

## Annex V

Template periodic disclosure for the financial products referred to in Article 9, paragraphs 1 to 4 a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product Name: Multi-Asset Climate Opportunities Fund Legal Entity Identifier: 213800FB19YE179R9797

### 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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## Sustainable Investment Objective

### Did this financial product have a sustainable investment objective?

Yes

No

It made **sustainable investments with an environmental objective: 83%**

- 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 made sustainable investments with a social objective: 8 %

It promoted **Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a 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 promoted E/S characteristics, but **will not make any sustainable investments**



### Sustainability

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

### To what extent was the sustainable investment objective of this financial product met?

The investment objective of the Fund is to generate growth by investing in a diversified portfolio of equities and corporate bonds issued by companies whose core business enables the transition to a sustainable, low carbon economy. To achieve that objective, a key determinant of inclusion will be those activities identified by the EU Taxonomy as Sustainable Activities.

The fund has achieved a very high alignment with the six objectives (83%). This data is based on an assessment of the revenue exposure of these companies to activities aligned with environmental objectives. Although these activities are mostly aligned with the Taxonomy's environmental objectives, we currently do not have the necessary DNSH (Do No Significant Harm) and Minimum Social Safeguards information to classify them as aligned with the EU Taxonomy, so, as a result, we classify them as environmental, but not aligned with the Taxonomy.

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

The fund has achieved a high alignment with the environmental revenue indicators (83%), this is above the fund's target of 75%.

The fund aims to contribute to climate change by investing in renewable energy and electric vehicle companies. These companies enable their customers to have low emissions, but do not always have low emissions themselves (particularly those with manufacturing operations). As a result, the fund does not aim to have extremely low carbon intensity, merely to be lower than typical equity benchmarks. The fund succeeds in its objective. It has a Scope 1 and 2 carbon intensity of 93tCO<sub>2</sub>e/\$m vs 184 tCO<sub>2</sub>e/\$m for the MSCI All Companies World Index. It is important to note that the fund is a multi-asset fund and does not have a benchmark, so comparisons are not straightforward.

The fund's positive and negative screens exclude over 90% of the issuers in the MSCI ACWI equity benchmark, weighted by market capitalisation, which is in line with expectations.

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

*Not applicable.*

### ***How did the sustainable investments not cause significant harm to any sustainable investment objective?***

The fund's positive selection criteria mean that it only invests in companies in key climate solutions and sustainability sectors – wind, solar, electric vehicles, pollution control etc. This means that it has no exposure to some of the most harmful activities such as mining, tobacco, weapons and oil and gas extraction.

We have created a 4-step process to ensure consideration of DNSH. The first three steps relate to SFDR DNSH requirements, the final step relates specifically to the requirements of the EU Taxonomy:

#### **i. Sector Exclusions**

We 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. Our 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, we 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. We aim to enhance our engagement activities to focus on these areas and seek to deliver better outcomes by resolving the issue.

**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.

iv. EU Taxonomy activity-specific DNSH criteria

For the percentage of the portfolio that is assessed as being aligned with the EU Taxonomy, we seek to apply the relevant DNSH criteria, together with a set of norms and controversy screens.

*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**, the following PAI indicators are considered:

abrdrn applies a number of norms and activity based screens

- Exposure to fossil fuel sector thermal coal extraction (more than 5% of revenue is excluded), thermal coal power generation (more than 20% revenue excluded, unless identified as a Transition Focused Company) and companies investing directly in new thermal coal generation capacity in their own operations are excluded.
- 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.
- Exposure to Controversial weapon and Conventional weapons systems, components, and support systems and services.
- Exposure to Gambling (more than 5% of revenue excluded)
- Exposure to Tobacco production (more than 5% of revenue excluded), and wholesale trading (more than 5% of revenue excluded)

abrdrn considers the following PAI indicators via our ESG integration process, pre-investment due diligence policies and procedures:

- Consideration of portfolio carbon intensity and GHG emissions via our Climate tools and risk analysis, this results in changes to portfolio weights to reduce average emissions intensity.
- Governance indicators via our proprietary governance scores and risk framework, including consideration of sound management structures, employee relations, remuneration of staff and tax compliance.

**Post-investment** the following PAI indicators are considered:

- abrdrn monitors all mandatory and additional PAI indicators via our investment process. 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.

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

Yes, the fund uses a wide range of exclusionary and controversy screens to ensure it has no exposure to companies that are in significant breach of human rights and other norms or are exposed to allegations of severe wrongdoing.



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

The fund's holdings are focused exclusively on products and services that drive decarbonisation and other environmental goals (e.g. wind power), but these companies still emit some carbon. So the uses carbon intensity metrics to reduce its carbon exposure below that of standard equity benchmarks. Carbon intensity was 93tCO<sub>2</sub>e/\$m revenues, well below standard equity benchmarks.

The fund committed to consider the following indicators were considered within the investment process:  
The following indicators were committed to be considered within the investment process:

| Principle Adverse Impact Considered for Investments:  | Explanation:  |
|---|---|
| GHG Emissions Scope 1 & 2 and carbon footprint  | This is undertaken via monitoring of the carbon benchmark and we confirm that during the reporting period that the portfolio performed better than the benchmark and in line with our overall commitment. |
| Fossil Fuel Sector Exposure   | The fund excludes all fossil fuel producers   |
| <b>Exclusions:</b><br>UN Global compact, controversial weapons, defence, coal, nuclear energy & weapons coal, other fossil fuel, oil and gas exploration, production and associated activities, tobacco, gambling and alcohol | 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?

Date as at 31st March 2022

| Largest investments                     | Sector          | Country | % Assets (exc. Cash) |
|---|-----------------|---------|----------------------|
| Renewables Infrastructure Group Ltd/The | Utilities       | GBR     | 2.74%                |
| Greencoat UK Wind PLC/Funds             | Utilities       | GBR     | 2.27%                |
| Encavis AG                              | Energy          | DEU     | 2.05%                |
| Investment Energy Resources Ltd         | Energy          | USA     | 2.02%                |
| Suzano Austria GmbH                     | Basic Materials | BRA     | 1.83%                |
| India Green Power Holdings              | Energy          | IND     | 1.78%                |
| Georgia Global Utilities JSC            | Utilities       | USA     | 1.65%                |
| Telefonica Europe BV                    | Communications  | ESP     | 1.65%                |
| Rumo Luxembourg Sarl                    | Industrials     | BRA     | 1.63%                |
| GLP Pte Ltd                             | Financials      | SGP     | 1.61%                |
| National Central Cooling Co PJSC        | Utilities       | ARE     | 1.57%                |
| Vestas Wind Systems A/S                 | Industrials     | DNK     | 1.56%                |
| Inversiones CMPC SA                     | Basic Materials | CHL     | 1.56%                |
| Sdcl Energy Efficiency Income Trust PLC | Unclassified    | GBR     | 1.50%                |
| Manila Water Co Inc                     | Utilities       | PHL     | 1.48%                |

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is:

Date as at 30th June 2022

| <b>Largest investments</b>              | <b>Sector</b>   | <b>Country</b> | <b>% Assets<br/>(exc. Cash)</b> |
|---|-----------------|----------------|---------------------------------|
| Greencoat UK Wind PLC/Funds             | Utilities       | GBR            | 3.21%                           |
| Renewables Infrastructure Group Ltd/The | Utilities       | GBR            | 2.96%                           |
| Sdcl Energy Efficiency Income Trust PLC | Unclassified    | GBR            | 2.00%                           |
| Investment Energy Resources Ltd         | Energy          | USA            | 1.98%                           |
| Georgia Global Utilities JSC            | Utilities       | USA            | 1.97%                           |
| Greencoat Renewables PLC                | Unclassified    | GBR            | 1.92%                           |
| Suzano Austria GmbH                     | Basic Materials | BRA            | 1.87%                           |
| Rumo Luxembourg Sarl                    | Industrials     | BRA            | 1.83%                           |
| MAF Global Securities Ltd               | Financials      | ARE            | 1.80%                           |
| India Green Power Holdings              | Energy          | IND            | 1.80%                           |
| GLP Pte Ltd                             | Financials      | SGP            | 1.77%                           |
| Manila Water Co Inc                     | Utilities       | PHL            | 1.69%                           |
| Inversiones CMPC SA                     | Basic Materials | CHL            | 1.61%                           |
| Telefonica Europe BV                    | Communications  | ESP            | 1.56%                           |
| Verizon Communications Inc              | Communications  | USA            | 1.40%                           |

Date as at 30th September 2022

| <b>Largest investments</b>                        | <b>Sector</b>   | <b>Country</b> | <b>% Assets<br/>(exc. Cash)</b> |
|---|-----------------|----------------|---------------------------------|
| Greencoat UK Wind PLC/Funds                       | Utilities       | GBR            | 3.52%                           |
| Renewables Infrastructure Group Ltd/The           | Utilities       | GBR            | 2.50%                           |
| Greencoat Renewables PLC                          | Energy          | GBR            | 2.28%                           |
| CTP NV  | Financials      | NLD            | 2.08%                           |
| Suzano Austria GmbH                               | Basic Materials | BRA            | 1.99%                           |
| TenneT Holding BV                                 | Utilities       | NLD            | 1.85%                           |
| American Water Capital Corp                       | Utilities       | USA            | 1.69%                           |
| La Banque Postale SA                              | Financials      | FRA            | 1.64%                           |
| NSTAR Electric Co                                 | Utilities       | USA            | 0.83%                           |
| Telefonica Europe BV                              | Communications  | ESP            | 1.61%                           |
| Sdcl Energy Efficiency Income Trust PLC           | Unclassified    | GBR            | 1.58%                           |
| Equinix Inc                                       | Financials      | USA            | 0.38%                           |
| Weyerhaeuser Co                                   | Financials      | USA            | 1.53%                           |
| Gresham House Energy Storage Fund<br>PLC/The Fund | Unclassified    | GBR            | 1.49%                           |
| Verizon Communications Inc                        | Communications  | USA            | 1.44%                           |

Date as at 31st December 2022

| <b>Largest investments</b>              | <b>Sector</b>             | <b>Country</b> | <b>% Assets<br/>(exc. Cash)</b> |
|---|---------------------------|----------------|---------------------------------|
| Greencoat UK Wind PLC/Funds             | Utilities                 | GBR            | 3.47%                           |
| Renewables Infrastructure Group Ltd/The | Utilities                 | GBR            | 2.22%                           |
| Greencoat Renewables PLC                | Unclassified              | GBR            | 2.17%                           |
| CTP NV                                  | Financials                | NLD            | 1.98%                           |
| India Green Power Holdings              | Energy                    | IND            | 1.97%                           |
| Suzano Austria GmbH                     | Basic Materials           | BRA            | 1.93%                           |
| TenneT Holding BV                       | Utilities                 | NLD            | 1.79%                           |
| Equinix Inc                             | Financials                | USA            | 0.73%                           |
| Telefonica Europe BV                    | Communications            | ESP            | 1.66%                           |
| La Banque Postale SA                    | Financials                | FRA            | 1.65%                           |
| American Water Capital Corp             | Utilities                 | USA            | 1.54%                           |
| Sdcl Energy Efficiency Income Trust PLC | Unclassified              | GBR            | 1.50%                           |
| NSTAR Electric Co                       | Utilities                 | USA            | 0.77%                           |
| Weyerhaeuser Co                         | Financials                | USA            | 1.43%                           |
| Shimano Inc                             | Consumer<br>Discretionary | JPN            | 1.43%                           |

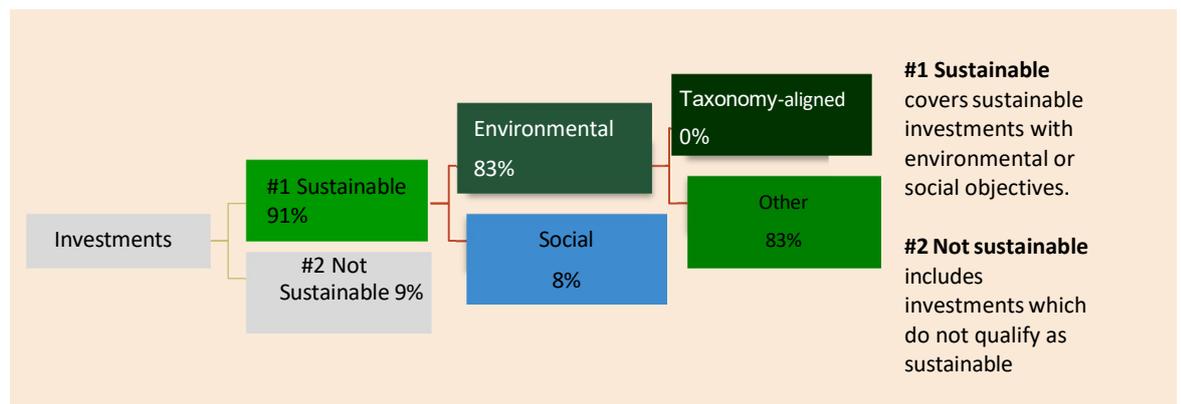


## What was the proportion of sustainability-related investments?

The Fund committed to a minimum of 75% in Sustainable Investments with an environmental objective.

The Fund committed to a maximum of 25% of assets in the “Non Sustainable” category, which is mainly made up of cash, money market instruments and derivatives.

## What was the asset allocation?



## In which economic sectors were the investments made?

|  |  |   |
|--|--|---|
| <p>Agricultural</p> <p>Products</p> <p>Application Software</p> <p>Auto Parts &amp; Equipment</p> <p>Automobile Manufacturers</p> <p>Building Products</p> <p>Construction &amp; Engineering</p> <p>Construction Machinery &amp; Heavy Trucks</p> <p>Diversified Banks</p> <p>Electric Utilities</p> <p>Electronic Components</p> <p>Electronic Equipment &amp; Instruments</p> <p>Environmental &amp; Facilities Services</p> | <p>Forest Products</p> <p>Heavy Electrical Equipment</p> <p>Household Appliances</p> <p>Industrial Machinery</p> <p>Industrial REITs</p> <p>Integrated Telecommunication Services</p> <p>Leisure Products</p> <p>Motorcycle Manufacturers</p> <p>Multi-Utilities</p> <p>Office REITs</p> <p>Office Services &amp; Supplies</p> <p>Paper Products</p> | <p>Railroads</p> <p>Real Estate Services</p> <p>Renewable Electricity</p> <p>Research &amp; Consulting Services</p> <p>Semiconductor Equipment</p> <p>Semiconductors</p> <p>Soft Drinks</p> <p>Specialized REITs</p> <p>Systems Software</p> <p>Technology Hardware, Storage &amp; Peripherals</p> <p>Trucking</p> <p>Water Utilities</p> |
|--|--|---|

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.

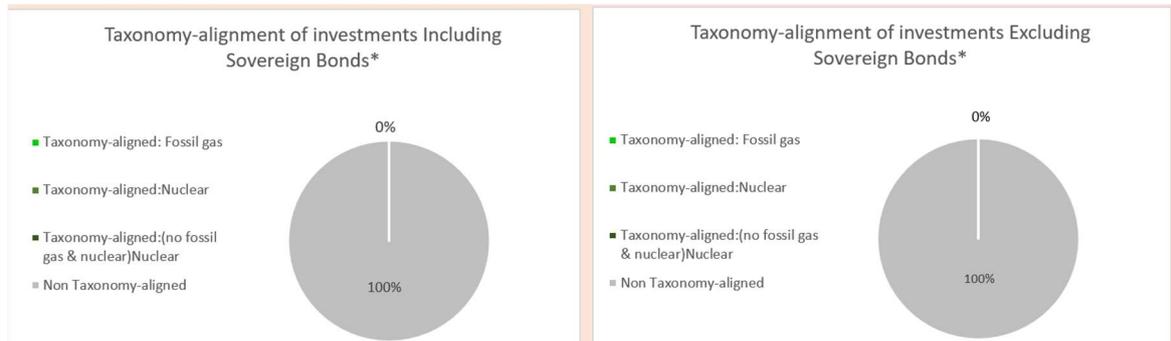


## To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

● Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

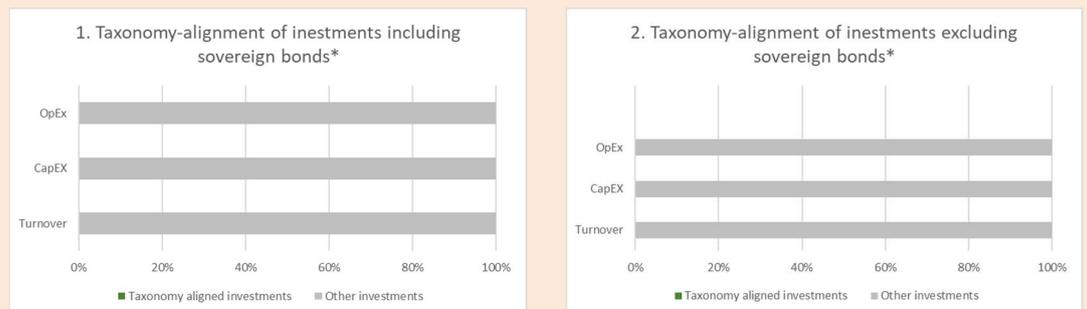
- Yes:
  - In fossil gas
  - In nuclear energy
- No

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.



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.

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.



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

The fund holds 0% investments made in transitional and enabling activities that meet the EU Taxonomy definitions and requirements.

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

N/A



### **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 is 83 %



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

The share of sustainable investments with a social objective is 8 %



### **What investments were included under “not sustainable”, what was their purpose and were 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.



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 actions have been taken to attain the sustainable investment objective during the reference period?**

The fund's extensive screening programme has ensured that the portfolio is focused exclusively on activities that drive the transition to a low carbon, sustainable economy.



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

Not applicable. The fund uses a peer group rather than a benchmark.

***How did the reference benchmark differ from a broad market index?***

Not applicable. The fund uses a peer group rather than a benchmark.

***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the sustainable investment objective?***

Not applicable. The fund uses a peer group rather than a benchmark.

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

Not applicable. The fund uses a peer group rather than a benchmark.

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

Not applicable. The fund uses a peer group rather than a benchmark.

**Reference benchmarks** are indexes to measure whether the financial product attains the sustainable objective.