

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 - Responsible Global Asset Strategies Fund

Legal entity identifier

213800H44IXVBWSIJ774

**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.

To promote the environmental and social characteristics, the Fund applies ESG screening criteria, exclude companies with the highest ESG risks, as identified by abrdn's ESG House Score, and promotes good governance including social factors.

The Responsible Global Asset Strategies (RGAS) Fund typically consists of 20 to 30 investment strategies that span markets and are the discretionary choice of our managers using our established Absolute Return philosophy and approach. In selecting and constructing positions for RGAS, alongside traditional analysis, we use a combination of ESG integration, screening and enhancement criteria to achieve the Fund's sustainable and financial objectives.

ESG integration incorporates an assessment of ESG factors into the investment analysis and decision making across all holdings of the Fund. Exclusions via ESG screening criteria mean we avoid investing in activities that present particular risks. Our ESG enhancement criteria mean that the Fund holdings have enhanced ESG characteristics. Combined, these three elements provide investors with a responsible approach to global asset investing.

The assessment of ESG factors is integrated into every stage of our multi-asset investment process, from research and implementation to asset allocation, risk management and stewardship.

Our Multi Asset Solutions team generate insights combining return-potential with sustainable investment themes. Asset allocation decisions and ESG are closely linked, as changes associated with ESG issues can shape our view of the optimal allocation of capital to generate risk-adjusted returns for clients. This can also create the opportunity to direct capital to where ESG challenges are particularly pressing, such as climate change.

When implementing each investment idea, we consider the characteristics of each security and consider the financial risks associated with ESG issues. This results in the exclusion of firms associated with certain activities.

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

The following measures are used by the Fund:

Countries:

For government bonds and instruments used to express interest rate and currency view, the Fund will exclude any country in the bottom 25% based on the abrdn ESG Country Ranking. This index uses Environmental, Social, Governance and Political factors ("ESGP Factors") which are aligned with the UN Sustainable Development Goals (SDGs). The Emerging Market Government Bond allocation uses similar criteria which focus on the indicators under the Governance and Political pillars.

Companies or Issuers:

abrdn seek to enhance the overall ESG characteristics of the direct investments in equity and credit by adjusting the holdings based on abrdn view of ESG risk. abrdn use the abrdn proprietary ESG House Score, developed by the central ESG investment team, to identify companies abrdn view as having 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 abrdn to see how companies rank in a global context. abrdn exclude companies with the highest ESG risks, as identified by the ESG House Score.

For our core global equity allocation, we target a 50% reduction in weighted average carbon intensity (measured by Trucost) compared to passive global equities. For each equity basket, we target a 10% reduction in carbon intensity relative to the MSCI ACWI Index or relevant sector benchmark where appropriate.

● ***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.

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 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.*



### 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 Impact Indicators are metrics that measure the negative effects on environmental and social matters. abrdn consider PAIs within the investment process for the Fund, this may include considering whether to make an investment, or they may be used as an engagement tool for example where there is no policy in place and this would be beneficial, or where carbon emissions are considered to be high, abrdn may engage to seek the creation of a long-term target and reduction plan. abrdn assess 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. Where Funds consider PAIs, information on that consideration will be made available in annual reports.

No



### What investment strategy does this financial product follow?

The Fund typically consists of 20 to 30 investment strategies that span markets and are the discretionary choice of the managers using abrdn's established Absolute Return philosophy and approach. In selecting and constructing positions for the Fund, alongside traditional analysis, abrdn use a combination of ESG integration, screening and enhancement criteria to achieve the Fund's sustainable and financial objectives.

ESG integration incorporates an assessment of ESG factors into the investment analysis and decision making across all holdings of the Fund. Exclusions via ESG screening criteria mean abrdn avoid investing in activities that present particular risks. The abrdn ESG enhancement criteria mean that the Fund holdings have enhanced ESG characteristics. Combined, these three elements provide investors with a responsible approach to global asset investing. When implementing each investment idea, we consider the characteristics of each security and consider the financial risks associated with ESG issues. This results in the exclusion of firms associated with certain activities.

Additionally, abrdn apply a set of company exclusions, which are related to the UN Global Compact, Controversial Weapons, Tobacco Production, Thermal Coal and oil and gas.

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 Fund applies a set of positive criteria. These include the use of the abrdn ESG House Score to identify and exclude those companies exposed to the highest ESG risks. There will also be a reduction in the weighted average carbon intensity for the core global equity allocation compared to passive global equities.

abrdn apply a set of company exclusions, which are related to the UN Global Compact, Controversial Weapons, Tobacco Production, Thermal Coal and oil and gas. 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 reduces the investible universe using the following steps:

Countries:

For government bonds and instruments used to express interest rate and currency views, the Sub-fund will exclude those relating to countries that in abrdn's view present more intense ESG risks. On an annual basis abrdn rank countries according to Environmental, Social, Governance and Political factors ("ESGP Factors") which are aligned with the UN Sustainable Development Goals (EDGs). Countries in the bottom 25% of that ranking will be excluded. As a result, RGAS holdings in government bonds, interest rates and currencies will have a better overall ESG profile than might otherwise have been the case had the low-scoring countries been accessible.

Companies or Issuers:

abrdn seek to enhance the overall ESG characteristics of the direct investments in equity and credit by adjusting the holdings based on abrdn's view of ESG risk. abrdn use the proprietary ESG House Score, developed by the central ESG investment team, to identify companies abrdn view as having 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 abrdn to see how companies rank in a global context. abrdn exclude companies with the highest ESG risks, as identified by the ESG House Score. W

For our core global equity allocation, we target a 50% reduction in weighted average carbon intensity (measured by Trucost) compared to passive global equities. For each equity basket, we target a 10% reduction in carbon intensity relative to the MSCI ACWI Index or relevant sector benchmark where appropriate.

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.



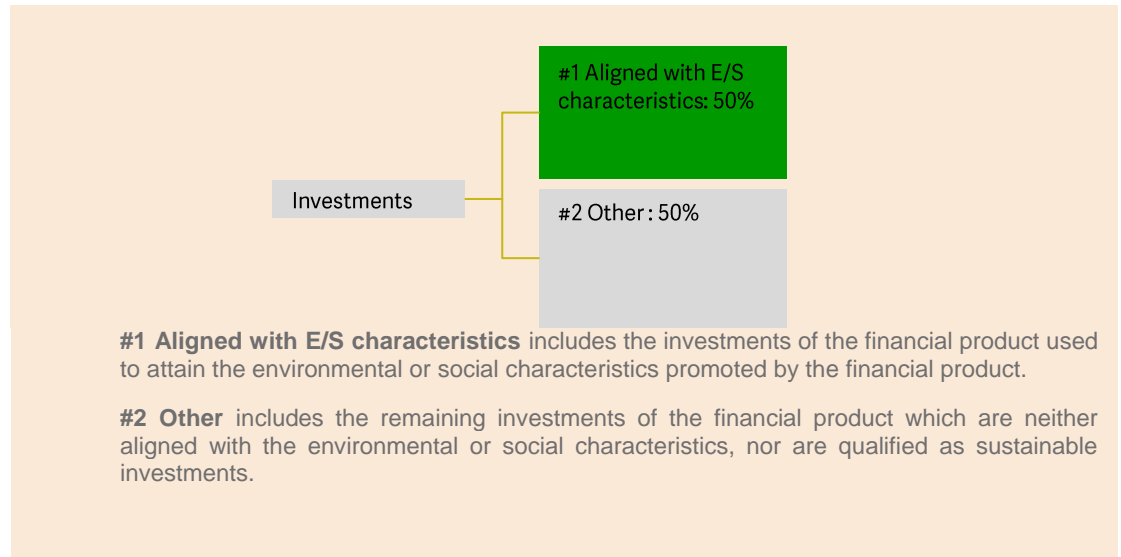
## What is the asset allocation planned for this financial product?

A minimum of 50% 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 50% of assets in the "Other" category, which include cash, money market instruments 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 invests in a broad range of assets from across the global investment universe, both directly and indirectly via derivatives. In selecting and constructing positions for the Fund, alongside traditional analysis, abrdn use a combination of ESG integration, screening and enhancement criteria to promote environmental, social and governance characteristics. Where the Fund implements via a derivative which incorporates ESG criteria or allocates to an existing fund with appropriate sustainable characteristics, the exclusions are deemed to be equivalent. As a multi-asset absolute return fund, there may be occasions the Fund takes long derivative positions on indices that have not had these exclusions applied in order to meet liquidity, target return or risk expectations. The Fund will aim to minimise such exposures and these investments will not exceed 2% of the NAV. Please see the Responsible Global Asset Strategies Fund Investment Approach Document, which is published at [www.abrdn.com](http://www.abrdn.com) under Fund Centre, for a table explaining which types of investment are physical and which use derivatives.



### **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

<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.



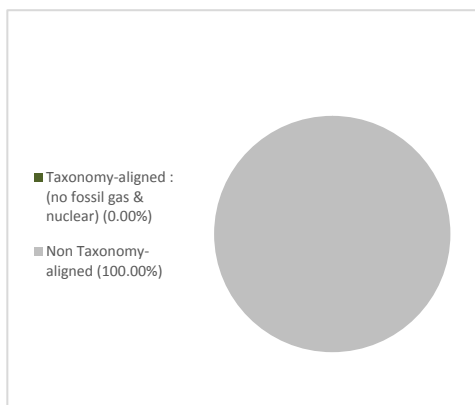
No

In fossil gas

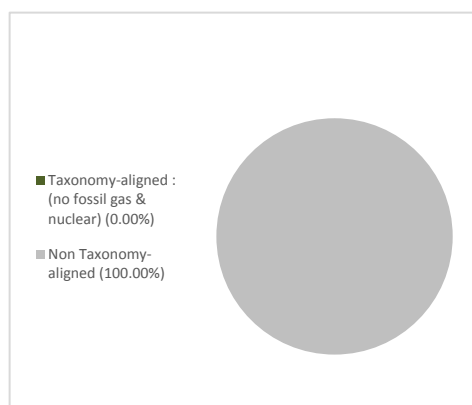
In nuclear energy

*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



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

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 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 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



## Where can I find more product specific information online?

Fund specific documentation, including Sustainability Related Disclosures, are published at [www.abrdn.com](http://www.abrdn.com) under **Fund Centre**.

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