defence, (2) Coal, (3) Oil & Gas Exploration, Production and associated activities, (4) tobacco, (5) gambling and (6) alcohol.

ii. DNSH Binary Test

The DNSH test, is a binary pass/fail test which signals if the issuer passes or fails criteria for the SFDR Article 2 (17) "do no significant harm".

Pass indicates under abrdn's methodology the issuer has no ties to controversial weapons, less than 1% of revenue from thermal coal, less than 5% of revenue from tobacco related activities, is not a tobacco producer, and has no red / severe ESG Controversies. If the issuer fails this test, it cannot be considered a Sustainable Investment. abrdn's approach is aligned with the SFDR PAIs included within tables 1, 2 & 3 of the SFDR Delegated Regulation and is based on external data sources and abrdn internal insights.

iii. DNSH Materiality Flag

abrdn consider the additional PAI's indicators as defined by the SFDR Delegated Regulation to identify areas for improvement or potential future concern. This includes but is not limited to consideration of the PAI output compared to peers and an investment's contribution to the fund aggregated PAI figures. These indicators are not considered to cause significant harm and therefore an issuer with active DNSH materiality flags may still be considered to be a Sustainable Investment. abrdn aim to enhance the engagement activities to focus on these areas and seek to deliver better outcomes by resolving the issue.

— → ***How have the indicators for adverse impacts on sustainability factors been taken into account?***

The Fund considers Principal Adverse Impact Indicators defined by the SFDR Delegated Regulation.

Pre investment, abrdn applies a number of norms and activity-based screens related to PAIs, including but not limited to: UN Global Compact (UNGC), controversial weapons, and thermal coal extraction.

UNGC: The Fund uses norms-based screens and controversy filters to exclude issuers that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights, as well as state-owned entities in countries which violate norms.

Controversial Weapons: The Fund excludes issuers with business activities related to controversial weapons (cluster munitions, anti-personnel landmines, nuclear weapons, chemical and biological weapons, white phosphorus, non-detectable fragments, incendiary devices, depleted uranium ammunition or blinding lasers).

Thermal Coal Extraction: The Fund excludes issuers with exposure to the fossil fuels sector based on percentage of revenue from thermal coal extraction.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



abrdn apply a fund specific set of company exclusions, more detail on these and the overall process is captured within the Investment Approach, which is published at [www.abrdn.com](http://www.abrdn.com) under "Fund Centre".

Post-investment the following PAI indicators are considered:

- o abrdn monitors all mandatory and additional PAI indicators via our ESG integration investment process using a combination of our proprietary house score and 3rd party data feeds. PAI indicators that either fail a specific binary test or are considered above typical are flagged for review and may be selected for engagement.
- o Consideration of issuer carbon intensity and GHG emissions via our Climate tools and risk analysis.
- o Governance indicators via our proprietary governance scores and risk framework, including consideration of sound management structures, employee relations, remuneration of staff and tax compliance.
- o On an on-going basis the investment universe is scanned for issuers that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights, as well as state-owned entities in countries which violate norms.

— → ***How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:***

The Fund uses norms-based screens and controversy filters to exclude issuers that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



## **Does this financial product consider principal adverse impacts on sustainability factors?**

**X**

Yes

This Fund considers Principal Adverse Impacts (PAI) on sustainability factors.

### **Principal adverse impacts consideration**

Yes, the Fund commits to consider the following PAIs in its investment process, this means that there is pre- and post-trade monitoring in place and that every investment for the Fund is assessed on these factors to determine its appropriateness for the Fund.

- PAI 1: GHG emissions (scope 1 and 2)
- PAI 10: Violations of the UN Global Compact (UNGC) principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- PAI 14: Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons)

### **Adverse impacts monitoring**

Pre investment, abrdn applies a number of norms and activity-based screens related to the above PAIs, including but not limited to:

- UNGC: The Fund uses norms-based screens and controversy filters to exclude companies that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights, as well as state owned entities in countries which violate norms.
- Controversial Weapons: The Fund excludes companies with business activities related to



controversial weapons (cluster munitions, anti-personnel landmines, nuclear weapons, chemical and biological weapons, white phosphorus, non-detectable fragments, incendiary devices, depleted uranium ammunition or blinding lasers).

- Thermal Coal Extraction: The Fund excludes companies with exposure to the fossil fuels sector based on percentage of revenue from thermal coal extraction.

abrdn apply a fund specific set of company exclusions, more detail on these and the overall process is captured within the Investment Approach, which is published at [www.abrdn.com](http://www.abrdn.com) under "Fund Centre".

Post-investment the above PAI indicators are monitored in the following way:

- o company carbon intensity and GHG emissions is considered via our Climate tools and risk analysis.
- o On an on-going basis the investment universe is scanned for companies that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights.

Post-investment we also undertake the following activities in relation to additional PAI's:

- o Dependent on data availability, quality and relevance to the investments the consideration of additional PAI indicators will be on a case-by-case basis.
- o abrdn monitors PAI indicators via our ESG integration investment process using a combination of our proprietary house score and 3rd party data feeds.
- o Governance indicators are monitored via our proprietary governance scores and risk frameworks, including consideration of sound management structures, and remuneration.

Adverse impact mitigation

- o PAI indicators that fail a defined pre-investment screen are excluded from the investment universe and cannot be held by the fund.
- o PAI indicators that are monitored post investment which fail a specific binary test or are considered above typical are flagged for review and may be selected for engagement. These PAI indicators may be used as a tool for engagement, for example where there is no policy in place and this would be beneficial abrdn may engage with the issuer or company to develop one, or where carbon emissions are considered to be high, abrdn may engage to seek the creation of a long-term target and reduction plan.

No



## What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Fund seeks to:

- Generate consistent risk-adjusted outperformance using our active management approach of stock selection tailored to the overall environment.
- Benefit from our active engagement with issuers, where we encourage positive changes in behaviour.
- Construct a portfolio that invests in issuers with strong ESG practices.
- Leverage the support and insights of our large, dedicated Fixed Income team and embedded ESG specialists' resources.

The objective of the Sub-fund is to provide long term total return by investing in a diversified portfolio of debt and debt-related securities from across the global fixed income universe, in both developed and emerging markets. Up to 100% of the Sub-fund's assets may be invested in sub-investment grade debt and debt-related securities.

The Sub-fund aims to outperform the Bloomberg Global Aggregate Corporate BBB Index (Hedged to USD) with a yield greater than the index over rolling three-year periods (before charges). There is however no certainty or promise that the Sub-fund will achieve this level of return.

The Sub-fund is actively managed by the investment team, who will select securities without reference to an index weight or size with the aim of taking advantage of opportunities they have identified. The Sub-fund will invest in debt and debt-related securities that are listed or traded anywhere in the world (including in Emerging Markets), including government and corporate bonds, asset-backed securities, sub-investment grade bonds and inflation-linked bonds. The Sub-fund may also invest in other transferable securities, floating rate notes, money-market instruments, deposits, cash and near cash, derivatives (including currency forwards, bond futures, interest rate swaps and credit default swaps) and collective investment schemes.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics***

## ***promoted by this financial product***

The binding elements of the strategy include:

1. A commitment to hold a minimum of 70% of the assets aligned with E/S characteristics and within these assets, to hold a minimum of 10% of assets that meet abrdn's methodology for determining Sustainable Investments.
2. A commitment to apply binary exclusions to exclude particular areas of investment related to the UN Global Compact, Controversial Weapons, Tobacco Manufacturing and Thermal Coal.
3. A commitment to exclude at least the bottom 5% of issuers with an ESG House Score that are in the ESG comparator universe.
4. A commitment to exclude any issuer where an analyst's governance assessment drives the overall ESG Risk Rating to be assigned as High.
5. A portfolio carbon intensity target lower than the ESG comparator.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

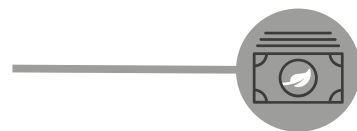
The Fund excludes companies with the highest ESG risks, as identified by the ESG House Score. This is implemented by excluding the bottom 5% of issuers with an ESG House Score that are in the ESG comparator universe.

- ***What is the policy to assess good governance practices of the investee companies?***

For this Fund, the investee company needs to follow good governance practices in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. This can be demonstrated by the monitoring of certain PAI indicators, for example corruption, tax compliance and diversity. In addition, by using abrdn's proprietary ESG scores within the investment process abrdn screen out any investments with low governance scores. Our governance scores assess a company's corporate governance and management structure (including remuneration of staff policies) and the quality and behaviour of its leadership and management. A low score will typically be given where there are concerns in relation to financially materially controversies, poor tax compliance or governance concerns, or poor treatment of employees or minority shareholders.

The investment must further be aligned with OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human rights. Breaches and violations of these international norms are flagged by an event-driven controversy and are captured in the investment process.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



## **What is the asset allocation planned for this financial product?**

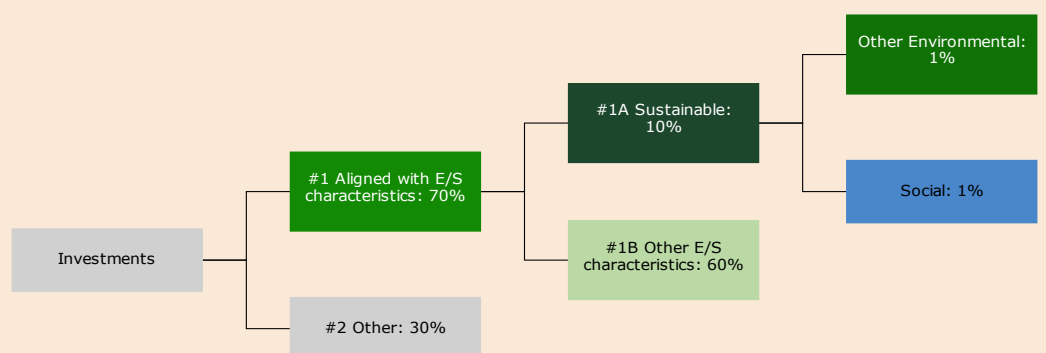
**Asset allocation** describes the share of investments in specific assets.

A minimum of 70% of the Fund's assets are aligned with E/S characteristics. Environmental and social safeguards are met by applying certain PAI's, where relevant, to these underlying assets. Within these assets, the Fund commits to a minimum of 10% in Sustainable Investments.

The Fund invests a maximum of 30% of assets in the "Other" category, which may include government securities, cash, money market instruments and derivatives.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx)



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.  
**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

reflecting green operational activities of investee companies.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

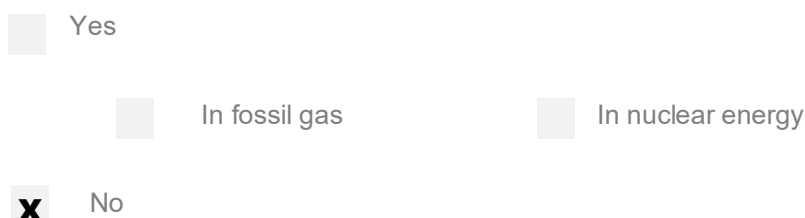
The Fund will not use derivatives to attain any environmental or social characteristics.



### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

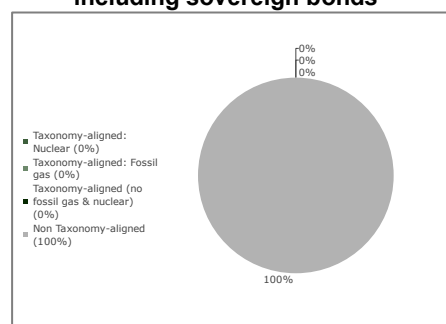
The Fund has not set a minimum proportion of investments in Taxonomy aligned economic activities. This graph represents 100% of the total investment.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?<sup>1</sup>**

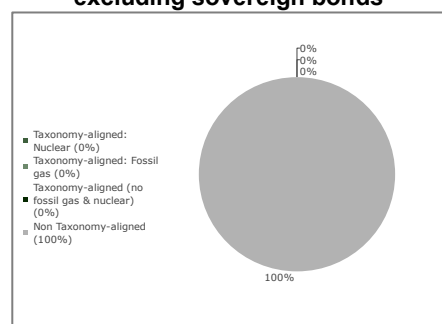


The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy alignment of investments including sovereign bonds\*



2. Taxonomy alignment of investments excluding sovereign bonds\*



This graph represents 100 % of the total investments.

\*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

- **What is the minimum share of investments in transitional and enabling activities?**

Not applicable



- **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The minimum share of sustainable investments with an environmental objective is 1%.



- **What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with a social objective is 1%.



- **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The investments included under "other" are cash, money market instruments, derivatives and may also include government securities. The purpose of these assets is to meet liquidity, target return or manage risk and may not contribute to the environmental or social aspects of the Fund.

There are certain environmental and social safeguards that are met by applying PAI's. Where relevant, these are applied to the underlying securities.



- **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

No

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

Not applicable

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

Not applicable

- **How does the designated index differ from a relevant broad market index?**

Not applicable

- **Where can the methodology used for the calculation of the designated index be found?**

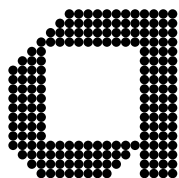
Not applicable



**Where can I find more product specific information online?**

**More product-specific information can be found on :**

Fund specific documentation, including Sustainability Related Disclosures, are published at [www.abrdn.com](http://www.abrdn.com) under Fund Centre. Documentation can be found by typing the name of the Fund into the search bar, clicking the fund link and selecting the “Literature” section.



## Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name:

abrdn SICAV II - Global Short Dated Corporate Bond Fund

Legal entity identifier:

213800K8ASDBMGKRJ250

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

### Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☒ ☐ Yes

☐ ☒ No

☐ It will make a minimum of **sustainable investments with an environmental objective**:

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of **sustainable investments with a social objective**

☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10.00% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☒ with a social objective

☐ It promotes E/S characteristics, but **will not make any sustainable investments**



**What environmental and/or social characteristics are promoted by this financial product?**

The Fund promotes environmental and social characteristics by aiming to invest in issuers that:

- Avoid severe, lasting or irremediable harm; and
- Appropriately address adverse impacts on the environment and society; and
- Support a decent standard of living for their stakeholders

The Fund aims to promote environmental and social characteristics holistically. In doing so, we do not consider all characteristics for all investments, but rather focus on the most relevant characteristics for each investment based on the nature of its activities, areas of operation, and products and services. However, using our proprietary research framework we aim to promote the below characteristics within this Fund, however a broader suite of characteristics may also be promoted on an investment-by-investment basis:

Environment – promoting sound energy management and reducing greenhouse gas emissions, promoting good water, waste and raw materials management and addressing biodiversity/ecological impacts.

Social – promoting good labour practices and relations, maximising employee health and safety,

supporting diversity in the workforce, and healthy relationships with communities.

#### Benchmark

This Fund has a financial benchmark that is used for portfolio construction but does not incorporate any sustainable criteria and is not selected for the purpose of attaining these characteristics. This financial benchmark is used as a comparator for Fund performance and as a comparison for the Fund's binding commitments.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- ***What Sustainability Indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

Our approach positively identifies issuers which promote the above E&S characteristics, seeking to ensure that at least 70% of the portfolio is aligned with the E&S characteristics identified. We do this by tracking the below sustainability indicators which allow us to measure the attainment of the E&S characteristics the Fund is promoting:

#### Sustainability Indicator – Screening Criteria

Pre investment, abrdn applies a number of norms and activity-based screens to ensure that severe, lasting or irremediable harm is avoided. Binary exclusions are applied to exclude particular areas of investment of concern. Our exclusions are informed by the Principal Adverse Impact (PAI) Indicators, but not limited to them. The criteria include investments related to the UN Global Compact (PAI 10), Controversial Weapons (PAI 14), Tobacco Manufacturing and Thermal Coal.

#### Sustainability Indicator – Environment, Social & Governance Performance

Our proprietary ESG House Score, developed by our central ESG investment team in collaboration with the Quantitative investment team, is used to identify companies with potentially high or poorly managed ESG risks.

The score is calculated by combining a variety of data inputs within a proprietary framework in which different ESG factors are weighted according to how material they are for each sector. This allows us to see how companies rank in a global context. The score assesses many different Environmental, Social & Governance issues, however, specifically assesses the following characteristics: energy, greenhouse gas emissions, renewable energy, raw materials, biodiversity/ecological impacts and circular economy, labour practices and relations, employee health and safety and supply chain management.

The Fund will exclude at least the bottom 5% of issuers with an ESG House Score that are in the benchmark.

#### Sustainability Indicator – Avoiding Poor ESG Practices

Our credit analysts apply an ESG Risk Rating of Low, Medium, High (Low is better) to each issuer. This is credit profile-specific and represents how impactful we believe ESG risks are likely to be to the credit quality of the issuer now and in the future. The key area of focus is the materiality of the inherent Environmental and Social risks of the sector of operation and how specific companies manage these risks, combined with the quality and sustainability of its corporate governance. This materiality assessment is combined with a judgement on the timeframe over which these ESG risks may have an impact. Our analysts utilise an ESG Risk Rating Framework to support making these assessments.

This is a proprietary tool designed to help focus the knowledge and expertise of credit analysts in a systematic way to substantiate the overall ESG Risk Rating (Low / Medium / High) assigned to debt issuers.

The Fund will exclude companies where an analyst's governance assessment drives the overall ESG Risk Rating to be assigned as High.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The objective of the sustainable investment is to make a contribution to solving an environmental or social challenge, in addition to not causing significant harm, and being well governed. Each sustainable investment may make a contribution to Environmental or Social issues. In fact, many companies will make a positive contribution to both. abrdn use the six environmental objectives of the Taxonomy to inform Environmental contributions, including: (1) climate change mitigation, (2) climate change adaptation, (3) sustainable use and protection of water and marine resources, (4) transition to a circular economy, (5) pollution prevention and control, and (6) protection and restoration of biodiversity and ecosystems. In addition, abrdn use the 17 Sustainable Development Goals and their sub-goals to supplement the EU Taxonomy topics and provide a framework for considering Social objectives.

An economic activity must have a positive economic contribution to qualify as a Sustainable investment, this includes consideration of Environmental or Socially aligned revenues, Capex, Opex or sustainable operations. abrdn seek to establish or estimate the share of the investee



company's economic activities/contribution towards a sustainable objective and it is this element that is weighted and counted towards the Fund's total aggregated proportion of Sustainable Investments.

abrdn uses a combination of the following approaches:

- i. a quantitative methodology based on a combination of publicly available data sources; and
  - ii. abrdn's own insight and engagement outcomes
- abrdn overlay the quantitative methodology with a qualitative assessment to calculate an overall percentage of economic contribution towards a sustainable objective for each holding in a Fund.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

As required by the SFDR Delegated Regulation, the investment does not cause Significant Harm ("Do No Significant Harm"/ "DNSH") to any of the sustainable investment objectives.

abrdn have created a 3-step process to ensure consideration of DNSH:

i. Sector Exclusions

abrdn have identified a number of sectors which automatically do not qualify for inclusion as a Sustainable Investment as they are considered to be causing significant harm. These include but are not limited to: (1) Defence, (2) Coal, (3) Oil & Gas Exploration, Production and associated activities, (4) tobacco, (5) gambling and (6) alcohol.

ii. DNSH Binary Test

The DNSH test, is a binary pass/fail test which signals if the company passes or fails criteria for the SFDR Article 2 (17) "do no significant harm".

Pass indicates under abrdn's methodology the company has no ties to controversial weapons, less than 1% of revenue from thermal coal, less than 5% of revenue from tobacco related activities, is not a tobacco producer, and has no red/severe ESG Controversies. If the company fails this test, it cannot be considered a Sustainable Investment. Abdrn's approach is aligned with the SFDR PAIs included within tables 1, 2 & 3 of the SFDR Delegated Regulation and is based on external data sources and abrdn internal insights.

iii. DNSH Materiality Flag

abrdn consider the SFDR PAI's indicators as defined by the SFDR Delegated Regulation to identify areas for improvement or potential future concern. This includes but is not limited to consideration of the PAI output compared to peers and an investment's contribution to the fund aggregated PAI figures. These indicators are not considered to cause significant harm and therefore a company with active DNSH materiality flags may still be considered to be a Sustainable Investment. abrdn aim to enhance the engagement activities to focus on these areas and seek to deliver better outcomes by resolving the issue.

— → ***How have the indicators for adverse impacts on sustainability factors been taken into account?***

The Fund considers Principal Adverse Impact Indicators defined by the SFDR Delegated Regulation.

Pre investment, abrdn applies a number of norms and activity-based screens related to PAIs, including but not limited to: UN Global Compact (UNGC), controversial weapons, and thermal coal extraction.

UNGC: The Fund uses norms-based screens and controversy filters to exclude issuers that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights, as well as state-owned entities in countries which violate norms.

Controversial Weapons: The Fund excludes issuers with business activities related to controversial weapons (cluster munitions, anti-personnel landmines, nuclear weapons, chemical and biological weapons, white phosphorus, non-detectable fragments, incendiary devices, depleted uranium ammunition or blinding lasers).

Thermal Coal Extraction: The Fund excludes issuers with exposure to the fossil fuels sector based on percentage of revenue from thermal coal extraction.

abrdn apply a fund specific set of company exclusions, more detail on these and the overall process is captured within the Investment Approach, which is published at [www.abrdn.com](http://www.abrdn.com) under "Fund Centre".

Post-investment the following PAI indicators are considered:

o abrdn monitors all mandatory and additional PAI indicators via our ESG integration investment process using a combination of our proprietary house score and 3rd party data feeds. PAI indicators that either fail a specific binary test or are considered above typical



are flagged for review and may be selected for engagement.

- o Consideration of issuer carbon intensity and GHG emissions via our Climate tools and risk analysis.

- o Governance indicators via our proprietary governance scores and risk framework, including consideration of sound management structures, employee relations, remuneration of staff and tax compliance.

- o On an on-going basis the investment universe is scanned for issuers that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights, as well as state-owned entities in countries which violate norms.

— → *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Fund uses norms-based screens and controversy filters to exclude issuers that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



## **Does this financial product consider principal adverse impacts on sustainability factors?**

**X**

Yes

this Fund considers Principal Adverse Impacts (PAI) on sustainability factors.

Principal adverse impacts consideration

Yes, the Fund commits to consider the following PAIs in its investment process, this means that there is pre- and post-trade monitoring in place and that every investment for the Fund is assessed on these factors to determine its appropriateness for the Fund.

- PAI 1: GHG emissions (scope 1 and 2)
- PAI 10: Violations of the UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- PAI 14: Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons)

Adverse impacts monitoring

Pre investment, abrdn applies a number of norms and activity-based screens related to the above PAIs, including but not limited to:

- UNGC: The Fund uses norms-based screens and controversy filters to exclude companies that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights, as well as state owned entities in countries which violate norms.
- Controversial Weapons: The Fund excludes companies with business activities related to controversial weapons (cluster munitions, anti-personnel landmines, nuclear weapons, chemical and biological weapons, white phosphorus, non-detectable fragments, incendiary devices, depleted uranium ammunition or blinding lasers).
- Thermal Coal Extraction: The Fund excludes companies with exposure to the fossil fuels sector based on percentage of revenue from thermal coal extraction.

abrdn apply a fund specific set of company exclusions, more detail on these and the overall process is captured within the Investment Approach, which is published at [www.abrdn.com](http://www.abrdn.com) under "Fund Centre".

Post-investment the above PAI indicators are monitored in the following way:

- o company carbon intensity and GHG emissions is considered via our ESG integration risk analysis.
- o On an on-going basis the investment universe is scanned for companies that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights.

Post-investment we also undertake the following activities in relation to additional PAI's:

- o Dependent on data availability, quality and relevance to the investments the consideration of additional PAI indicators will be on a case-by-case basis.
- o abrdn monitors PAI indicators via our ESG integration investment process using a combination of our proprietary house score and 3rd party data feeds.
- o Governance indicators are monitored via our proprietary governance scores and risk frameworks, including consideration of sound management structures, and remuneration.

Adverse impact mitigation

- o PAI indicators that fail a defined pre-investment screen are excluded from the investment universe and cannot be held by the fund.
- o PAI indicators that are monitored post investment which fail a specific binary test or are considered above typical are flagged for review and may be selected for engagement. These PAI indicators may be used as a tool for engagement, for example where there is no policy in place and this would be beneficial abrdn may engage with the issuer or company to develop one, or where carbon emissions are considered to be high, abrdn may engage to seek the creation of a long-term target and reduction plan.

No



## What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The Fund seeks to:

- Generate consistent risk-adjusted outperformance using our active management approach of stock selection tailored to the overall environment.
- Benefit from our active engagement with companies, where we encourage positive changes in corporate behaviour.
- Construct a portfolio that invests in companies with strong Environmental, Social and Governance practices.
- Leverage the support and insights of our large, dedicated Fixed Income team and embedded ESG specialists' resources.

The Sub-fund's investment objective is long-term total return to be achieved by investing at least 70% of its net assets in investment grade debt and debt-related securities issued by corporations globally (including in emerging markets) with a maturity of up to 5 years.

The Sub-fund may also hold government bonds, convertible bonds and other bonds (e.g. supranational, government-backed, index-linked, asset backed and mortgage backed bonds) issued worldwide. Up to 20% of its net assets may be invested in asset backed and mortgage backed bonds.

The Sub-fund may invest up to 20% of its net assets in sub-investment grade debt and debt-related securities.

The Sub-fund may invest up to 10% of its net assets in Mainland China debt and debt-related securities, including via the China Interbank Bond Market, through QFI regime or by any other available means.

The portfolio duration is expected to be within a range of two years to three and a half years.

The Sub-fund is actively managed. The Sub-fund aims to outperform the Bloomberg Global Aggregate Corporate ex Subordinated (1-5 Years) Index (Hedged to USD) benchmark before charges. The benchmark is also used as a reference point for portfolio construction and as a basis for setting risk constraints, but does not incorporate any sustainable criteria.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product***

The binding elements of the strategy include:

1. A commitment to hold a minimum of 70% of the assets aligned with E/S characteristics and

within these assets, to hold a minimum of 10% of assets that meet abrdn's methodology for determining Sustainable Investments.

2. A commitment to apply binary exclusions to exclude particular areas of investment related to the UN Global Compact, Controversial Weapons, Tobacco Manufacturing and Thermal Coal.
3. A commitment to exclude at least the bottom 5% of issuers with an ESG House Score that are in the benchmark.
4. A commitment to exclude any issuer where an analyst's governance assessment drives the overall ESG Risk Rating to be assigned as High.
5. A portfolio carbon intensity target lower than the benchmark.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Fund excludes companies with the highest ESG risks, as identified by the ESG House Score. This is implemented by excluding the bottom 5% of issuers with an ESG House Score that are in the benchmark.

- **What is the policy to assess good governance practices of the investee companies?**

For this Fund, the investee company needs to follow good governance practices in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. This can be demonstrated by the monitoring of certain PAI indicators, for example corruption, tax compliance and diversity. In addition, by using abrdn's proprietary ESG scores within the investment process abrdn screen out any investments with low governance scores. Our governance scores assess a company's corporate governance and management structure (including remuneration of staff policies) and the quality and behaviour of its leadership and management. A low score will typically be given where there are concerns in relation to financially materially controversies, poor tax compliance or governance concerns, or poor treatment of employees or minority shareholders.

The investment must further be aligned with OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human rights. Breaches and violations of these international norms are flagged by an event-driven controversy and are captured in the investment process.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



## What is the asset allocation planned for this financial product?

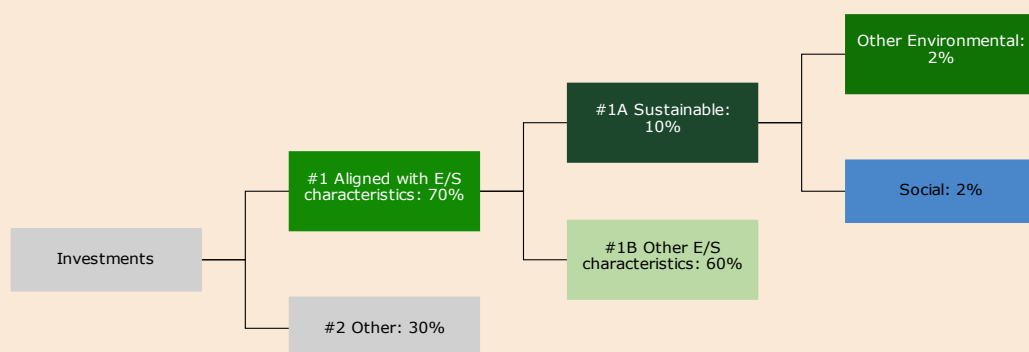
**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

A minimum of 70% of the Fund's assets are aligned with E/S characteristics. Environmental and social safeguards are met by applying certain PAI's, where relevant, to these underlying assets. Within these assets, the Fund commits to a minimum of 10% in Sustainable Investments.

The Fund invests a maximum of 30% of assets in the "Other" category, which include cash, money market instruments and derivatives.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

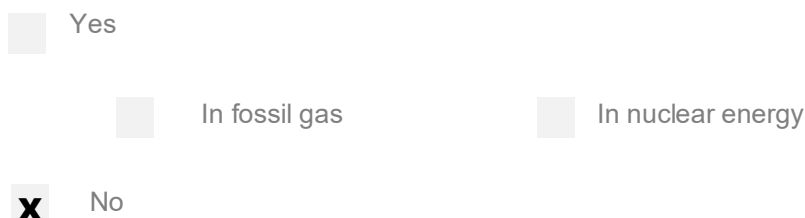
The Fund will not use derivatives to attain any environmental or social characteristics.



### **To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

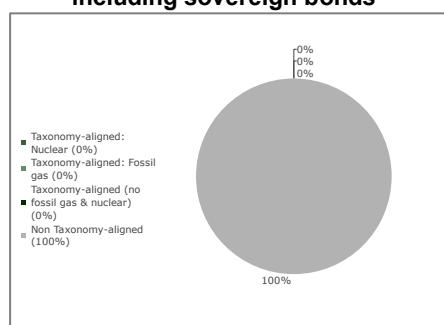
The Fund has not set a minimum proportion of investments in Taxonomy aligned economic activities. This graph represents 100% of the total investment.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?<sup>1</sup>**

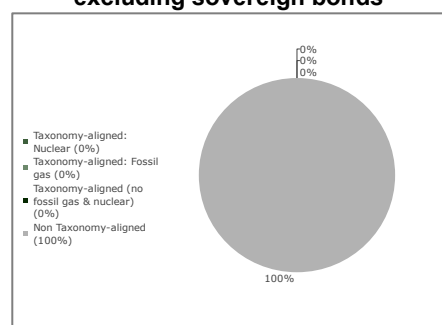


**The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.**

**1. Taxonomy alignment of investments including sovereign bonds\***



**2. Taxonomy alignment of investments excluding sovereign bonds\***



This graph represents 100 % of the total investments.

*\*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

- **What is the minimum share of investments in transitional and enabling activities?**

Not applicable



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The minimum share of sustainable investments with an environmental objective is 2%.



**What is the minimum share of socially sustainable investments?**

The minimum share of sustainable investments with a social objective is 2%.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The investments included under "other" are cash, money market instruments, derivatives and may also include sovereign bonds. The purpose of these assets are to meet liquidity, target return or manage risk and may not contribute to the environmental or social aspects of the Fund.

There are certain environmental and social safeguards that are met by applying PAI's. Where relevant, these are applied to the underlying securities.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

No

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

Not applicable

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

Not applicable

- **How does the designated index differ from a relevant broad market index?**

Not applicable

- ***Where can the methodology used for the calculation of the designated index be found?***

Not applicable



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