

Product name: **abrdn Liquidity Fund (Lux) - Sterling Fund**

Legal entity identifier **549300HBG59GBCBNNR42**

### Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input type="radio"/> <b>Yes</b>	<input type="radio"/> <input checked="" type="radio"/> <b>No</b>
<input type="checkbox"/> It made <b>sustainable investments with an environmental objective: %</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul>	<input type="checkbox"/> It promoted <b>Environmental/Social (E/S) characteristics</b> and while it did not have as its objective a sustainable investment, it had a proportion of 0.00% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul>
<input type="checkbox"/> It made <b>sustainable investments with a social objective: %</b>	<input checked="" type="checkbox"/> It promoted E/S characteristics, but <b>did not make any sustainable investments</b>

**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.



### To what extent were the environmental and/or social characteristics promoted by this financial product met?

The Fund promoted environmental and social characteristics by investing in issuers that:

- Avoided severe, lasting, or irremediable harm; and
- Appropriately addressed adverse impacts on the environment and society; and
- Supported a decent standard of living for their stakeholders.

The Fund aimed to promote environmental and social characteristics holistically. However, we did not consider all characteristics for all investments. Instead, we focused on the most relevant characteristics for each investment based on the nature of its activities, areas of operation, and products and services. Our proprietary research framework guided us in promoting the following characteristics within this Fund.

Additionally, a broader suite of characteristics may have been promoted on an investment-by-investment basis:

Environment: We emphasized sound energy management, reduced greenhouse gas emissions, promoted good water, waste, and raw materials management, and addressed biodiversity/ecological impacts.

Social: We encouraged good labor practices and relations, maximized employee health and safety, supported diversity in the workforce, and fostered healthy relationships with communities.

It's important to note that no benchmark was used for portfolio construction or as a basis for setting risk constraints in the management of the Fund."

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

### ● **How did the sustainability indicators perform?**

Sustainability Indicator – screening criteria: We confirm that during the reporting period, binary exclusions were applied to exclude the particular areas of investment related to UN Global Compact, Controversial Weapons, Tobacco Manufacturing and Thermal Coal. These screening criteria apply in a binding manner and there are no holdings in the fund that fail the agreed criteria.

Sustainability Indicator – Avoiding poor ESG business 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. In line with the fund exclusions, no ESG high risk issuers are held.

Sustainability Indicator – Environment, Social & Governance MSCI Performance: Developed and provided by MSCI, the scoring identifies issuers with potentially high or poorly managed ESG risks. MSCI ESG Ratings range from CCC to AAA (AAA being the best rating). We confirm that during the reporting period the Fund excluded the bottom 10% of issuers with an MSCI Score that are in the money market investable universe.

Sustainability indicator – MSCI Portfolio ESG Rating: Developed and provided by MSCI, the scoring identifies companies with potentially high or poorly managed ESG risks. MSCI ESG Ratings range from CCC to AAA (AAA being the best rating). As a feature of the portfolio construction decisions, portfolio managers will seek to achieve a Weighted Average MSCI Rating of AA. As at year-end, the Weighted Average MSCI Rating was AA.

### ● **...and compared to previous periods?**

N/A - First report

### ● **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?**

(1) The Fund's sustainable investments will contribute to either environmental or social objectives, or both. Where the objective relates to the environment, the investment will contribute to at least one of the following objectives: climate change mitigation, climate change adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems. Where the objective relates to social matters, the investment will contribute to social objectives in line with one of the Sustainable Development Goals. [The objectives of the sustainable investments may vary from time to time depending on the specific activity or investment. No specific environmental or social objective is being targeted, from those listed above.]

(2) Sustainable Investment Methodology

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: 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 did the sustainable investments that the financial product partially made 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

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 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 were the indicators for adverse impacts on sustainability factors 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.

— ***Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:***

Yes, all sustainable investments are 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, and in turn excluded from consideration as a sustainable investment.

*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 Union 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.*



## How did this financial product consider principal adverse impacts on sustainability factors?

(1) GHG Emissions Scope 1 & 2 and carbon footprint: Company carbon intensity and GHG emissions is considered via our ESG

integration risk analysis

(2) Exclusions: We confirm that screening in line with our approach documents has been undertaken during the reporting period



## What were the top investments of this financial product?

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is:  
01/07/2023 - 30/06/2024

Largest Investments	Sector	% Assets	Country
Sumitomo Mitsui Trust Bank Ltd (London)	Cash	5.11	Japan
Mufg Bank Ltd (Tokyo)	Cash	4.35	Japan
Bred Banque Populaire	Cash	4.04	France
Hm Treasury	Cash	3.92	United Kingdom
Dbz Bank	Cash	3.89	Singapore
First Abu Dhabi Bank	Cash	3.70	United Arab Emirates
Mizuho Bank Ltd	Cash	3.63	Japan
Sumitomo Mitsui Banking Corp	Cash	3.32	Japan
Industrial & Commercial Bank Of China	Cash	3.28	China
Royal Bank Of Canada	Cash	3.14	Canada
Cba Repo (London)	Cash	3.03	Australia
The Toronto-Dominion Bank	Cash	2.85	Canada
China Construction Bank	Cash	2.79	China
Agence Centrale Des Organismes De Securi	Cash	2.69	France
Kbc Bank Nv, London Branch	Cash	2.54	Belgium

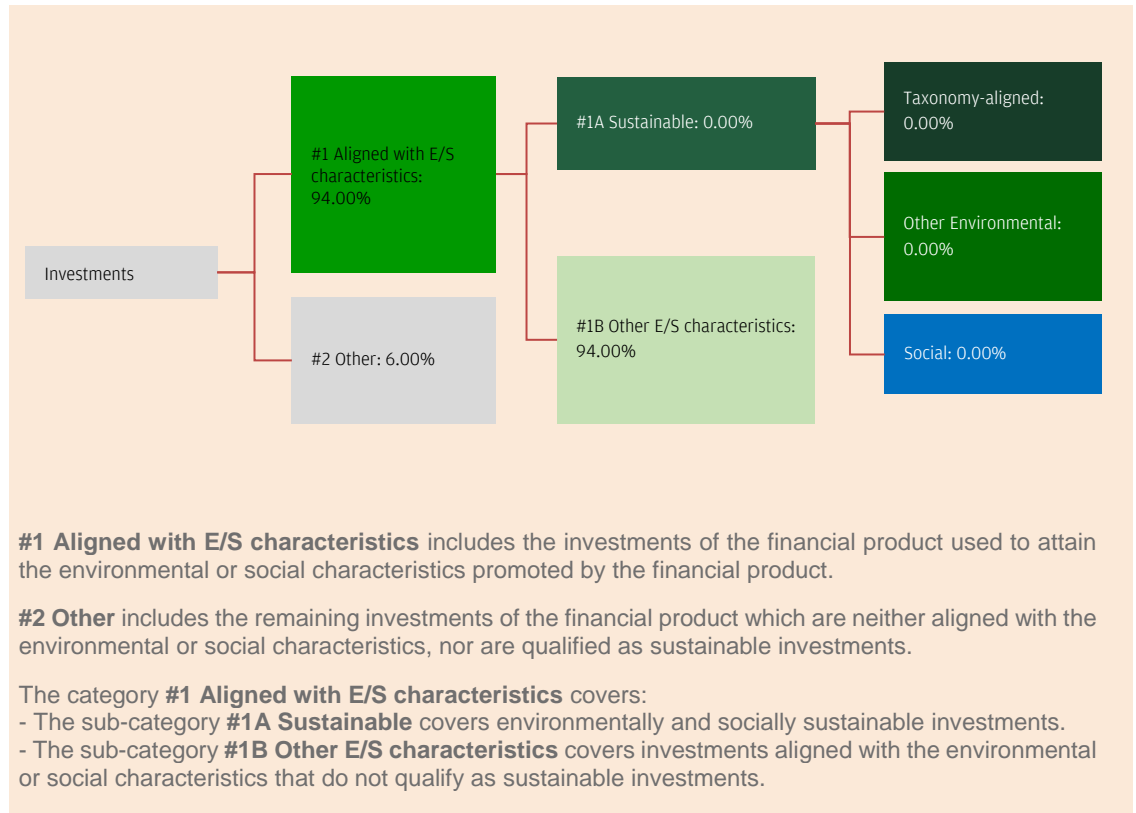


## What was the proportion of sustainability-related investments?

**Asset allocation** describes the share of investments in specific assets.

### ● *What was the asset allocation?*

The fund committed to hold a minimum of 60% 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. The Fund invests a maximum of 40% of assets in the "Other" category, which may include government securities and derivatives.



### ● *In which economic sectors were the investments made?*

Sector	Sub-sector	% Assets
Financials	Banking	7.78
Financials	Banks	0.26
Government	Sovereigns	0.26
Cash	Cash	85.17

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are economic activities for which low-carbon alternatives are not yet available and that have greenhouse gas emission levels corresponding to the best performance.



## To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund holds 0% sustainable investments with an environmental objective aligned with the EU Taxonomy. This assessment has not been subject to an external review.

- **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy?**

Yes

In fossil gas

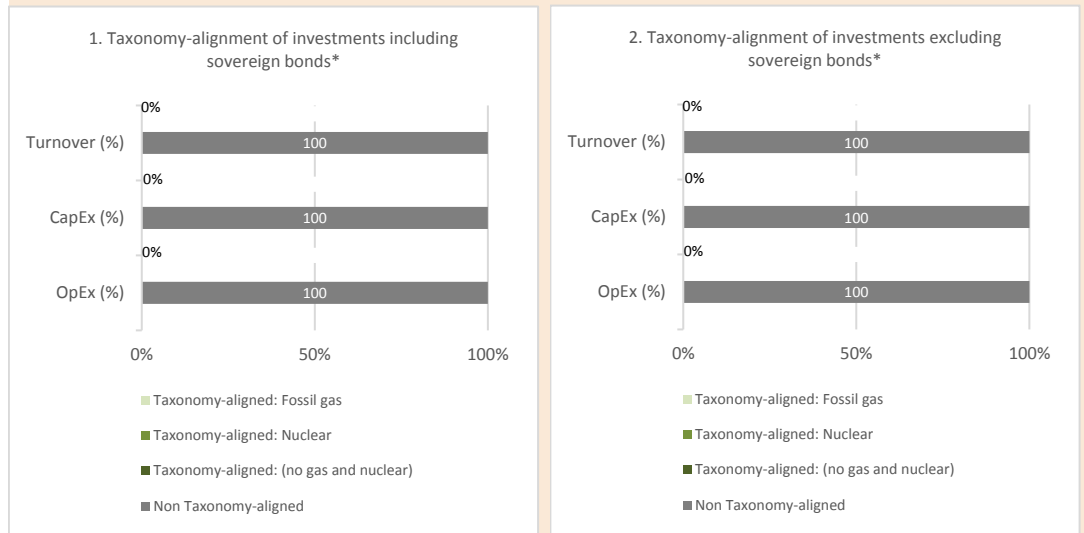
In nuclear energy

No

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 graphs below show in green the percentage of investments that were 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.



This graph represents 0% of the total investment.

\*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures


1 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 objective - 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.

- **What was the share of investments made in transitional and enabling activities?**

The fund holds 0% investments made in transitional and enabling activities.

- **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

N/A - First report

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 22/852.



### **What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?**

The share of sustainable investments with an environmental objective not aligned with the EU Taxonomy was 0% of assets as at the year end date and is representative of the Reference Period



### **What was the share of socially sustainable investments?**

The share of sustainable investments with a social objective is 0%



### **What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?**

The fund invested 6% of assets in the "Other" category. The investments included under "other" are government securities & 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.



### **What actions have been taken to meet the environmental and/or social characteristics during the reference period?**

The Fund has applied ESG assessment criteria, ESG screening criteria and promoted good governance including social factors. The fund has also engaged with issuers on topics which may include Climate change, Environment, Labour, Human rights, Corporate Governance and Behaviour.



### **How did this financial product perform compared to the reference benchmark?**

N/A

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

#### **● How does the reference benchmark differ from a broad market index?**

N/A

#### **● How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?**

N/A

#### **● How did this financial product perform compared with the reference benchmark?**

N/A

#### **● How did this financial product perform compared with the broad market index?**

N/A