



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:

abrdrn Liquidity Fund (Lux) - US Dollar Fund

Legal entity identifier

549300F702ZU80XKB914

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 0 % 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?

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

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.

No benchmark is used for portfolio construction or as a basis for setting risk constraints in the management of the Fund.

● ***What Sustainability Indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

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 60% 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 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 under "Fund Centre".

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. 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 US Dollar Fund Investment Approach excludes companies with a High ESG Risk Rating.

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).

The MSCI Score can be broken down into specific themes & categories and a rating is provided on an Environmental, Social and Governance level. This enables an assessment of an issuer's relative positioning on its management of ESG issues at a granular level.

- The Governance score assesses the corporate governance structure and the quality and behavior of corporate leadership and executive management.
- The Environmental and Social scores assess the ability of the issuer's leadership team to implement effective risk reduction and mitigation strategies in its operations. The score assesses many different Environmental, Social & Governance issues (more detail can be obtained at www.abrdn.com under "Fund Centre") however, the following environmental characteristics are positively promoted by the ratings – climate change (energy management and reducing greenhouse gas emissions), pollution & waste (improving water and waste management) Natural Capital (raw materials sourcing, reducing biodiversity/ecological impacts) and social characteristics including Human Capital (improving labour practices and relations, maximising employee health and safety) and Product Liability.

We will rely on MSCI ESG Ratings and, within ratings tiers, the MSCI Industry Adjusted Scores to rank companies and sovereigns in the US Dollar money market context.

The US Dollar Fund will exclude the bottom 10% of issuers with an MSCI Score that are in the money market investable universe. The MSCI Score associated with the bottom 10% will be the hurdle rate portfolio holdings will have to be higher than, to be considered for investment.

Sustainability indicator – MSCI Portfolio ESG Rating[1]

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.

The average will be calculated over a calendar month, ensuring that key Environmental and Social characteristics, as set out above, are promoted.

- ***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 Fund has not set a minimum proportion of sustainable investments.

- ***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?***

The Fund has not set a minimum proportion of sustainable investments.

- > *How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Fund has not set a minimum proportion of sustainable investments.

- > 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 has not set a minimum proportion of sustainable investments.

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.

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.



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 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 framework, 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 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 Fund seeks to:

- Generate a consistent return in line with prevailing short term money market rates 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 issuers with strong ESG practices.
- Leverage the support and insights of our large, dedicated Fixed Income team and embedded ESG specialist resources.



The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

- **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 60% of the assets aligned with E/S characteristics.
2. A commitment to achieve an MSCI ESG Fund rating of at least AA.
3. 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.
4. A commitment to exclude the bottom 10% of issuers with an MSCI Score that are in the money market investable universe.
5. A commitment to exclude any issuer with a High ESG Risk Rating using our proprietary Fixed Income ESG Risk Rating tool.

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 10% of issuers with an MSCI Score that are in the money market investable 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

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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?

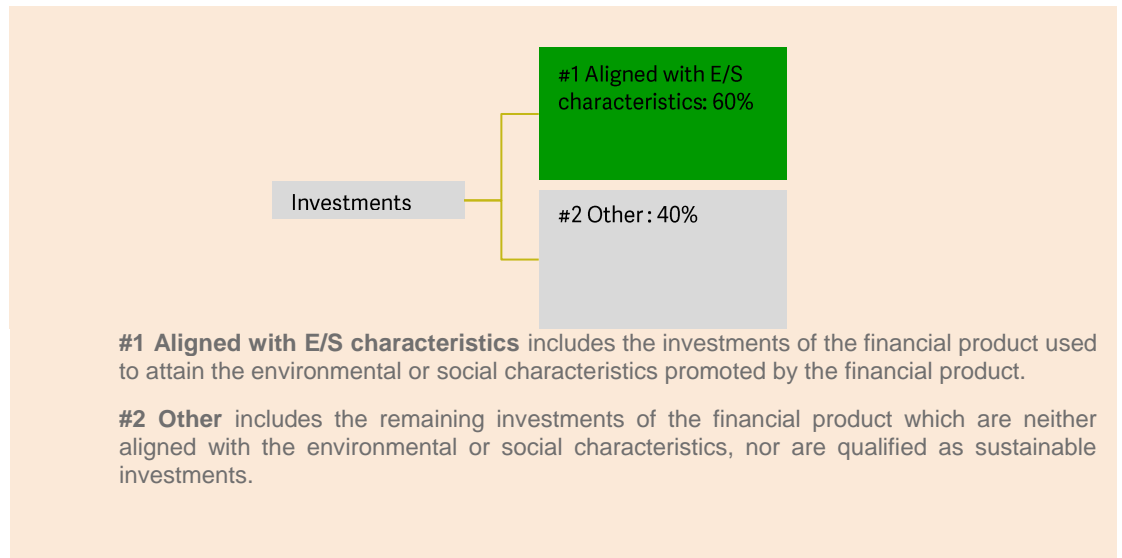
A minimum of 60% of the Fund's assets are aligned with E/S characteristics. Environmental and social safeguards are met by applying certain PAI's, where relevant, to these underlying assets. The Fund invests a maximum of 40% of assets in the "Other" category, which may include government securities and derivatives.



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. The graph below 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 ?¹**

Yes

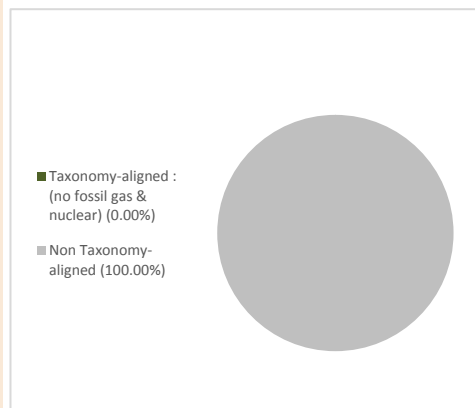
In fossil gas

In nuclear energy

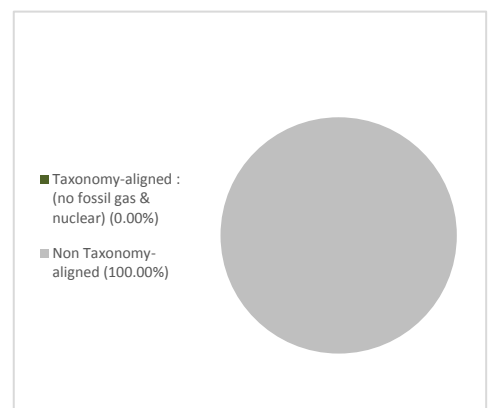
No

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

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 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 applicable.



- **What is the minimum share of socially sustainable investments?**

Not applicable.



- **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 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.



- **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?

Fund specific documentation, including Sustainability Related Disclosures, are published at www.abrdn.com under **Fund Centre**.

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