

The Directors of abrdn III ICAV (the “**ICAV**”) whose names appear in the section of the Prospectus entitled “**MANAGEMENT AND ADMINISTRATION**” are the persons responsible for the information contained in this Supplement and the Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement and the Prospectus is in accordance with the facts and does not omit any material information likely to affect the import of such information. The Directors accept responsibility accordingly.

**If you are in any doubt about the contents of this Supplement or the Prospectus you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.**

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## **abrdn Future Real Estate UCITS ETF**

**(A sub-fund of abrdn III ICAV, an open-ended umbrella Irish collective asset-management vehicle and an umbrella fund with segregated liability between sub-funds formed in Ireland under the Irish Collective Asset-management Vehicles Act 2015 and authorised by the Central Bank as a UCITS pursuant to the UCITS Regulations with registered number C469164)**

**DATED: 9 December 2024**

**Manager  
Carne Global Fund Managers (Ireland) Limited**

**Investment Manager  
abrdn Investments Limited**

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**This Supplement forms part of, and should be read in the context of and together with, the Prospectus dated 9 December 2024 (the “Prospectus”) in relation to the ICAV and contains information relating to the abrdn Future Real Estate UCITS ETF (the “Fund”) which is a separate portfolio of the ICAV. The names of the other sub-funds of the ICAV are available on request.**

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## THE FUND

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This Fund is subject to Article 8 of the SFDR. Further information can be found under section “EU’s Sustainable Finance Disclosure Regulation – Sustainability Risk Integration” of the Prospectus.

### Investment Objective

To generate growth over the long term (5 years or more) by investing in listed real estate investment trusts (“REITs”) and equities (company shares) of companies engaged in real estate related activities globally.

Performance Target: To outperform the FTSE EPRA NAREIT Developed Net Index (the “**Benchmark Index**”) before charges. There is however no certainty or promise that the Fund will achieve the Performance Target.

The Investment Manager believes this is an appropriate target for the Fund based on the investment policy of the Fund and the constituents of the Benchmark Index.

### Investment Policy

#### Portfolio Securities

The Fund will invest at least 80% in listed real estate holding and development companies and REITs listed on global stock exchanges (each a “Company” and collectively “Companies”) that make up the Benchmark Index.

The Fund may invest up to 20% in listed Companies globally that are not constituents of the Benchmark Index but which operate in sectors researched by the abrdn Real Estate Global HouseView (as outlined below).

The abrdn ESG House Score is used to quantitatively identify and exclude those Companies exposed to the highest ESG risks. The abrdn ESG House Score is the Investment Manager’s proprietary ESG scoring mechanism, and is used to identify companies with potentially high or poorly managed ESG risks. The abrdn ESG House score comprises two scores; the operational score and the governance score. The governance score assesses a company’s corporate governance structure and the quality and behaviour of corporate leadership and executive management. The operational score assesses the ability of a company’s leadership team to implement effective environmental and social risk reduction and mitigation strategies in its operations.

The Investment Manager applies a set of Company exclusions to rule out a narrow, defined list of unacceptable activities and behaviours which are related to the UN Global Compact, State Owned Enterprises (SOE), weapons, tobacco, thermal coal, oil and gas and electricity generation.

Taken together, the Fund will exclude at least 20% of the Benchmark Index from its investment universe. More detail on this overall process is captured below and within abrdn’s Future Real Estate UCITS ETF Investment Approach, which is published at [www.abrdn.com](http://www.abrdn.com) under “Fund Centre.”

The Fund may invest up to 10% in other regulated, open-ended collective investment schemes, including alternative investment funds, ETFs and money market funds, as described under “*Investment in other Collective Investment Schemes*” in the “*Investment Objective & Investment Techniques*” section of the Prospectus (including those managed by abrdn), Money-Market Instruments, and Cash for Liquidity management and as such, these investments may not comply with abrdn’s Future Real Estate UCITS ETF Investment Approach applied by the Fund. The Fund may also invest up to 10% in companies with Variable Interest Entity structures. Where direct investment in the relevant underlying equity security or market is not possible for regulatory or other reasons, the Fund may also invest in P-notes, but any exposure is expected to be limited to no more than 10% of the Net Asset Value of the Fund.

#### Management Process

The Fund is actively managed.

It promotes environmental and social characteristics but does not have a sustainable investment objective. Through the application of abrdn's Future Real Estate UCITS ETF Investment Approach the Fund commits to having a minimum of 10% in Sustainable Investments. Furthermore, the Fund targets an ESG rating that is better than the Benchmark Index.

Engagement with external Company management teams is used to evaluate the ownership structures, governance and management quality of those Companies in order to inform portfolio construction.

The Fund utilises abrdn's proprietary abrdn Real Estate Global HouseView which, based on the themes that the Investment Manager expects will drive future investment demand in real estate, aims to evaluate the potential for outperformance / underperformance of individual constituents of the broader real estate universe, composed mainly from the Benchmark Index. The abrdn Real Estate Global HouseView considers diverse factors (macroeconomics, capital markets, interest rates and real estate fundamentals (including supply/demand balance and rent trends) coupled with extensive research on relative valuation among real estate sectors to identify expected returns by region, country and sector, to generate relative rankings by countries and sectors. Individual holdings are then typically selected using the following principles:

- Overweighting stocks in segments, countries and regions where the abrdn Real Estate Global HouseView is positive (superior relative returns are expected);;
- Underweighting those stocks where it is negative (inferior relative returns are expected); and
- Taking neutral exposure where it is neutral (expected returns are neither superior nor inferior) or stocks are not within the coverage of the abrdn Real Estate Global HouseView.

In order to achieve its objective, the Fund will take positions whose weightings diverge from the Benchmark Index or invest in securities which are not included in the Benchmark Index. The investments of the Fund may deviate significantly from the components and their weightings in the Benchmark Index, however, the Fund's risk profile is not ordinarily expected to deviate significantly from the Benchmark Index over the longer term.

#### Derivatives and Techniques

The Fund may use Derivatives, namely, exchange-traded equity Futures, equity Index Futures, FX and FX forwards non-deliverable forwards, described under "*Use of Financial Derivative Instruments*" in the "*Investment Objective & Investment Techniques*" section of the Prospectus to reduce risk, reduce cost and/or generate additional income or growth consistent with the risk profile of the Fund (often referred to as "Efficient Portfolio Management").

Derivatives will typically be used to maintain allocations to Company shares while meeting Cash inflows or outflows. Where Cash inflows or outflows are large relative to the size of the Fund, derivative usage may be significant for limited periods of time. Derivative usage in the Fund otherwise is expected to be very limited.

In connection with Hedged Classes only, the Fund may also enter into transactions in Derivatives – specifically, FX forwards and FX non-deliverable forwards - in order to hedge against movements of the Class Currency relative to the currencies in which the Fund's assets are denominated or to hedge against movements of the Class Currency relative to the Base Currency. Any such Class hedging transactions will be undertaken in accordance with the ICAV's currency hedging policy as set out in the section entitled "**Currency Transactions – Currency Hedging at Share Class Level**" in the Prospectus and in accordance with Appendix C of the Prospectus.

The equity securities invested in by the Fund will be listed, traded and dealt with on one or more of the Recognised Markets set out in Appendix B to the Prospectus.

**There is no guarantee that the Fund will achieve its investment objective.**

#### **Base Currency**

The Base Currency of the Fund is USD.

## Exposure to Securities Financing Transactions and Total Return Swaps

Repo expected (%)	Repo - max (%)	Rev Repo - expected (%)	Rev Repo - max (%)	Sec Lend - expected (%)	Sec Lend - max (%)	TRS expected (%)	TRS - max (%)
0%	0%	0%	0%	0% to 15%	50%	0%	0%

## PROFILE OF A TYPICAL INVESTOR

A typical Investor would be one who is a private or institutional investor and is seeking capital appreciation over the long term. Such an Investor is also one that is able to assess the merits and risks of an investment in the Shares of the relevant Class of the Fund. This Fund may also be suitable for Investors with a specific need for ESG related criteria.

## SHARE CLASSES

Only ETF Shares will be issued in respect of the Fund.

Details of the Classes available in the Fund, are set out below.

Classes	TER	Dividend Policy/Frequency	Unlaunched Classes of ETF Shares are indicated below	Hedged share Class	Class Currency	Minimum Subscription Amount
USD Accumulating ETF	Up to 0.40%	Accumulating	Unlaunched	No	USD	100,000 Shares or the cash equivalent in the Class Currency
USD Distributing ETF	Up to 0.40%	Distributing/Semi-Annual	Unlaunched	No	USD	100,000 Shares or the cash equivalent in the Class Currency
GBP Hedged Accumulating ETF	Up to 0.45%	Accumulating	Unlaunched	Yes	GBP	100,000 Shares or the cash equivalent in the Class Currency
EUR Hedged Accumulating ETF	Up to 0.45%	Accumulating	Unlaunched	Yes	EUR	100,000 Shares or the cash equivalent in the Class Currency
CHF Hedged Accumulating ETF	Up to 0.45%	Accumulating	Unlaunched	Yes	CHF	100,000 Shares or the cash

						equivalent in the Class Currency
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The Directors reserve the right to differentiate between persons who are subscribing for or redeeming Shares and to waive or reduce the Minimum Subscription Amount and Minimum Redemption Amount for any such person or to refuse an application for the subscription of Shares in their absolute discretion.

Additional Classes may be created in accordance with the requirements of the Central Bank.

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## DIVIDENDS

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Where the ICAV intends to declare dividends with respect to one or more Classes of the Fund, the proposed frequency of such dividend declarations shall be as set out in the table in the section entitled “Share Classes”.

It is not the current intention of the Directors to declare dividends in respect of the Classes identified as “accumulating” classes in this Supplement. The income and earnings and gains of the Funds will be accumulated and reinvested. Any change to this dividend policy shall be set out in an updated version of the Supplement and notified to the Shareholders in advance.

It is intended to declare dividends in respect of the Classes identified as “distributing” classes in this Supplement. Distributions in respect of these Classes will be declared on each Distribution Date in each year provided that if such dates are not Business Days, the declaration date will be the Business Day immediately following such date respectively. The distribution may comprise net income (if any) of the Fund.

The Distribution Date for this Fund will be on a Business Day in December and June each year or such other Business Day as the Directors may determine and notify to Shareholders in advance as disclosed in the “Fund Centre” section of the Investment Manager’s website.

### Dividend Payments

As at the date of this Supplement, only ETF Shares have been issued in respect of this Fund. Only Authorised Participants may subscribe for and redeem ETF Shares in the Fund directly with the ICAV. Each Participant must look solely to its ICSD for such Participant’s share of each dividend payment made by the Fund to the Common Depositary’s nominee and in relation to all other rights arising under the Global Share Certificate, as set out in further detail under the heading “Global Clearing and Settlement” – “International Central Securities Depositories” in the Prospectus.

## DEALING IN SHARES OF THE FUND

Only the ETF Shares issued in respect of this Fund will be listed and/or traded on the Listing Stock Exchange(s). It is envisaged that ETF Shares will be bought and sold by private and institutional investors in the secondary market.

Only Authorised Participants may subscribe for and redeem ETF Shares in the Fund directly with the ICAV in accordance with the section of the Prospectus entitled “PURCHASE AND SALE INFORMATION” having regard to the information set out below:

<b>Business Day</b>	A day on which banks, markets and exchanges are open for business in the UK and such other days as the Directors shall determine.
<b>Class Currency</b>	The dealing currency and the currency of denomination of the relevant Class.
<b>Dealing Day</b>	Each Business Day except if (i) markets on which the Fund's investments are listed or traded, or (ii) a significant proportion of markets on which constituents relevant to the Index are listed or traded are closed
<b>Initial Offer Period</b>	The Initial Offer Period shall commence at 9:00 a.m. (Irish time) on 10 December 2024 and shall end at 4:00 p.m. (Irish time) on 9 June 2025 in respect of each Share Class, or such earlier time and date on which the first application for subscription in the relevant Class is received, or if no such application for Shares has been received by 4:00 p.m. (Irish time) on 9 June 2025, such other date as the Directors may determine and notify to the Central Bank
<b>Initial Offer Price</b>	The price per Share is expected to be approximately USD 10, or its equivalent in the Class Currency. However, the actual initial price per ETF Share will depend on the actual cost to the ICAV of purchasing the relevant Investments (please see the definition of “ <b>Duties and Charges</b> ” in the Prospectus). Details of the Initial Offer Price will be available from the Administrator and on the Website.
<b>Minimum Holding Amount</b>	100,000 Shares or the cash equivalent in the Class Currency.
<b>Minimum Redemption Amount</b>	100,000 Shares or the cash equivalent in the Class Currency.
<b>Settlement Date</b>	Settlement of subscriptions shall generally occur within two Business Days after the relevant Dealing Day (unless otherwise stipulated by the Manager or its delegate) and in any event will occur within a maximum of ten Business Days.  Settlement of redemptions shall generally occur within five Business Days after the relevant Dealing Day (unless otherwise agreed with the Manager or its delegate) and in any event will occur within a maximum of ten Business Days from the relevant Dealing Deadline.
<b>Subscription Charge</b>	Up to 5%
<b>Redemption Charge</b>	Up to 3%
<b>Dealing Deadline</b>	4.00pm (Irish Time) on the Business Day prior to the relevant Dealing Day or such earlier or later time as may be determined by the Manager or the Investment Manager at their discretion with prior notice to Authorised Participants, which is the cut-off time in respect of any Dealing Day for receipt of applications for subscriptions and redemptions in the Fund.  The Dealing Deadline for this Fund reflects that some, or all, of the Fund's underlying assets are traded in time zones earlier than the European time zone.
<b>Valuation Point</b>	11.00 pm (Irish Time) on the relevant Dealing Day.
<b>Valuation Day</b>	A day on which the Valuation Point occurs.

Shares in the Fund will be issued on the terms and in accordance with the procedures described in sections entitled “*Procedure for Dealing on the Primary Market*” and “*Procedure for Dealing on the Secondary Market*” in the Prospectus.

The Initial Offer Period for the Classes of Shares in the Fund in which no Shares have been issued yet (the “Unlaunched Classes”) will run from 9:00 am (Irish time) on 10 December 2024 until 4:00 pm (Irish time) on 9 June 2025 or in respect of each such Share Class, such earlier time and date on which the first application for subscription in the relevant Class is received, or if no such application for Shares has been received by 4:00 p.m. (Irish time) on 9 June 2025, such other date as the Directors may determine and notify to the Central Bank. During the Initial Offer Period, Shares will be available at the Initial Offer Price. After the Initial Offer Period, Shares will be issued at the relevant Net Asset Value per Share. Details of which Classes are available for subscription as Unlaunched Classes are available from the Manager.

Shareholders are required to maintain a Minimum Holding Amount for each Class in the Fund as set out in the table above unless otherwise agreed by the Directors.

### **Redemptions**

Shares in the Fund may be redeemed on the terms and in accordance with the procedures described in the Prospectus. For detailed information concerning redemptions, please consult the “PURCHASE AND SALE INFORMATION” section of the Prospectus.

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## **FEES AND EXPENSES**

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A TER will be paid out of the assets of each Class to the Investment Manager and the Investment Manager will then facilitate payment for all operational expenses of the ICAV on behalf of the ICAV. The TER for each Class is set out under the heading “TER” in the table included under the heading “**Share Classes**”.

This section should be read in conjunction with the section headed “**FEES AND EXPENSES**” in the Prospectus.

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## **RISK FACTORS**

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Investment in the Fund carries with it a degree of risk including, but not limited to, the risks described in the “**RISK CONSIDERATIONS**” section of the Prospectus.

The Fund is subject to the General Risks disclosed in the Prospectus. In addition, the Fund may be subject to the following Specific risks disclosed in the Prospectus:

- Equity Risk
- Concentration Risk
- ESG Risk
- Real Estate Investment Trust Risk
- Derivative Risk

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## **RISK MANAGEMENT**

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The Fund’s global exposure, being the incremental exposure and leverage generated by the Fund through its use of Derivatives, shall be calculated on at least a daily basis using the commitment approach and, in accordance with the requirements of the Central Bank, may at no time exceed 100% of the Fund’s Net Asset Value. As noted in the “Investment Policy” section above, the Fund’s use of Derivatives is an ancillary element of the investment policy in that it is an alternative means of gaining



exposure to particular equity securities in circumstances where direct investment in those securities is not possible, practicable or desirable. Regardless of whether exposure to equity securities is obtained by direct investment, or by gaining exposure through the use of Derivatives, the same notional value shall be committed to the investment by the Fund. Accordingly, it is not expected that the Fund will be leveraged.

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## THE BENCHMARK INDEX

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### General Description

The Benchmark Index is comprised of Companies that are involved in the ownership, trading and development of income-producing real estate. Constituents of the Benchmark Index are classified into distinct property sectors based on gross invested book assets as disclosed in the latest published financial statement. The Benchmark Index rebalances quarterly in March, June, September and December.

### Index Provider and website

The benchmark administrator of the Benchmark Index is FTSE Russell.

The information set out above is a summary of the principal features of the Benchmark Index and does not purport to be an exhaustive description. Further information is available at: <https://www.ftserussell.com/products/indices/epra-nareit>

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## DISCLAIMERS

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The ICAV is required to provide details of the Index Provider's website to enable Investors to obtain further details of the Benchmark Index (including its constituents). Neither the ICAV, the Manager or the Investment Manager has any responsibility for the contents of such website and are not involved in any way in sponsoring, endorsing or otherwise involved in the establishment, maintenance or contents of the website.

Admission to trading on any trading venue operated by an entity of the London Stock Exchange Group Plc ("LSEG"), does not constitute a warranty or representation by any entity of LSEG as to the competence of the service providers or the suitability of the Shares for investment or for any other purpose.

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## LISTINGS

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### Frankfurt Stock Exchange Listing

Application has been made to Frankfurt Stock Exchange for the Shares of the Fund issued and available for issue to be admitted to the Official List and to trading on the Main Securities Market of Frankfurt Stock Exchange. Admission to listing is expected to become effective on or about the date of this Fund Supplement or later date as the Directors may determine subject to the prior notification to Frankfurt Stock Exchange. This document, together with the Prospectus shall constitute listing particulars for the purpose of listing the Shares on Frankfurt Stock Exchange and includes all information required to be disclosed by the code of listing requirements and procedures of Frankfurt Stock Exchange.

As of the date of this document the Fund does not have any loan capital (including term loans) outstanding or created but unissued, and no outstanding mortgages, charges, debentures or other borrowings under acceptances or acceptance credits, hire purchase or finance lease commitments, guarantees or other contingent liabilities.

At the date of this document, other than as disclosed below, no Director or any persons closely associated with any Director, has any interest, beneficial or non-beneficial, in the share capital of the ICAV, together with any options in respect of such shares, or any material interest in the ICAV or in any agreement or arrangement with the ICAV.

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 III ICAV – abrdn Future Real Estate UCITS ETF**

Legal entity identifier: **213800BOHC3WRY9A410**

**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.

## 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 **\_10\_ %** 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?

*The Fund promotes environmental and social characteristics by investing 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 promotes environmental and social characteristics holistically. In doing so, the Investment Manager does not consider all characteristics for all investments, but rather focuses on the most relevant characteristics for each investment based on the nature of its activities, areas of operation, and products and services. However, using the Investment Manager's proprietary research framework, the Investment Manager promotes the below characteristics within the Fund:*

**Environment** – reducing energy consumption and greenhouse gas emissions, increasing renewable energy usage/generation, reducing biodiversity/ecological impacts.

**Social** – labour practices and relations, employee health and safety and supply chain management.

#### **Benchmark**

*This Fund has a financial benchmark that is used for portfolio construction but does not incorporate any sustainable criteria and is not selected for the purpose of attaining these characteristics. This financial benchmark is used as a comparator for Fund performance and as a comparison for the Fund's binding commitments.*

### **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

*The Investment Manager's approach positively identifies companies which promote the above environmental and social characteristics, seeking to ensure that 80% of the portfolio is aligned with the environmental and social characteristics identified.*

*The Fund excludes the worst ESG performing companies within the FTSE EPRA NAREIT Developed Net Index (the "Benchmark Index") using abrdn's proprietary ESG House Score. The ESG House Score threshold level is set on the regional level (APAC, UK/Europe and Americas) to exclude the bottom 20% of companies across the three regions.*

#### **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. As detailed below under "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?", binary exclusions are applied to exclude the particular areas of investment of concern. The exclusions are informed by the Principle Adverse Indicators ("PAI"), 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 per the Fund Investment Approach at [www.abrdn.com](http://www.abrdn.com) under "Fund Centre".*

#### **Sustainability Indicator – Environment, Social & Governance Performance**

*The Investment Manager's proprietary ESG House Score, developed by abrdn's central ESG investment team in collaboration with the Quantitative investment team, is used to identify companies with potentially 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 the Investment Manager to see how companies rank in a global context. The score assesses many different Environmental, Social & Governance issues however, specifically assesses the following characteristics: energy, greenhouse gas emissions, renewable energy, raw materials, biodiversity/ecological impacts and circular economy, labour practices and relations, employee health and safety and supply chain management.*

*The Fund will also exclude at least 20% of the Benchmark Index from its investment universe.*

#### **Sustainability indicator – Good Governance & Business Quality**

*We consider the quality of the businesses management team and analyse the environmental, social and governance (ESG) opportunities and risks impacting the business and appraise how well these are managed. We assign a proprietary score (ranked 1 – 5) to articulate the quality attributes of each*

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

**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.

company, one of which is the ESG Quality rating. This enables the portfolio managers to exclude companies with material ESG risks and positively skew the portfolio towards ESG opportunities and to build well-diversified, risk-adjusted portfolios.

**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 objective of the sustainable investments is to make a contribution to solving an environmental or social challenge, in addition to not causing significant harm, and being well governed. Each sustainable investment may make a contribution to Environmental or Social issues. In fact, many companies will make a positive contribution to both. abrdn use the six environmental objectives of the Taxonomy to inform Environmental contributions, including: (1) climate change mitigation, (2) climate change adaptation, (3) sustainable use and protection of water and marine resources, (4) transition to a circular economy, (5) pollution prevention and control, and (6) protection and restoration of biodiversity and ecosystems. In addition, abrdn use the 17 Sustainable Development Goals and their sub-goals to supplement the EU Taxonomy topics and provide a framework for considering Social objectives.<sup>1</sup>

An economic activity must have a positive economic contribution to qualify as a Sustainable investment. This includes consideration of Environmental or Socially aligned revenues, capital expenditure, operational expenditure or sustainable operations. abrdn seeks to establish or estimate the share of the investee company's economic activities/contribution towards a sustainable objective and it is this element that is weighted and counted towards the Fund's total aggregated proportion of Sustainable Investments.

abrdn uses a combination of the following approaches:

- i. a quantitative methodology based on a combination of publicly available data sources; and
- ii. using abrdn's own insight and engagement outcomes abrdn overlay the quantitative methodology with a qualitative assessment to calculate an overall percentage of economic contribution towards a sustainable objective for each holding in the Fund.

**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?**

As required by SFDR, the investment does not cause Significant Harm ("Do No Significant Harm"/ "DNSH") to any of the sustainable investment objectives.

abrdn have created a 3-step process to ensure consideration of DNSH:

i. Sector Exclusions

abrdn have identified a number of sectors which automatically do not qualify for inclusion as a Sustainable Investment as they are considered to be causing significant harm. These include but are not limited to: (1) Defence, (2) Coal, (3) Oil & Gas Exploration, Production and associated activities, (4) tobacco, (5) gambling and (6) alcohol.

ii. DNSH Binary Test

The DNSH test, is a binary pass/fail test which signals if the company passes or fails criteria for the Do No Significant Harm test

Pass indicates under abrdn's methodology that 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. Abdrn's approach is aligned with the SFDR PAI included within tables 1, 2 & 3 of the SFDR Delegated Regulation and is based on external data sources and abrdn internal research.

iii. DNSH Materiality Flag

Using a number of additional screens and flags, abrdn consider the additional SFDR PAI's indicators as defined by the SFDR Delegated Regulation to identify areas for improvement or potential future concern. These indicators are not considered to cause significant harm and therefore a company with active DNSH materiality flags may still be

<sup>1</sup> Details of the United Nations 17 Sustainable Development Goals and the sub-goals are set out at: <https://sdgs.un.org/goals>. There are 17 SDGs: (1) no poverty, (2) zero hunger, (3) good health and well-being, (4) quality education, (5) gender equality, (6) clean water and sanitation, (7) affordable and clean energy, (8) decent work and economic growth, (9) industry, innovation and infrastructure, (10) reduced inequalities, (11) sustainable cities and communities, (12) responsible consumption and production, (13) climate action, (14) life below water, (15) life on land, (16) peace, justice and strong institutions, and (17) partnerships for the goals.

considered to be a Sustainable Investment. abrdn aim to enhance the engagement activities to focus on these areas and seek to deliver better outcomes by resolving the issue.

**Have the indicators for adverse impacts on sustainability factors been taken into account?**

The Fund considers PAI Indicators defined by the SFDR Delegated Regulation.

As detailed above, **pre investment, abrdn applies a number of norms and activity-based screens related to PAIs**, including but not limited to: UN Global Compact, controversial weapons, and thermal coal extraction.

**UNGC:** The Fund uses norms-based screens and controversy filters to exclude companies that may be in breach of international norms described in the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights, as well as state owned entities in countries which violate norms.

**Controversial Weapons:** The Fund excludes companies with business activities related to controversial weapons (cluster munitions, anti-personnel landmines, nuclear weapons, chemical and biological weapons, white phosphorus, non-detectable fragments, incendiary devices, depleted uranium ammunition or blinding lasers).

**Thermal Coal Extraction:** The Fund excludes companies with exposure to the fossil fuels sector based on percentage of revenue from thermal coal extraction.

abrdn apply a Fund specific set of company exclusions, more detail on these and the overall process is captured within the Investment Approach, which is published at [www.abrdn.com](http://www.abrdn.com) under "Fund Centre".

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

- abrdn monitors all mandatory and additional PAI indicators via its ESG integration investment process using a combination of abrdn's proprietary house score and 3rd party data feeds<sup>2</sup>. 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 abrdn's climate tools and risk analysis
- Governance indicators via abrdn's 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.

**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 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

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?**



Yes

<sup>2</sup> 'For further details of abrdn's proprietary ESG House Score please visit: <https://www.abrdn.com/en-ie/institutional/sustainable-investing/document-library>

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 10: Violations of the UN Global Compact (UNGC) 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](http://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 monitored via abrdn's climate tools and 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 its ESG integration investment process using a combination of its proprietary house score and 3rd party data feeds.

Governance indicators are monitored via abrdn's 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's investment objective is to generate growth over the long term by investing at least 80% in listed real estate holding and development companies and real estate investment trusts ("REITs") engaged in real estate related activities globally.*

*The Fund is actively managed. The Fund aims to outperform the Benchmark Index before charges. The Benchmark*



Index is also used as a reference point for portfolio construction and as a basis for setting risk constraints, but does not incorporate any sustainable criteria.

In order to achieve its objective, the Fund will take positions whose weightings diverge from the Benchmark Index and may invest in securities which are not included in the Benchmark Index. The investments of the Fund may deviate significantly from the components of and their respective weightings in the Benchmark Index, however, the Fund's risk profile is not ordinarily expected to deviate significantly from the Benchmark Index over the longer term.

The Fund promotes environmental and social characteristics but does not have a sustainable investment objective.

Investment in all listed REIT's and equities will follow abrdn's  "Future Real Estate UCITS ETF Investment Approach"

The Fund will invest a minimum of 10% in Sustainable Investments. Furthermore, the Fund targets an ESG rating that is better than the Benchmark Index.

This approach utilises abrdn's equity investment process, which enables portfolio managers to qualitatively identify and avoid ESG laggards. To complement this research, the abrdn ESG House Score is used to quantitatively identify and exclude those companies exposed to the highest ESG risks. Additionally, abrdn apply a set of company exclusions which are related to the UN Global Compact, Controversial Weapons, Tobacco Manufacturing and Thermal Coal. More detail on this overall process is captured within the abrdn Emerging Markets Promoting ESG Equity Investment Approach, which is published at [www.abrdn.com](http://www.abrdn.com) under "Fund Centre".

Engagement with external company management teams is used to evaluate the ownership structures, governance and management quality of those companies in order to inform portfolio construction.

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 used by the Fund are:

1. A commitment to hold a minimum of 80% of the assets aligned with environmental and social characteristics and within these assets, the Fund commits to hold a minimum of 10% of the Net Asset Value of the Fund in investments that meet abrdn's methodology for determining Sustainable Investments. The minimum share of Sustainable Investments with a social objective is 2%; and the minimum share of Sustainable Investments with an environmental objective that are not aligned with the EU Taxonomy is 2%.
2. A commitment to achieve an ESG rating better than the Benchmark Index.
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 as detailed above.

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?**



### Good governance

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

*The Fund will exclude at least 20% of the Benchmark Index from its investment 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 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. The 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 80% of the Fund's assets are aligned with E/S characteristics. Environmental and social safeguards are met by applying certain PAIs, where relevant, to these underlying assets. Within these assets, the Fund commits to a minimum of 10% of the Net Asset Value of the Fund in Sustainable Investments.*

*The Fund invests a maximum of 20% of assets in the "Other" category, which include cash, money market instruments and derivatives.*

### Asset allocation

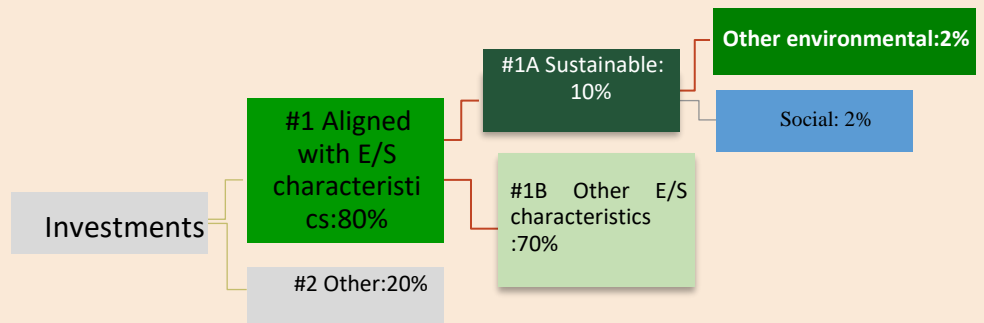
describes the share of investments in specific assets.

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.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

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

● **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.*



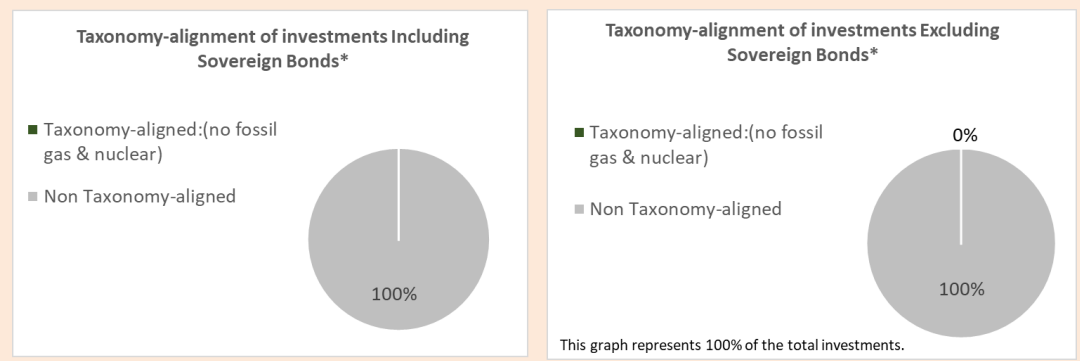
**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

*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<sup>3</sup> ?**

- ☐ **Yes:** [specify below, and details in the graphs of the box]
- ☐ **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.*



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

● **What is the minimum share of investments in transitional and enabling activities?**

*Not applicable.*

<sup>3</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 and EU Taxonomy objective – see explanation 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.



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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

*The minimum share of sustainable investments with an environmental objective that are not explicitly aligned with the EU Taxonomy is 2%.*



### What is the minimum share of socially sustainable investments?

*The minimum share of sustainable investments with a social objective is 2%.*



### 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. The purpose of these assets are to meet liquidity, target return or manage risk and may not contribute to the environmental or social characteristics promoted by the Fund.*

*There are certain environmental and social safeguards that are met by applying PAIs. 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?

**More product-specific information can be found on the website:**

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