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Fund Guide

Aberdeen Standard SICAV I – Climate Transition Bond Fund

November 2021

Key features

Investing in the transition to a low carbon economy

Portfolio of climate leaders, adaptors and solutions providers

Targeting attractive returns and income

Unconstrained global opportunity set and approach

Article 9

The fund is classified Article 9 under new EU Sustainable Finance Disclosures Regulation. Article 9 funds have a sustainable investment objective.

Investing in the climate change megatrend

There is growing awareness that society urgently needs to address climate change by mitigating its causes and adapting to its consequences.

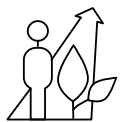
For a successful global climate transition, all areas of the economy will have to undergo change.

While this change carries risks for asset prices, we believe it also creates a once-in-a-generation investment opportunity. Capital invested in fixed income assets will play a pivotal role in supporting the global transition to net-zero emissions.

Fund focus



A portfolio aligned to support the climate transition by investing in companies mitigating the causes and helping society adapt to the consequences of climate change.



Applying negative screening criteria covering zero-exposure to oil and gas production and exploration companies or those that fail any principle of the UN Global Compact. There are additional revenue exclusion thresholds for: weapons, tobacco production and thermal coal extraction.



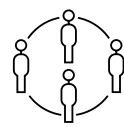
A global, unconstrained approach ensures a broad investment opportunity set including Investment Grade, High Yield, Emerging Market Debt (Corporates and Sovereigns), Developed Market Sovereigns, Municipals and Green Bonds.



Our large global research footprint based in the UK, US and across the Pan-Asia region helps us to uncover investment opportunities that support positive climate outcomes.



The Fund leverages abrdn's extensive ESG resources. These include our central team of 20+ ESG experts and our regional on-desk fixed income network.






Our engagement with management teams and reporting on the portfolio holdings is aimed at driving high standards, measuring transition targets and providing effective stewardship.

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

Aberdeen Standard SICAV I – Climate Transition Bond Fund

Climate Transition Bond investment framework

The Climate Transition Bond Fund utilises three key pillars to identify and acknowledge climate change risks and opportunities. The three investment pillars (Leaders, Adaptors and Solutions) are detailed below and mapped to the corresponding Climate Transition Investment Risk & Opportunity.

Risk & Opportunity	 Transition Risks	 Physical Risks	 Investment Opportunities
Types of activity	<p>The risk of transitioning to a low-carbon economy</p> <p>Higher carbon prices, stranded assets, emission-reducing regulation and shifts in technology and demand</p>	<p>Consequences of the continued increase in temperature and extreme weather events</p> <p>Negative implications include damage to infrastructure, poor harvests, rising cost of assets and commodities</p>	<p>The transition to a low-carbon economy will provide attractive capital allocation opportunities</p> <p>Renewable energy infrastructure, low carbon-transport and improvements to energy efficiency</p>
Pillar	Leaders	Adaptors	Solutions
Indicative Portfolio Weight	40 - 60%	5 - 20%	40 - 60%
Theme Investment rationale	<p>Supporting the leading emissions reducers</p> <p>Most aggressive in high emission sectors and outstanding companies in other sectors</p>	<p>Facilitating climate change adaptation</p> <p>Support those addressing the physical risks of climate change</p>	<p>Helping the economy decarbonise</p> <p>Investing in circular economy, energy efficiency, electrification, energy storage, renewable materials, smart buildings, renewable energy,</p>
Sector examples	Utilities, Building Materials, Transport, Mining, Heavy Industry, Food and Agriculture	Municipals, Sovereigns, Insurance, Real Estate, Water Utilities	Chemicals, Utilities, Real Estate, Consumer Goods, Agriculture, Transport, Forestry, Technology
Assessment criteria	Ambitious & credible decarbonisation targets	Revenue / R&D spend / Project financing (municipals)	Revenue / R&D spend / Projected carbon reduction of solution

Aberdeen Standard SICAV I – Climate Transition Bond Fund

At a glance

Investment style	Global unconstrained
Investment Universe	Investment Grade Credit, High Yield Credit, Emerging Market Debt (Corporate and Sovereign), Sub-Sovereign, Municipals, Developed Market Sovereigns and Green Bonds
Reference Benchmark	60% Bloomberg Barclays Global Aggregate Corporates Index (USD Hedged), 20% Bloomberg Barclays Global High Yield Corporates Index (USD Hedged), 20% JP Morgan CEMB Index (USD)
Yield Target	Indicative to reference benchmark
Average Duration	+/- 1 year relative to reference index
Credit Rating and Assets Allocation	Minimum Average Rating: BBB- Maximum 40% High Yield exposure, Minimum 70% Corporate bond exposure
Typical portfolio characteristics	<ul style="list-style-type: none"> • Holdings: 70 – 100, Sectors: 20+, Countries: 20+ • Including Green bonds typically +20%
Exclusioni	<ul style="list-style-type: none"> • No investment in Oil and Gas production and exploration companies • No investment in companies that fail any principle of the UN Global Compact • Revenue thresholds exclusions for: Controversial weapons, Conventional weapons, Tobacco production and Thermal Coal extraction.

Source: abrdn 2021.

Portfolio vs. benchmark indices

	Yield to worst	Duration	Average rating
Climate Transition Bond Fund	2.4	5.8	BBB
Barclays Global Aggregate Corporate	1.6	7.3	A-
Barclays Global High Yield Corporate	3.7	3.7	BB-
JPM Corporate CEMB Index	3.5	4.6	BBB-
Reference Benchmark¹	2.7	6.1	BBB
Barclays Green MSCI Green Bond Index	0.6	8.4	A+

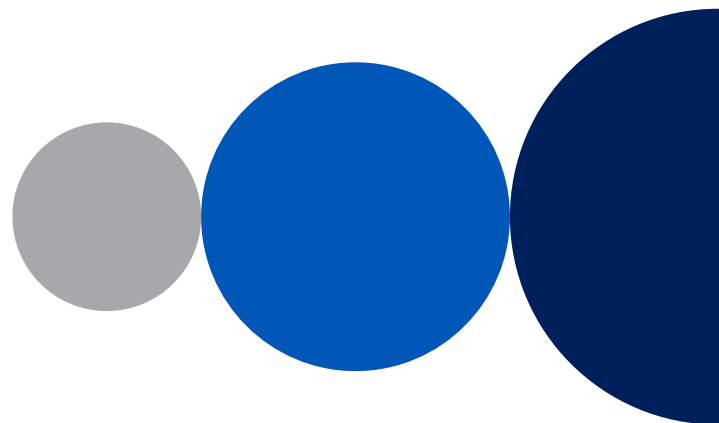
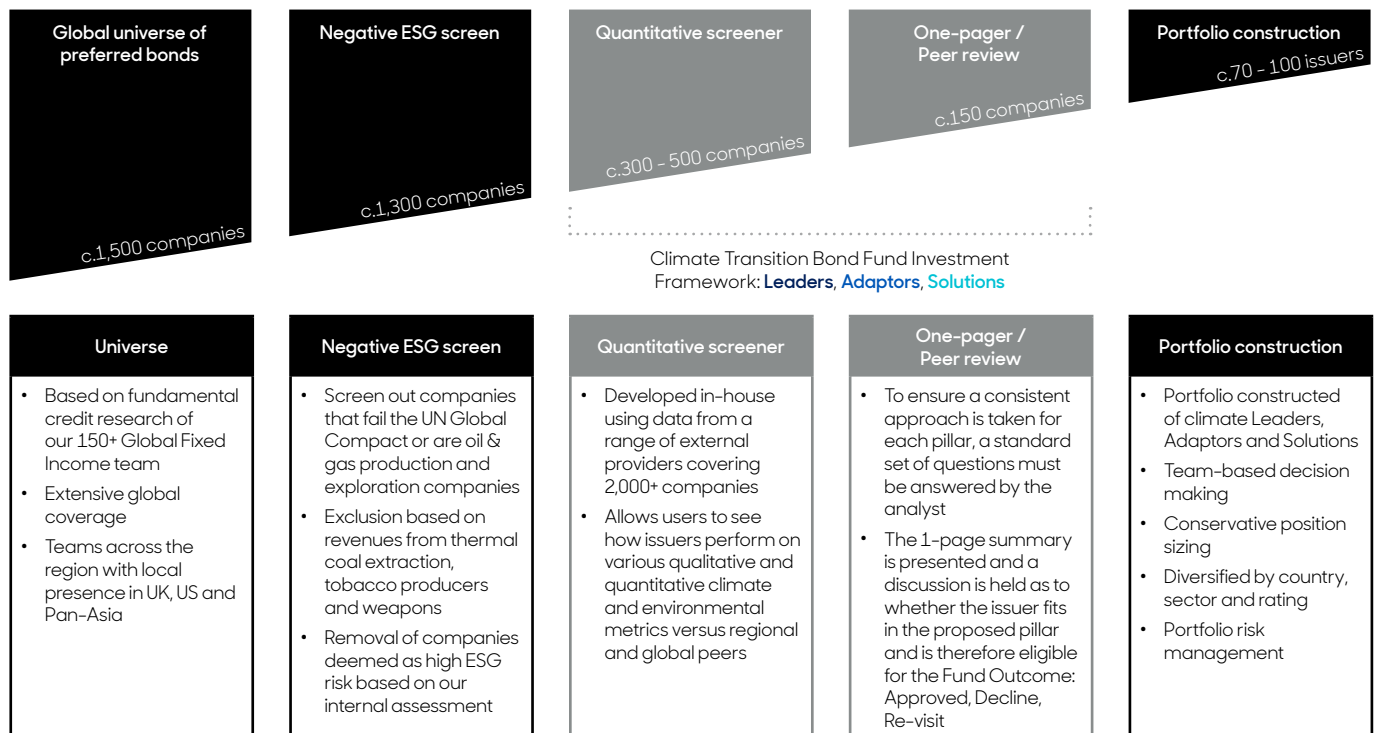
For illustrative purposes only

¹ 60% Bloomberg Barclays Global Aggregate Corporates Index (USD Hedged), 20% Bloomberg Barclays Global High Yield Corporates Index (USD Hedged), 20% JP Morgan CEMB Index (USD). As at 30th September 2021.

Aberdeen Standard SICAV I – Climate Transition Bond Fund

Our Climate Transition Bond investment process

The global universe is screened to identify climate Leaders, Adaptors and Solutions through the application of ESG exclusions, the use of proprietary climate tools, research and robust peer review.



Aberdeen Standard SICAV I – Climate Transition Bond Fund

One-pager standardised research summaries

To ensure a consistent approach is taken for each pillar, a standard set of questions must be answered for each issuer. This makes comparing issuers easier, ensures important considerations are not missed and helps mitigate the risk of 'greenwashing'. For example, a company may have ambitious goals to cut emissions, but may lack a detailed plan to do this or may exclude a large portion of their emissions in these goals.

Each pillar has its own inclusion criteria and therefore its own set of questions.

Leaders	
Questions	seek to establish the credibility and ambition of a company's decarbonisation targets relative to peers
Examples	whether Scope 3 emissions (supply chain) are included, what evidence supports the credibility of the targets, details of the plan to reduce emissions
Considerations	e.g. track record of emissions reductions, executive incentives, capex plans, targets versus peers
Adaptors	
Questions	seek to understand and categorise the type of activity of the issuer that helps society adapt to a changing climate
Examples	whether the area of operation is particularly at risk from the physical effects of climate change, how the activities support climate resilience
Considerations	e.g. details of resilience infrastructure against floods, droughts, cyclones, wildfires, green bond frameworks supporting use of proceeds tracking
Solutions	
Questions	seek to understand and categorise the type of activities of the company that help the wider economy reduce emissions
Examples	the primary way emissions of third parties are reduced, how material are these activities to the company, whether the operations cause any inadvertent harm to the environment
Considerations	e.g. contributions to electrification, renewable energy, energy efficiency, energy storage, capex plans, company's own emissions plans

Example One Pager: Leaders

The image shows a sample of a research report for 'Leaders' from Aberdeen Standard's Climate Transition Fund. The report is structured into sections: 'EXAMPLE', 'QUESTIONS', and 'CONSIDERATIONS'. The 'QUESTIONS' section contains 14 numbered questions related to emissions targets and decarbonisation plans. The 'CONSIDERATIONS' section provides detailed answers to these questions. Below the text, there is an 'EMISSIONS OVERVIEW' section featuring several charts:

- Scope 1+2 emissions (bars) and Scope 1+2 intensity (lines):** A combined bar and line chart showing emissions and intensity over time, with a 'Net-zero Average' line.
- Company Emissions Breakdown:** A pie chart showing the distribution of emissions by scope: 72% for Scope 3 (IC02e), 16% for Scope 2 (IC02e), and 12% for Scope 1 (IC02e).
- Footprint:** A bar chart showing the footprint of various activities, with a legend for 'Emissions - Scope 1 (IC02e)', 'Emissions - Scope 2 (IC02e)', and 'Emissions - Scope 3 (IC02e)'. A callout box highlights this chart with the text 'Automated emissions time series versus the sector, emissions breakdown and emissions intensity comparison'.

Callout boxes on the left side of the report highlight specific features:

- 'Quantitative details of the emissions reduction targets' points to the 'QUESTIONS' section.
- 'Standard set of questions exploring the ambition and credibility of the targets' points to the numbered list of questions.
- 'Automated emissions time series versus the sector, emissions breakdown and emissions intensity comparison' points to the 'EMISSIONS OVERVIEW' charts.

Aberdeen Standard SICAV I – Climate Transition Bond Fund

Example portfolio holdings

Only those debt issuers approved via our peer review process can be deemed a climate Leader, Adaptor or Solutions Provider, and therefore considered for inclusion in the Fund's holdings. Some examples, and how they meet our climate criteria are shown below:

Energias de Portugal

Leader

EDP is one of the largest wind power companies in the world and a major electricity producer in Iberia and Latin America. It has leading short and long-term decarbonisation plans and a strong track record of implementation.



Repubblica del Cile

Adaptor

Chile is particularly vulnerable to climate change and is increasingly directing resources to climate resilience projects. The Chilean government issued and used the proceeds of Latin America's first sovereign green bond, to bolster flood defences, and improve irrigation and waste water management systems.



Equinix

Solutions

A global data centre company with market leading adoption of renewable energy and a portfolio of energy-efficient buildings. Equinix helps its customers lower their energy consumption and replace fossil fuels as a source of power.



Azure Power

Solutions

One of the leading independent solar power producers in India which is contributing to the country's energy transition.



Companies selected for illustrative purposes only to demonstrate the investment management style described herein and not as an investment recommendation or indication of future performance.

Aberdeen Standard SICAV I – Climate Transition Bond Fund

Engagement

Company engagement is a core part of our Climate Transition Bond Fund investment process and it benefits our security selection in a number of ways;

- Achieve a better understanding of a company's climate change and wider ESG strategy.
- Discussions with management help inform a forward looking view of a company's strategy which can highlight future risks and opportunities that should be factored into valuations.
- Encouraging disclosure can help demonstrate a company's climate and ESG credentials to the wider market, potentially leading to bond price improvements.
- Monitoring a company's progress against climate and ESG targets.
- Actively influence a company's management of ESG issues in line with best practices.

Engagement is carried out directly by our credit analysts, ESG analyst or jointly. Furthermore where appropriate engagements may be conducted across asset classes for example jointly with our Equity team.

Leveraging the wider engagement agenda

Investments in the Climate Transition Bond Fund are made with the view of supporting climate mitigation and adaptation; however this is not in isolation of our view on company's management of wider ESG risks and opportunities. The fund therefore leverages of the broader investment team's engagements. Covering other ESG issues (e.g. corporate governance, Human Rights and labour management), insights from these meetings help inform our investment decision making. Additionally, engaging alongside the wider credit team and equity team can improve corporate access and our power of influence.

Climate focused engagements

Company engagements can influence and enhance the Climate Transition Bond Fund process at various stages:

- **Climate Screener:** with an emphasis on initial data gathering across sectors and regions, encouraging greater disclosure of ESG and climate metrics from companies enhances this step
- **One Pager:** applying more thorough scrutiny to a company's eligibility within one of our investment pillars, this stage is greatly enhanced by engaging with companies to obtain a better understanding of its plans, motivations and intentions of management (e.g. when looking for leading decarbonisation companies). Additionally, the important assessment of whether a company's actions "do no significant harm" is aided by discussions with management
- **Peer Review:** a frequent outcome of the peer review process is the need for more information in order to get comfortable with a company being approved under one of the fund's pillars. Follow up engagements are a vital tool to provide reassurance on factors where information is lacking (e.g. plans to tackle supply chain emissions)
- **Ongoing monitoring:** in addition to regularly reviewing our research One Pager notes, company engagements to challenge management teams on the delivery of targets inform our investment decisions as well as helping encourage decarbonisation

Engagement example

Great Lakes Dredge and Dock

- **Investment Pillar:** Adaptors
- **Peer Review status pre-engagement:** Re-visit
- **Engagement Topic:** we sought more assurance around how they mitigate environmental impacts, such as disturbing marine biodiversity.
- **Outcome:** The Company provided us with technical details of their processes to minimise impact to the sea floor, as well as how potential beach sites are inspected and assessed. We were impressed with the examples that the company provided and where they had made changes to procedures due to environmental assessment outcomes. As a result, following the next Peer Review meeting we Approved the issuer as a potential investment for the fund.





Important Information

The value of investments and the income from them can go down as well as up and investors may get back less than the amount invested. Past performance is not a guide to future results.

- The fund invests in securities which are subject to the risk that the issuer may default on interest or capital payments.
- Applying ESG and sustainability criteria in the investment process may result in the exclusion of securities within the fund's benchmark or universe of potential investments. The interpretation of ESG and sustainability criteria is subjective meaning that the fund may invest in companies which similar funds do not (and thus perform differently) and which do not align with the personal views of any individual investor.
- The fund's price can go up or down daily for a variety of reasons including changes in interest rates, inflation expectations or the perceived credit quality of individual countries or securities.
- The fund invests in high yielding bonds which carry a greater risk of default than those with lower yields.
- The fund invests in mortgage and asset-backed securities (which may include collateralised loan, debt or mortgage obligations (respectively CLOs, CDOs or CMOs)). These are subject to prepayment and extension risk and additional liquidity and default risk compared to other credit securities.
- The fund invests in emerging market equities and /or bonds. Investing in emerging markets involves a greater risk of loss than investing in more developed markets due to, among other factors, greater political, tax, economic, foreign exchange, liquidity and regulatory risks.
- The use of derivatives carries the risk of reduced liquidity, substantial loss and increased volatility in adverse market conditions, such as a failure amongst market participants. The use of derivatives may result in the fund being leveraged (where market exposure and thus the potential for loss by the fund exceeds the amount it has invested) and in these market conditions the effect of leverage will be to magnify losses.
- The Fund's investment objective is long term total return to be achieved by investing at least 90% of its assets in Investment Grade and Sub-Investment Grade Debt and Debt-Related Securities issued worldwide, including in Emerging Markets, that support the transition to a low carbon economy and society's adaptation to climate change.
- To help you understand this fund and for a full explanation of risks and the overall risk profile of this fund and the shareclasses within it, please refer to the Key Investor Information Documents available in the local language, and Prospectus available in English, which are available on our website abrdn.com. The Prospectus also contains a glossary of key terms used in this document. A summary of investor rights can be found in English on our website's Legal Notice at abrdn.com.

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The fund is a sub-fund of Aberdeen Standard SICAV I a Luxembourg-domiciled UCITS fund, incorporated as a Société Anonyme and organized as a Société d'Investissement á Capital Variable (a "SICAV").

In Spain, Aberdeen Standard SICAV I has been registered with the Comisión Nacional del Mercado de Valores under the number 107.

In the United Kingdom: Deemed authorised and regulated by the Financial Conduct Authority. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority's website. Under Luxembourg law, there is no compensation scheme available to UK investors in funds managed by such firms, which includes this fund.

The fund has been authorised for public sale in certain jurisdictions and private placement exemptions may be available in others. It is not intended for distribution or use by any person or entity that is a citizen or resident of or located in any jurisdiction where such distribution, publication or use would be prohibited.

The information contained in this marketing material is intended to be of general interest only and should not be considered as an offer, investment recommendation or solicitation to deal in the shares of any securities or financial instruments. Subscriptions for shares in the fund may only be made on the basis of the latest prospectus, relevant Key Investor Information Document (KIID) and, in the case of UK investors, the Supplementary Information (SID) for the fund which provides additional information as well as the risks of investing. These may be obtained free of charge from the Fund Management company Aberdeen Standard Investments Luxembourg S.A. 35a, Avenue J.F. Kennedy, L-1855 Luxembourg or the local paying agents detailed below. All documents are also available on abrdn.com. Prospective investors should read the prospectus carefully before investing. The Fund Management company may terminate arrangements for marketing the fund under the Cross-border Distribution Directive denotification process.

In Switzerland these documents along with the fund's articles of association can be obtained from the fund's Representative and Paying Agent, BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, CH 8002 Zürich, Switzerland (Tel. 058 212 63 77). These documents and the articles of incorporation are available in English/Italian/German/ French free of charge on abrdn.com. **In Italy** these documents can be obtained from one of the Paying Agents listed in the prospectus of the fund. **In Germany** these documents can be obtained from the Paying Agent Marcard, Stein & Co. AG, Ballindamm 36, D-20095 Hamburg. **In Austria** from the Fund's Representative and Paying Agent Raiffeisen Zentralbank Österreich Aktiengesellschaft, Am Stadtpark 9, A-1030 Wien. **In France**, these documents can be obtained from the Centralising Correspondent Agent: BNP Paribas Securities Services, 3, rue d'Antin, 75002 Paris, France. **In Belgium**, these documents can be obtained from the Fund's Paying Agent, BNP Paribas Securities Services, Succursale de Bruxelles, 489, Avenue Louise, 1050 Bruxelles. In Belgium, these documents can be obtained from the Fund's Paying Agent, BNP Paribas Securities Services, Succursale de Bruxelles, 489, Avenue Louise, 1050 Bruxelles.

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