

A guide to MyFolio Sustainable

March 2023

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Why invest sustainably?

What does investing mean to you? Is it just about meeting your long-term financial goals – or do you want the money you invest to do more?

Whether it's avoiding funding controversial companies, or supporting firms making a positive impact on the world, demand for sustainable investing is growing. And, there doesn't have to be a trade-off between taking care of your own financial future – and building a better one for everyone else.

Sustainability is maintaining and preserving natural, social and economic resources now, and for generations to come. In essence, it's meeting the current needs of the world's population, without compromising the ability of future generations to meet theirs.

Companies have a huge role to play in building a more sustainable world. Whether it's the products they make, or the services they offer. It involves production processes and supply chains, how firms treat their staff, and the communities where they operate.

For you as an investor, addressing sustainability can also make sense financially. That's because:

- Companies operating responsibly are more likely to avoid behaviours that would damage their reputation and share price
- AND companies focused on sustainable themes are potentially tapping into growth from new markets.

In this guide, we help you understand the main things to consider when looking for sustainable investments.



What is sustainable investing?

There are many different avenues to help make your investments sustainable. Maybe it's investment solutions that avoid potentially harmful investments, or funds that targeting companies creating sustainable products. Or it could be you that focuses on encouraging companies to improve their behaviours.

We've listened to our clients and advisers to understand which sustainable goals matter the most to you. And, importantly, which approaches balance being sustainable, with meeting your own personal financial goals. As a result, we've based MyFolio Sustainable around four principles which we believe can help you invest for a better future – both for you and the wider world.



Avoiding harm

Many investors want to avoid certain controversial industries or practices. Sustainable investing can provide a simple path to do that. For example, you can avoid companies that fail to meet the United Nations standards for human rights, labour, the environment and anti-corruption.



Develop and improve

We can use our influence as investors to encourage the companies we invest in on your behalf to be more responsible. For MyFolio Sustainable it means we use funds whose managers meet and engage with companies to understand how they're run and put pressure on them to change if needed.



Back better companies

Investing in businesses that operate in a responsible manner – considering their staff, customers and the wider planet.



Contribute to solutions

Businesses that provide practical solutions to environmental and social problems, such as renewable energy producers and social housing.



You can find out more about
what MyFolio Sustainable
invests in on page 9

MyFolio Sustainable does the hard work for you

With so many approaches to sustainable investing, we've made it simpler for you. MyFolio Sustainable gives you an easy way to access a carefully blended mix of approaches, all in one place.

Together, these aim to grow your money sustainably over the long-term. So, aiming to do good (for you and the wider world) while avoiding harm.

All you need to do is speak to your financial adviser about choosing a risk level you're comfortable with.

MyFolio Sustainable

- Avoids certain controversial investments that may harm people or the planet.
Contributes to sustainable solutions to environmental and social challenges.
Encourages companies to be more responsible and sustainable.
- Uses a broad mix of investments, such as shares and bonds from across the globe, helps to diversify and reduce risk.
- Offers a choice of five different risk levels, from lower risk to higher risk.



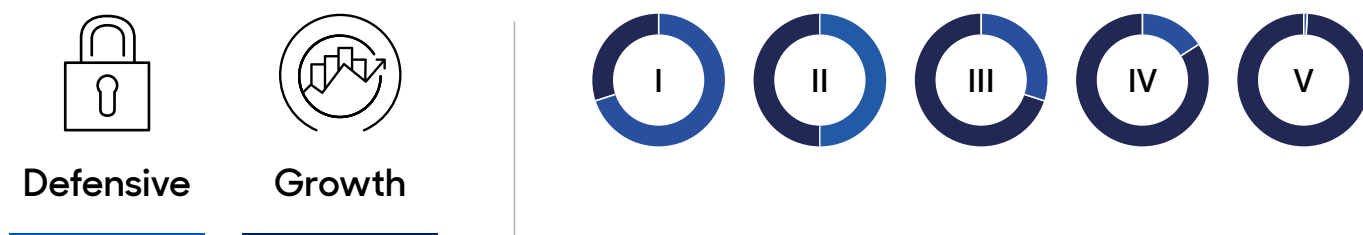
A robust investment process

We aim to achieve the best possible returns for the level of risk you choose

MyFolio Sustainable offers five clear risk levels, from one – lower risk, to five – higher risk. Our investment experts aim to achieve the best possible returns for the level of risk you've chosen. Remember though that the value of your investments can go down as well as up and isn't guaranteed. You may get back less than you paid in.

We aim to manage the impact of ups and downs and provide smoother long-term returns. To do this, we use different types of growth and defensive investments. Defensive investments are usually seen as less risky, and include assets such as cash and bonds. Meanwhile, growth investments are usually seen as more risky, and include assets like company shares. By combining different types of investments, we believe we can achieve the best possible return for each risk level.

Each of the MyFolio Sustainable funds won't move out of its risk level. If, for instance, you select risk level III, which is the medium risk level, this won't become higher risk.



Please note that the number contained in the fund name is not related to the synthetic risk and reward indicator (SRRI) contained in the Key Investor Information document.

What is ESG?

Environmental, social and governance (ESG) factors are crucial for any responsible investment manager when considering whether to invest in a company.



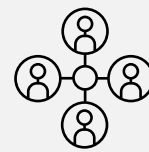
Environmental

What impact does a company have on the climate, wildlife, the natural environment? Important considerations for managers include how much energy a company uses, the size of its carbon footprint and whether it disposes of its waste responsibly.



Social

Does a company have a good relationship with its employees, suppliers and the local community? Investment managers consider issues such as labour practices, human rights, employee wellbeing, health schemes for staff, and supplier relationships.



Governance

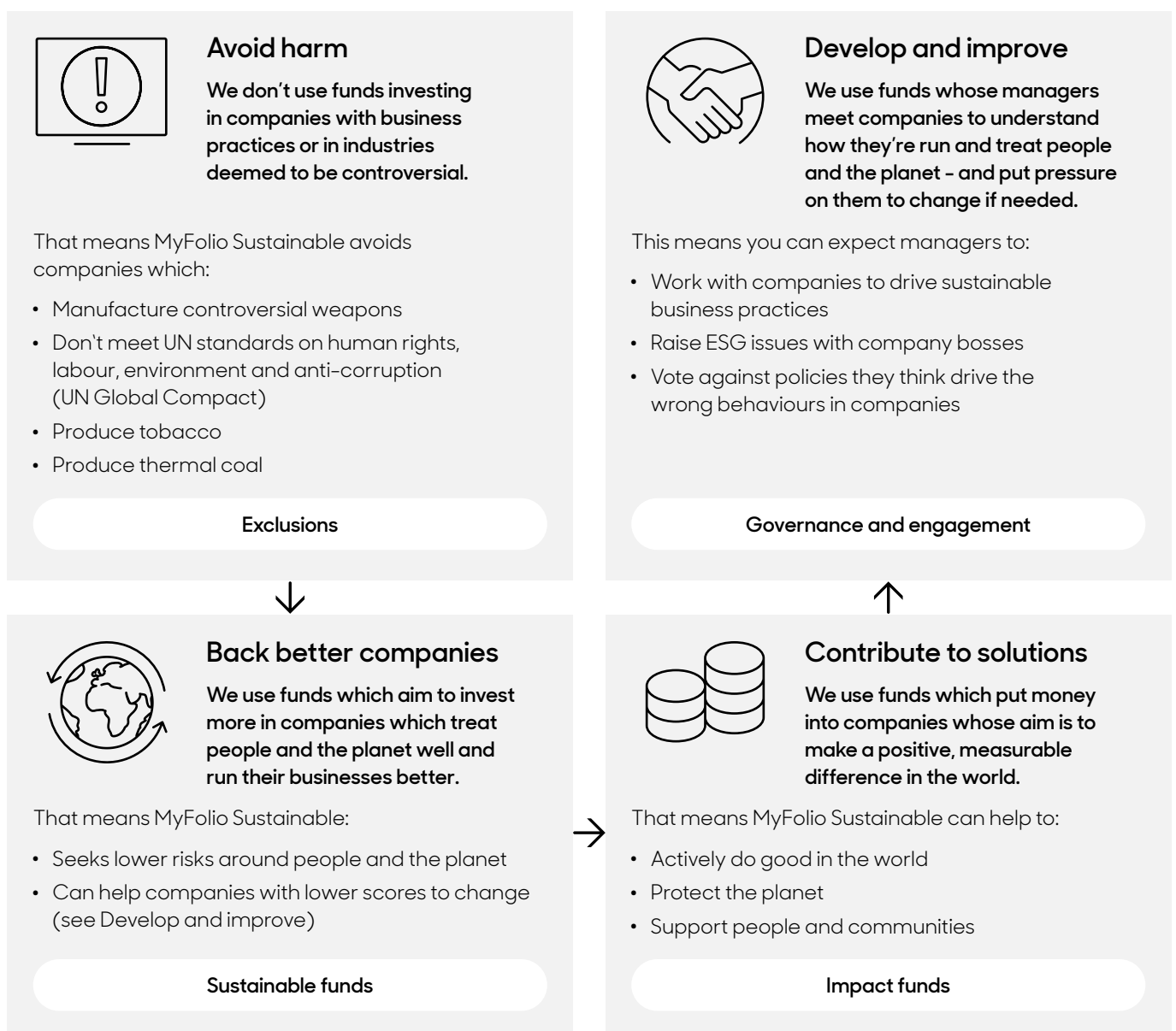
Who runs the company and how are its finances managed? Investment managers will look closely at the issues affecting a company's management and processes, such as how it approaches salaries and strategy.

"We believe that markets and companies which adopt best practices in corporate governance and risk management – including the management of environmental and social risks – are well-placed to deliver sustainable, long-term investment performance."



What does MyFolio Sustainable invest in?

When you invest in MyFolio Sustainable, you're investing in a way that we believe can help you invest for a better future, for you and the wider world. The MyFolio Sustainable range invests in funds that help to tackle sustainability issues in several different ways; from avoiding controversial investments, to investing in sustainable solutions to environmental and social problems, to encouraging companies to be more responsible.



Who manages MyFolio Sustainable



"We want to contribute to a Sustainable future whilst accessing new growth opportunities and ensuring that you receive the appropriate investment outcome."

Katie Trowsdale,
Head of Multi-Manager Strategies



"MyFolio Sustainable blends active fund managers who have distinctive and impactful strategies with passive tilted exposures to help ensure an attractive pricing point with meaningful ESG outcomes."

Mark Lane,
Senior Investment Manager

It starts with us

At abrdn, our vision for a better future starts with asking more of ourselves. We always look for ways to go further for our clients and customers, be a better and more inclusive employer, to strengthen our governance, and to reduce our impact on the environment.

We've considered ESG factors in our investment decisions since the 1990s. Because we believe it's the right thing to do and because it makes us better investors - helping us identify opportunities and manage risks. We expect high standards of responsibility from the companies and funds we invest in and we're just as serious about how we manage the ESG impacts of our own operations.

Some of our key commitments include:

- Cutting our greenhouse gas emissions from energy use by 50% by 2030 – which we are already very close to achieving.
- Being carbon neutral across our operations in 2021
- Removing all single-use plastics from our offices in 2021, where feasible.
- Ensure that one third of our Board and executive population is female by June 2021 (which we have already achieved).

"We believe that markets and companies which adopt best practices in corporate governance and risk management – including the management of environmental and social risks – are well-placed to deliver sustainable, long-term investment performance."



Important Information

The value of investments, and the income from them, can go down as well as up and an investor may get back less than the amount invested.

This document relates to the range of abrdrn MyFolio Sustainable OEIC funds. For more information on individual abrdrn MyFolio Funds, and the risks applicable to them, please refer to the Key Investor Information Document or the Prospectus. The abrdrn MyFolio Funds are not managed to a particular benchmark.

Investment objective

To generate growth over the long-term (five years or more) while being managed to a defined level of risk. These funds are part of the abrdrn MyFolio Sustainable range, which offers five funds with different expected combinations of investment risk and return that follow the abrdrn MyFolio Sustainable Investment Approach. abrdrn MyFolio Sustainable I is risk level I, which aims to be the lowest risk fund in this range, and the range goes up to abrdrn MyFolio Sustainable V which is risk level V, and aims to be the highest risk fund in the range.

Risk Target: The defined level of risk referred to above that the management team is targeting is within the range of 20–40% for risk level I, 35–55% for risk level II, 45–75% for risk level III, 60–90% for risk level IV and 70–110% for risk level V of world stock markets (represented by the MSCI AC World Index), over 10 years.

There is no certainty or promise that this target will be achieved. The Risk Target has been chosen as it represents a risk range which is appropriate for the fund.

Performance Comparator: For comparison purposes, investors can compare the fund's long-term performance to a basket of assets (before charges) with a risk profile at the lower range of the Risk Target stated above (i.e. 20% for risk level I and 70% for risk level V of world stock markets), which the ACD considers appropriate given the investment policy and Risk Target of the fund.

This basket is composed of 20% MSCI AC World Index and 80% SONIA Index for risk level I, of 35% MSCI AC World Index and 65% SONIA Index for risk level II, of 45% MSCI AC World Index and 55% SONIA Index for risk level III, of 60% MSCI AC World Index and 40% SONIA Index for risk level IV, and of 70% MSCI AC World Index and 30% SONIA Index for risk level V.

Portfolio securities

- The fund will invest its assets in actively and passively managed funds, including those managed by abrdrn, to obtain broad exposure to a range of diversified investments.
- Typically for risk level I, at least 50% of the assets will be those traditionally viewed as lower risk, such as cash, money market instruments, government bonds (loans to a government) and investment grade corporate bonds (loans to a company). Typically this will be at least 40% for risk level II and 25% for risk level III.
- For risk level I, II and III, the rest of the fund will be invested in a selection of other assets such as equities (company shares including property shares) high yield corporate bonds (loans to a company) and emerging market bonds (loans to an emerging market government).
- Typically for risk level IV, at least 60% of the fund will be invested in assets traditionally viewed as being higher risk such as equities (company shares), high yield corporate bonds (loans to a company) and emerging market bonds (loans to an emerging market government). Typically this will be at least 80% for risk level V.
- For risk level IV and V, the rest of the fund is invested in a selection of other assets such as money market instruments including cash, government bonds (loans to a government) and investment grade corporate bonds (loans to a company).
- All funds selected will adhere to the abrdrn MyFolio Sustainable Investment Approach available on [abrdrn.com](https://www.abrdrn.com) under "Sustainable Investing".
- This means they must have one of the following characteristics: i) Sustainable funds – funds which explicitly target improved environmental, social and governance or sustainability related outcomes; or ii) Impact funds – funds which aim to make a positive, measurable environmental and/or social impact alongside strong financial returns; or iii) Neutral funds – funds which have no specific ESG or sustainability criteria within their investment objective or process. Neutral funds will include holdings in cash, money market instruments, government bonds (loans to a government).
- The use of neutral funds is limited to 35% of the total portfolio for risk level I, 25% for risk level II, 15% for risk level III, 10% for risk level IV, and 5% for risk level V.

Management process

- The management team use their discretion (active management) to select funds within each asset class and ensure that the strategic asset allocation (long term proportions in each asset class) meets the fund's objectives.
- The management team will analyse the investments within the underlying funds to assess the extent to which the fund aligns with the abrDN MyFolio Sustainable Investment Approach and meet with the fund managers to discuss the fund's philosophy.
- For Sustainable funds, the team identify funds that explicitly consider and embed positive ESG factors when making investments.
- For Impact funds, analysis will include assessing whether investments are made in assets which focus on aiming to generate net-positive social and environmental impacts alongside positive financial returns.
- With the exception of the neutral funds, the management team will only invest in funds that have an active engagement and voting policy.
- In addition, the fund seeks to avoid investment in companies which manufacture or sell controversial weapons, and/or derive more than 5% of their turnover from i) the manufacturing of tobacco products, ii) thermal coal mining, iii) thermal power production and companies in violation of the UN's Global Compact Principles regarding human rights, labour, the environment and anti-corruption.
- Please note that the number contained in the fund name is not related to the SRRI contained in the Key Investor Information document (NURS-KII).

The fund is not expected to invest in derivatives directly, however it may invest in other funds which use derivatives more extensively.

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GB-060323-188995-10

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