



# abrdn Sustainable MPS

## What we mean by 'Sustainable'

May 2024



### Please note

We have set out in this explanatory note what we mean by 'Sustainable' in abrdn Sustainable MPS. In the UK, there is currently no industry-wide defined criteria for the assessment of sustainability or ESG factors. Given the subjective nature of these assessments, investments could be rated differently elsewhere and also may not align with the views of individual investors.

### Investment objective

As set out in the investment portfolio factsheet, the abrdn Sustainable MPS range aims to achieve a total return from both income and capital growth through diversified portfolios of collective investment funds over the long term. Each portfolio in the range invests in a wide variety of funds providing exposure to equities, fixed interest, alternatives and money markets. This blend of assets should help to dampen down volatility over the long term.

### Investment and fund selection process

abrdn Sustainable MPS invests in funds which:

1. Avoid exposure to companies which fail to meet recognised sustainability standards; and/or
2. Invest in companies which have sustainable business practices.

There are three key elements of our investment process – strategic asset allocation (**SAA**), plus tactical asset allocation (**TAA**) and **fund selection**, the last two of which aim to deliver incremental investment returns over and above that delivered through SAA.

Through funds selected from the whole of market, we invest in equities, fixed income and alternatives on a global basis to build portfolios that are positioned to benefit from long term structural changes.

In our fund selection process, we identify and invest in the types of funds listed below. It should be noted that this is our own subjective classification and assessment, and we are reliant on the information which fund managers provide to us regarding their investment process and objectives.

1. Funds which integrate environmental, social and governance (ESG) factors into their investment process. The ESG factors which we consider vary, but may include climate change, human rights, corporate governance, and air pollution.
2. Funds (or fund managers) which abrdn Portfolio Solutions Limited believe evidence a stewardship and engagement programme;
3. Funds which aPSL believe avoid exposure to companies which: (1) are involved in certain sectors or industries (for example, weapons manufacturing or tobacco production); and/or (2) violate the principles of the **United Nations Global Compact** concerning human rights, labour, environment and anti-corruption; and
4. Funds which aim to generate a positive, measurable social and environmental impact alongside a financial return and disclose this positive impact to investors, e.g. in an annual impact report.

We will also invest in funds which do not fall into any of the above categories, for example, government bond funds. Such funds are held for portfolio construction purposes.

### Further information

If you have any questions regarding abrdn Sustainable MPS and our investment process, please **contact us**.



#### **Important Information**

Past performance does not predict future returns. The value of investments, and the income from them, can go down as well as up and clients may get back less than the amount invested.

For more information visit [abrdn.com/mps](https://abrdn.com/mps)

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