

# Multi-Asset ESG Fund

Invest for a better future

Q3 2022

**The Standard Life Multi-Asset ESG Fund seeks to generate long-term capital growth through a combination of income and capital appreciation. It does this by investing in a globally diversified portfolio of assets that meet strict environmental, social and governance criteria and actively contribute to a fairer, more sustainable world.**

Typically, the fund will take a balanced view on lower and higher risk assets, by holding a mix of global equities (including emerging markets) and global fixed income securities (for example, corporate bonds, government backed securities, index-linked bonds). The fund may also invest in collective investment schemes, transferable securities, deposits, money-market instruments and cash.

The value of investments within the fund can fall as well as rise and is not guaranteed – you may get back less than you pay in. The Fund and its holdings may use derivatives for the purpose of efficient portfolio management, reduction of risk or to meet its respective investment objective if this is permitted and appropriate. The euro value of overseas assets held in the fund may rise and fall as a result of exchange rate fluctuations. Hedging may be used to reduce currency fluctuations.

This fund is currently rated four out of seven on the ESMA risk scale, one being the lowest and seven being the highest. This rating may change if the volatility of the assets in which the fund invests changes.

## What is Environmental Social and Governance (ESG) investing?

ESG investing refers to a type of investing that can be classified as sustainable or responsible investing. It uses environmental, social and governance considerations to identify and evaluate suitable companies to invest in.

- E Environmental**  
 What is the actual or potential impact a company's operations have on air, land, water, human health and ecosystems?
- S Social**  
 What is a company's relationship with its employees, suppliers and the community in which it operates?
- G Governance**  
 How does a company address issues such as diversity, excessive executive compensation, protecting shareholder rights, reporting and disclosing information?

These considerations are used to evaluate corporate behaviour, identify key corporate risks and opportunities, and to determine the future financial performance of companies.

**Warning: If you invest in this fund you may lose some or all of the money you invest**

**Warning: This investment may be affected by changes in currency exchange rates**

**Warning: The value of your investment may go down as well as up**

## What is the Standard Life Multi-Asset ESG Fund?

The fund takes a diversified ESG approach to equity and bond investing that can provide investors with a balance across the sustainable universe.

### Equities – Invest for Impact

The equities (company shares) that the fund aims to invest in are those of companies whose objective it is to have a positive measurable societal and environmental impact on the world.

The focus will be on companies that aim to specifically address the following global challenges:

- Rising inequality
- Climate change
- Unsustainable production and consumption

### Bonds – Sustainable and Responsible Investing

The bonds in which the fund invests will aim to be from companies, who have higher ESG scores on the treatment of people and the planet and how they run their businesses, and less in those that don't.

The bond exposure will aim to have:

- A lower carbon footprint than similar companies in the same industry
- A tilt to higher ESG scoring companies
- Lower risks to people and the planet

The fund also incorporates “Avoid harm” and “Active Stewardship” approaches to further strengthen its offering to investors.

### Avoid harm

The fund will aim to avoid companies whose business practices or the industry they operate in pose a long-term threat to people or the planet.

This means that the fund will aim to avoid companies which:

- Manufacture controversial and conventional weapons
- Don't meet UN standards on human rights, labour, environment and anti-corruption (UN Global Compact)
- Produce tobacco
- Extract thermal coal
- Unconventional Oil and Gas (e.g. drilling for and/or extraction of shale oil and gas)

### Active stewardship

abrdn, the managers of the underlying assets in which the Standard Life Multi-Asset ESG Fund invests, meets with companies to understand how they're run and their impact on people and the planet – and put pressure on them to change if needed.

That means that abrdn:

- Work with companies to drive sustainable business practices
- Raise ESG issues with the senior executives of companies
- Vote against policies that they deem drive harmful business practices

## Why invest in the Standard Life Multi-Asset ESG Fund?

### Investing for a better future

The fund aims to invest in companies that focus on delivering positive social and environmental impacts and/or have a lower carbon footprint and lower risks to people and the planet.

### You can align your investments with your values

ESG investing allows you to show your commitment as a responsible investor. There's no reason why you can't align your values of having a positive impact on the world with aiming to generate a financial return over the longer term.

### Private investors can play a vital role in making the world more sustainable

The most pressing global challenges cannot be solved by charitable donations and government funding alone. Private capital is needed, so when you invest in the ESG multi-asset fund you have the added benefit of knowing your money will aim to make a positive difference to the world we live in.

## Who is this fund suitable for?

### Consider this fund if you

- are interested in investing in companies that focus on delivering positive social and environmental impacts and/or have a lower carbon footprint and lower risks to people and the planet
- can take risk with your capital
- are seeking the potential for long term capital appreciation
- have an investment horizon of at least five years

### This fund may not be suitable if you

- don't want to take any risk with your capital
- are not prepared to accept periods of losses due to the volatile nature of investment markets
- have specific ethical or moral investing requirements
- have an investment horizon of less than five years

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## Why have we partnered with abrdn to bring you the Standard Life Multi-Asset ESG fund?

The scale and resources of abrdn mean their investment management team has superior access to the companies that they research – they really get to know a business before deciding to invest in a company.

This helps ensure that the companies that the fund invests in have meaningful socially responsible business practices – for the ultimate benefit of our environment and society.

Manages **€448 billion** of investor money, **€34.6 billion** in **sustainability-driven** funds

**50 specialists** dedicated to sustainable investing

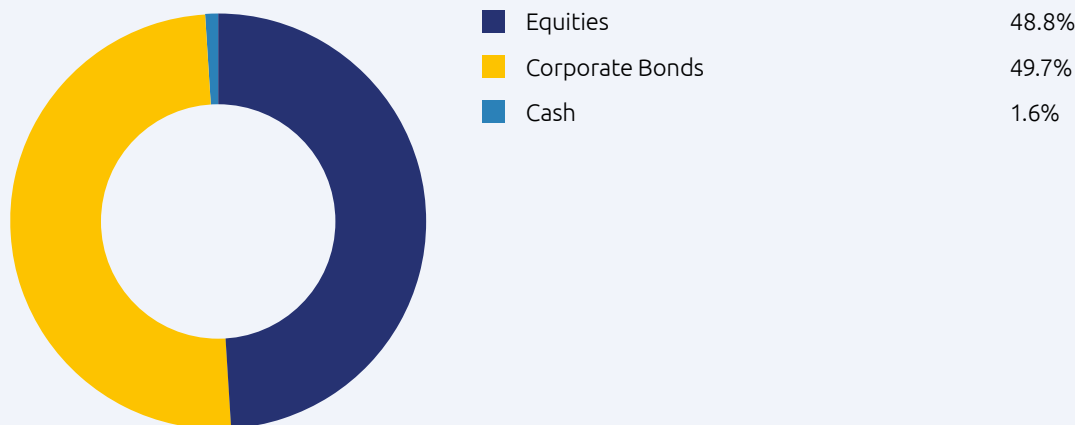
**Strong engagement** with the companies they invest in so that they can understand the business better and encourage best practice when it comes to sustainable and responsible business practices

Almost **30-year track history** of incorporating ESG criteria into their investment approach

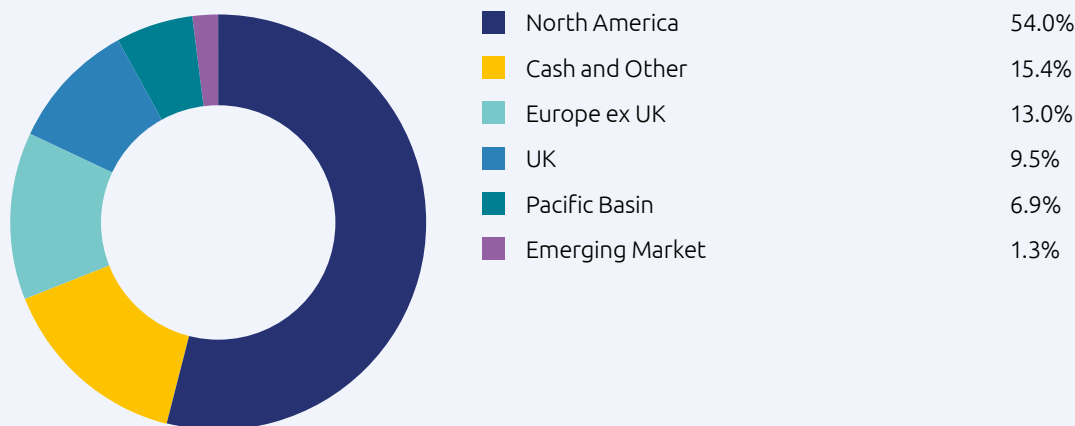
Source: abrdn, June 2022

## Underlying fund information as at 30 September 2022

### Asset allocation

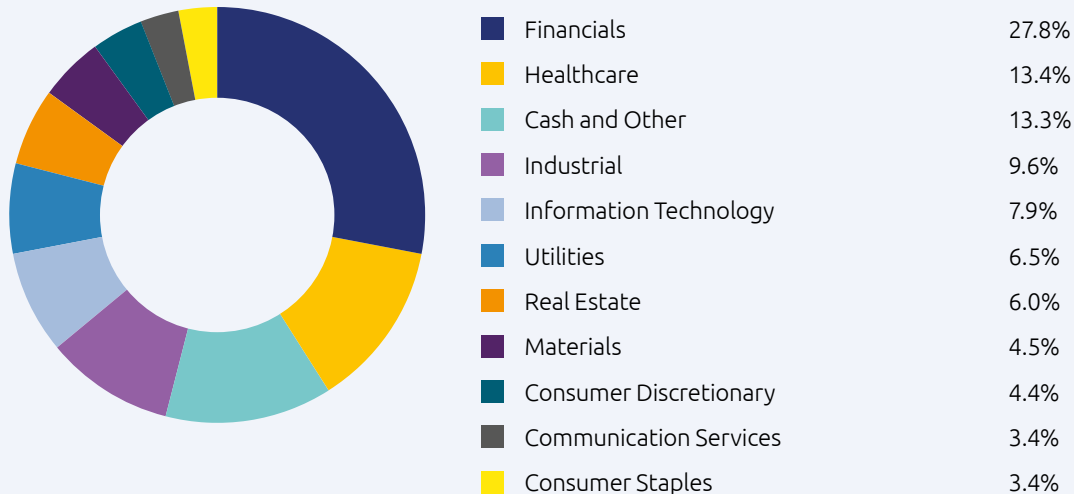


### Geographic allocation



May not add to 100% due to rounding

## Sector allocation



Source: abrdn, 30 September 2022  
May not add up to 100% due to rounding

Top 10 holdings	% of fund
UnitedHealth Group Inc	2.7
Tetra Tech Inc	2.4
Housing Development Finance Corp Ltd	2.2
Novo Nordisk A/S	2.2
AstraZeneca PLC	2.2
Samsung SDI Co Ltd	2.1
Prologis INC	2.1
AIA Group Ltd	2.0
Schneider Electric SE	1.8
Equinix INC	1.6
<b>Total</b>	<b>21.3</b>

Source: abrdn, 30 September 2022

## Is ESG integrated into the investment policy?

The Standard Life Multi-Asset ESG Fund currently invests in two underlying funds, the Standard Life Global Equity Impact Fund and the Standard Life Global Corporate Bond Sustainable and Responsible Investment Fund. The following sets out the ESG criteria for both funds.

The Standard Life Global Equity Impact Fund invests in companies whose products and/or services are designed to address the world's most pressing social and environmental challenges. Through company-specific research, the investment manager will choose companies that in their opinion have the potential to produce attractive long-term returns across a number of impact criteria which are aligned to the UN Sustainable Development Goals (<https://sdgs.un.org/goals>).

The Standard Life Global Corporate Bond Sustainable and Responsible Investment Fund invests in predominantly global investment grade corporate bonds. Investment in all bonds follows abrdn "Sustainable and Responsible Investment" process whereby ratings are awarded to both sectors and issuers. abrdn also use the Ten Principles of the UN Global Compact as part of their assessment when selecting companies to invest in. These principles set out the minimum, fundamental responsibilities for companies and how they operate in areas of human rights, labour, environment and anti-corruption. The Fund will exclude companies that do not comply with the Ten Principles, tobacco manufacturers, and companies having a direct involvement in the development of controversial weapons. In addition, companies will generally be excluded where they are operating in sectors classified as medium or high risk by Aberdeen Standard Investments, and are awarded a lower than average sustainability rating by their Sustainable and Responsible Investment process in areas of climate change, human rights, environment, labour issues and business ethics. Please refer to the **Standard Life Global Corporate Bond Sustainable and Responsible Investment Fund** flyer, available on our Fund Centre, for further information on this fund.

Both of these underlying funds are managed by abrdn who integrates sustainability risks and opportunities into its research, analysis and investment decision-making processes. abrdn believes that the consideration of sustainability risks and opportunities can have a material impact on long-term returns for investors.

abrdn's ESG integration requires, in addition to its inclusion in the investment decision making process, appropriate monitoring of sustainability considerations in risk management, portfolio monitoring, engagement and stewardship activities. abrdn also engages with policymakers on ESG and stewardship matters.

Combining the integration of sustainability risks and opportunities with broader monitoring and engagement activities may affect the value of investments and therefore returns.

Further information on ASI's ESG integration approaches by asset classes can be found at [abrdn.com/ireland](http://abrdn.com/ireland) under "Sustainable Investing".

### Additional risk factor:

**Applying ESG and sustainability criteria in the investment process may result in the exclusion of securities in which the Fund might otherwise invest. Such securities could be part of the benchmark against which the Fund is managed, or be within the universe of potential investments. This may have a positive or negative impact on performance and may mean that the Fund's performance profile differs to that of funds which are managed against the same benchmark or invest in a similar universe of potential investments but without applying ESG or sustainability criteria.**

**Furthermore, the lack of common or harmonised definitions and labels regarding ESG and sustainability criteria may result in different approaches by managers when integrating ESG and sustainability criteria into investment decisions. This means that it may be difficult to compare funds with ostensibly similar objectives and that these funds will employ different security selection and exclusion criteria. Consequently, the performance profile of otherwise similar funds may deviate more substantially than might otherwise be expected. Additionally, in the absence of common or harmonised definitions and labels, a degree of subjectivity is required and this will mean that a fund may invest in a security that another manager or an investor would not.**

## You should also be aware of the following risk factors

All investment involves risk. This Fund offers no guarantee against loss or that the Fund's objective will be attained. This is not a guaranteed or capital protected product. There are risks to your capital should you choose to invest in this Fund.

Past performance is not a reliable guide to future performance and future performance is not guaranteed.

The value of investments within the Fund and the income from them can fall as well as rise and is not guaranteed – an investor may get back less than they paid in.

The Fund may use derivatives for the purpose of efficient portfolio management, reduction of risk or to meet its respective investment objective.

The value of overseas assets held in the Fund may rise and fall as a result of exchange rate fluctuations.

The Fund could lose money if an entity (counterparty) with which it does business becomes unwilling or unable to honour its obligations to the Fund.

In extreme market conditions, some securities may become hard to value or sell at a desired price. This could affect the Fund's ability to meet redemptions in a timely manner.

The Fund could lose money as the result of a failure or delay in operational processes and systems including but not limited to third party providers failing or going into administration.

Inflation reduces the buying power of your investment and income.

Investors in the Fund may buy and sell units on any normal business day.

### Risk factors

The Fund invests in equity and equity related securities. These are sensitive to variations in the stock markets which can be volatile and change substantially in short periods of time.

The Fund invests in China A shares and in other emerging market equities and 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.

Investing in China A shares involves special considerations and risks, including greater price volatility, a less developed regulatory and legal framework, exchange rate risk/controls, settlement, tax, quota, liquidity and regulatory risks.

The interpretation of 'Impact Investing' will vary according to beliefs and values. Consequently the Fund may invest in companies which do not align with the personal views of any individual investor.

The Fund may invest in companies with Variable Interest Entity (VIE) structures in order to gain exposure to industries with foreign ownership restrictions. There is a risk investments in these structures may be adversely affected by changes in the legal and regulatory framework.

Due to the concentrated nature of the equity portfolio of the Fund investors must be willing to accept a relatively high degree of stock-specific risk. A concentrated portfolio may be more volatile than a more broadly diversified one.

The Fund invests in securities which are subject to the risk that the issuer may default on interest or capital payments.

Bonds are affected by changes in interest rates, inflation and any decline in creditworthiness of the bond issuer. While the Fund invests predominantly in investment grade corporate bonds there is always a risk that the bond issuers may not be able to pay the income as promised or could fail to repay the capital amount used to purchase the bond. Where a bond market has a low number of buyers and/or sellers, it can be hard to sell particular bonds at an anticipated price and/or in a timely manner.

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 Collateralized Loan Obligations (CLOs), Collateralized Debt Obligations (CDOs) or Collateralized Mortgage Obligations (CMOs)). These are subject to prepayment and extension risk and additional liquidity and default risk compared to other credit securities.

The Fund invests in convertible securities and contingent convertible securities (CoCos). Convertible securities are investments that can be changed into another form upon certain triggers. As such, they can exhibit credit, equity and fixed interest risk. Contingent convertible securities (CoCos) are similar to convertible securities but have additional triggers which mean that they are more vulnerable to volatile price movements, can become less liquid and can result in substantial/and or total losses of the bond value.

### Use of derivatives

The Fund may use investment techniques (including Derivatives) to seek to protect and enhance the value of the Fund and to manage the Fund's risks. Derivatives, such as futures, options and swaps, are linked to the rise and fall of other assets. In other words, they "derive" their price from another asset. They can generate returns when share prices and/or indices fall.

Investing in 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 economic 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.

Financial derivative instruments used by the Fund may be on indices which may provide exposure to companies that do not meet the Sustainable and Responsible Investment process or the other stock selection criteria of the Fund.

The Fund does not make extensive use of derivatives.

### Switching your funds, transferring or cashing in

You may be one of many investors in a fund. Sometimes in exceptional circumstances:

- We may change the pricing basis of a fund to reflect cashflows in and out. If it's a property based fund, due to the high transaction charges associated with the assets, this can result in a significant movement of the fund price
- We may also wait before we carry out your request to switch your funds, transfer or cash in your policy. This delay could be up to a month. But for some funds, the delay could be longer, for example, if it's a property based fund, it may be up to 12 months because property and land can take longer to sell

If we have to delay switching, transferring or cashing in, we'll use the fund prices on the day the transaction takes place – these prices could be very different from the prices on the day you made the request.

These are processes which aim to maintain fairness between those remaining invested and those leaving a fund.

**At certain times, and when you cash in your policy, there's likely to be tax payable, depending on the policy type you invested in, and your personal circumstances.**

**A decision to invest in this product should not be based solely on information provided in this document. Please talk to your financial adviser for more information or if you need an explanation of the terms used.**









# Find out more

For more information on our funds, please visit [www.standardlife.ie/funds](http://www.standardlife.ie/funds)

## Call us on (01) 639 7000

**Talk to your financial adviser. They'll give you the information you need.  
Also, you can call us or visit our website.**

We're open Monday to Friday, 9am to 5.30pm. Calls may be monitored and/or recorded to protect both you and us and help with our training. Call charges will vary.

[www.standardlife.ie](http://www.standardlife.ie)